



Town of Camp Verde Vision Statement

"Camp Verde is welcoming, a safe community, a vibrant economy, thoughtfully growing, and offering an exceptional quality of life."

**AGENDA
TOWN OF CAMP VERDE
REGULAR SESSION
MAYOR AND COUNCIL
473 S. MAIN STREET, SUITE 106
WEDNESDAY, JULY 2, 2025 at 6:00 P.M.**

ZOOM MEETING LINK:

<https://us02web.zoom.us/j/84172360601?pwd=bJ9ZjCPalRCuYiAPQidh1x3AvPPbq2.1>

one Tap Mobile: 1-253-215-8782 or 1-346-248-7799

Meeting ID: 841 7236 0601

Passcode: 296144

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

- 1. Call to Order**
- 2. Roll Call.** Council Members Brian Bolton, Robert Foreman, Robin Godwin, Jessie Murdock, Patricia Seybold, Vice Mayor Wendy Escoffier, and Mayor Marie Moore.
- 3. Pledge of Allegiance**
- 4. Consent Agenda** – All those items listed below may be approved by one motion as consent agenda items. Any item may be removed from the Consent Agenda and considered as a separate item if a member of Council requests.
 - a) Approval of the Minutes:**
 - 1) Special Session – June 11, 2025 at 5:00 p.m. Pg. 5
 - 2) Special Session (Public Portion) – June 18, 2025 at 5:00 p.m. Pg. 9
 - 3) Regular Session – June 18, 2025 at 6:00 p.m. Pg. 11
 - b) Set Next Meeting, Date and Time:**
 - 1) Work Session – July 9, 2025 at 5:00 p.m.
 - 2) Regular Session – July 16, 2025 at 6:00 p.m.
 - 3) Special Session – July 23, 2025 at 5:00 p.m.
 - 4) Work Session – July 30, 2025 at 5:00 p.m.
 - c) Consideration and possible adoption of the revised and amended Personnel Manual.** Staff Resource: HR Director Julia Kaiser. Pg. 17
 - d) Consideration and possible adoption of the revised and amended Permanent Salary Range Table.** Staff Resource: HR Director Julia Kaiser. Pg.115
- 5. Call to the Public for items not on the Agenda. (Please complete Request to Speak Card and turn in to the Clerk.)** Residents are encouraged to comment about any matter NOT included on the agenda. State law prevents the Council from taking any action on items not on

the agenda. At the conclusion of an open call to the public, individual members of the public body may respond to criticism made by those who have addressed the public body, may ask staff to review a matter or may ask that a matter be put on a future agenda. However, members of the public body shall not discuss or take legal action on matters raised during an open call to the public unless the matters are properly noticed for discussion and legal action. (Pursuant to ARS §38-431.01(H))

6. **Summary of Current Events.** The Town Council and the Town Manager 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 not propose, discuss, deliberate or take action on any such item, except that an individual Council member may request that the item be placed on a future agenda. Summaries may include committee meetings that Council members attend. The Committees are: Copper Canyon Fire & Medical District, Yavapai College Governing Board, Yavapai-Apache Nation, Intergovernmental Association, NACOG Regional Council, Verde Valley Regional Economic Organization (VVREO), League Resolutions Committee, Arizona Municipal Risk Retention Pool, Verde Valley Transportation Org, Verde Valley Transit Committee, Verde Valley Water Users, Verde Valley Homeless Coalition, Verde Front, Verde Valley Steering Committee of MAT Force, Public Safety Personnel Retirement Board, Sustaining Flows, Earth Day, Camp Verde School District, Friends of the Verde River and Verde Valley Housing Advisory Committee.
7. **Special Announcements and Presentations.** All presentations are limited to 15-minutes.
 - **Administration of Oath of Office of Newly Hired Town Employees.** Staff Resource: Town Clerk Leah Rhodes. Pg. 119
8. **Discussion, consideration, and possible approval of a reimbursement request submitted under the Planning Fee Refund, Waiver, and Reduction Policy for Permit #20230388 in the amount of \$4,000.00 for Rob and Sigrid Eberwein, property located at 111 S. River Cave Road.** Staff Resource: Town Manager / Interim Community Development Director Miranda Fisher. Pg. 125
9. **Discussion, consideration, and possible approval of a reimbursement request submitted under the Planning Fee Refund, Waiver, and Reduction Policy for Permit #20240291M in the amount of \$23,958.00 for Laura Kessler, property located at 1424 W Davidson.** Staff Resource: Town Manager / Interim Community Development Director Miranda Fisher. Pg. 139
10. **Discussion, consideration, and possible approval of a reimbursement request submitted under the Planning Fee Refund, Waiver, and Reduction Policy for Permit #20230573 in the amount of \$16,000.00 for Teresa Proper, property located at 100 Montezuma Castle Highway.** Staff Resource: Town Manager / Interim Community Development Director Miranda Fisher. Pg. 151
11. **Discussion, consideration and possible approval to authorize staff to enter into a contract with Sustainability Partners to construct an extension to the Town's wastewater system in and around the Black Bridge area.** Staff Resource: Utilities Director Jeff Low, and Finance Director Michael Showers. Pg. 161
12. **Discussion, consideration and possible approval of Resolution 2025-1186,**

approving and authorizing the execution and delivery of a financial assistance agreement with the Water Infrastructure Finance Authority of Arizona for the arsenic treatment and electrical infrastructure updates at the Mongini Well site. Staff Resource: Utilities Director Jeff Low and Finance Director Michael Showers.
Pg. 191

13. Adjournment

Note: Upon a public majority vote of a quorum of the Town Council, the Council may hold an executive session, which will not be open to the public, regarding any item listed on the agenda but only for the purpose of discussion or consultation for legal advice with the Town Attorney as permitted by A.R.S. § 38-431.03(A)(3). Any other executive sessions will be separately included on the agenda above if an executive session will be held at the meeting.

Pursuant to A.R.S. §38-431.01 Meetings shall be open to the public - All meetings of any public body shall be public meetings and all persons so desiring shall be permitted to attend and listen to the deliberations and proceedings. All legal action of public bodies shall occur during a public meeting. Pursuant to Town Code, Section 2-3-7.1 the Mayor shall call for a vote of the Council to allow the meeting to continue past the deadline of 10:00 p.m. The Town of Camp Verde Council Chambers is accessible to persons with disabilities. Those with special accessibility or accommodation needs, such as large typeface print, may request these at the Office of the Town Clerk at 928-554-0021.

CERTIFICATION OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at the Town of Camp Verde and Bashas on June 26, 2025 at 5:00 p.m. in accordance with the statement filed by the Camp Verde Town Council with the Town Clerk

Leah Rhodes

Leah Rhodes, Town Clerk

[Page intentionally left blank]



DRAFT MINUTES
TOWN OF CAMP VERDE
REGULAR SESSION
MAYOR AND COUNCIL
473 S. MAIN STREET, SUITE 106
WEDNESDAY, JUNE 11, 2025 at 5:00 P.M.

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

1. Call to Order

Mayor Moore called the meeting to order at 5:00 p.m.

2. Roll Call.

Councilor Brian Bolton, Councilor, Councilor Robert Foreman, Councilor Robin Godwin, Councilor Jessie Murdock, Vice Mayor Wendy Escoffier and Mayor Marie Moore.

Also Present

Town Manager Miranda Fisher, Town Attorney Trish Stuhan, and Town Clerk Leah Rhodes.

3. Pledge of Allegiance

Councilor Godwin led the Pledge.

4. Discussion, consideration and approval of Resolution 2025-1185 accepting the resignation of Dee Jenkins as former Mayor and seating Marie Moore as Mayor effective April 16, 2025. Staff Resource: Town Manager Miranda Fisher.

Town Attorney Stuhan stated Marie Moore took her Oath of Office pursuant to Section 2-2-2 of the Town Code before the Town Council Meeting on April 16, 2025, to fill the Mayor's seat prior to the meeting. The Town Council will now formally recognize the resignation by approving Resolution 2025-1185.

Mayor Moore recused herself from participating in the vote on the item.

On a **motion** made by Councilor Bolton, seconded by Vice Mayor Escoffier, the Council **moved** to approve Resolution 2025-1185, accepting the resignation of Dee Jenkins and seating Marie Moore as Mayor effective April 16, 2025.

Roll Call Vote:

Councilor Bolton: aye

Councilor Foreman: aye

Councilor Murdock: aye

Councilor Godwin: aye

Vice Mayor Escoffier: aye

Mayor Moore: recused
Motion Carried 5-0.

5. **Discussion, consideration, and appointment to the Council Vacancy.** Staff Resource: Town Manager Miranda Fisher.

Town Manager Fisher stated after the scoring committee interviewed seven out of eight candidates (Jerry Martin withdrew his application), the committee unanimously recommended Patricia Seybold for appointment to the Town Council Vacancy.

Vice Mayor Escoffier recommended updating the Town Code to provide better clarity regarding the appointment process following the resignation of a Mayor or Council Member.

On a **motion** made by Councilor Bolton, seconded by Vice Mayor Escoffier, the Council **moved** to appoint Patricia Seybold to the Town of Camp Verde Town Council position effective June 11, 2025, to serve until the next general election.

Roll Call Vote:

Councilor Bolton: aye
Councilor Foreman: aye
Councilor Murdock: aye
Councilor Godwin: aye
Vice Mayor Escoffier: aye
Mayor Moore: aye

Motion Carried 6-0.

6. **Oath of Office of the Mayor and newly appointed Council Member.** Staff Resource: Town Manager Miranda Fisher.

Town Clerk Leah Rhodes swore in Council Member Patricia Seybold and Mayor Marie Moore.

7. **Reconsideration of appointment of Council Members as Town representatives and alternates to various boards, committees and organizations.** Staff Resource: Town Manager Miranda Fisher.

The Mayor and Council reviewed the list of committee assignments and reached a consensus on the designation of primary and alternate liaisons to represent the Town on various boards, committees, and organizations.

Town Manager Fisher and Town Clerk Leah Rhodes responded to questions from the Council.

8. **Proclamation declaring June 14, 2025 as the 250th birthday of the United States Army.** Staff Resource: Town Manager Miranda Fisher.

Mayor Moore proclaimed June 14th, 2025 as the 250th birthday of the United States Army.

9. Discussion with the Copper Canyon Fire and Medical District Governing Board about the impact recreational vehicle parks and trailer parks have on the Fire District. Staff Resource: Town Manager Miranda Fisher.

The Council met with the Board of Directors for the Copper Canyon Fire and Medical Department to discuss the impact RVs and trailer parks are having on the fire district. Fire Chief Danny Johnson provided an overview of how the fire district receives funding and how the way RVs and trailer parks are parceled, they do not receive an appropriate share of funding with respect to how many people live in those areas.

Following the presentation, Council discussed among themselves and with the Board of Directors as well as Town Manager Miranda Fisher and Attorney Trish Stuhan on ways they could support. The Council gave direction to Town Manager Fisher and Town Attorney Stuhan to research the following:

- If the Town limits RV stays to less than 29 days, could the land then be taxed commercial vs. residential
- Can the Council require at time of approval of the use permit application that in RV or trailer parks the units be individually parcels
- Include the fire district in the Town's development impact fee analysis
- Consider land allotments as a part of Development Agreements
- Assess whether RV and mobile home parks can be evaluated under a Planned Area Development vs. a use permit

10. Adjournment

Mayor Moore adjourned the meeting at 6:15 p.m.

Mayor Marie Moore

Attest: Leah Rhodes, Town Clerk

CERTIFICATION

I, Town Clerk Leah Rhodes, hereby certify that the foregoing Minutes are a true and accurate accounting of the actions of the Mayor and Common Council of the Town of Camp Verde during the Regular Session of the Town Council of Camp Verde, Arizona, held on June 11, 2025. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this _____ day of _____, 2025.

Leah Rhodes, Town Clerk

[Page intentionally left blank]



DRAFT MINTUES
TOWN OF CAMP VERDE
SPECIAL SESSION (PUBLIC PORTION)
MAYOR AND COUNCIL
473 S. MAIN STREET, SUITE 106
WEDNESDAY, JUNE 18, 2025 at 5:00 P.M.

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

1. **Call to Order**
2. **Roll Call.** Councilor Brian Bolton, Councilor Robert Foreman, Councilor Robin Godwin, Councilor Jessie Murdock, Councilor Patricia Seybold, Vice Mayor Wendy Escoffier and Mayor Marie Moore.

Also Present

Town Manager Fisher, Town Attorney Trish Stuhan and Town Clerk Leah Rhodes.

3. **Pledge of Allegiance**
Councilor Seybold led the Pledge.

Mayor Moore read Items 4, 5 and 6.

A **motion** was made to go into the Executive Session for agenda items 4, 5 and 6 at 5:02 p.m. by Councilor Godwin and was seconded by Vice Mayor Escoffier.

Roll Call Vote:

Mayor Moore: aye
Councilor Bolton: aye
Councilor Seybold: aye
Vice Mayor Escoffier: aye
Councilor Foreman: aye
Councilor Godwin: aye
Councilor Murdock: aye

Motion Carried 7-0.

4. **An executive session pursuant to A.R.S. § 38-431.03(A)(3) and (A)(4) for discussion or consultation with the Town Attorney for legal advice regarding the contract with Camp Verde Arena Association.** Staff Resource: Town Manager Miranda Fisher.

5. **An executive session pursuant to A.R.S. § 38-431.03(A)(3), (A)(4), and (A)(7) for discussion or consultation with the Town Attorney for legal advice, and possible instruction to the Town Attorney regarding the Town-owned property located at 546 South First Street.** Staff Resource: Town Manager Miranda Fisher.

Mayor Moore recessed the meeting after Item 5, at 5:51 p.m. to go into Regular Session.

6. **An executive session pursuant to A.R.S. § 38-431.03(A)(3) and (A)(4) for legal advice and consultation with the Town Attorney regarding an annexation and development agreement between the Town and Steven and Julie Coury, dated February 26, 2005.** Staff Resource: Town Manager Miranda Fisher.

The Council reconvened the Executive Session at 9:11 p.m. to discuss Item 6.

The Council returned to the Special Session at 9:48 p.m.

Mayor Moore stated that no action was taken for Item 4 and that direction was given for Items 5 and 6.

7. **Adjournment**

Mayor Moore adjourned the meeting at 9:48 p.m.

Mayor Marie Moore

Attest: Leah Rhodes, Town Clerk

CERTIFICATION

I, Town Clerk Leah Rhodes, hereby certify that the foregoing Minutes are a true and accurate accounting of the actions of the Mayor and Common Council of the Town of Camp Verde during the Special Session of the Town Council of Camp Verde, Arizona, held on June 18, 2025. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this _____ day of _____, 2025.

Leah Rhodes, Town Clerk



DRAFT MINUTES
TOWN OF CAMP VERDE
REGULAR SESSION
MAYOR AND COUNCIL
473 S. MAIN STREET, SUITE 106
WEDNESDAY, JUNE 18, 2025 at 6:00 P.M.

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

1. Call to Order

Mayor Moore called the meeting to order at 6:00 p.m.

2. Roll Call.

Councilor Brian Bolton, Councilor Robert Foreman, Councilor Robin Godwin, Councilor Jessie Murdock, Councilor Patricia Seybold, Vice Mayor Wendy Escoffier and Mayor Marie Moore.

Also Present

Town Manager Miranda Fisher, Town Attorney Trish Stuhan, and Town Clerk Leah Rhodes.

3. Pledge of Allegiance

Vice Mayor Escoffier led the Pledge.

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

a) Approval of the Minutes:

- 1) Special Session (Public Portion) – May 28, 2025 at 5:00 p.m.
- 2) Work Session – May 29, 2025 at 5:00 p.m.
- 3) Regular Session – June 4, 2025 at 6:00 p.m.
- 4) Special Session (Public Portion) - June 5, 2025 at 1:00 p.m.

b) Set Next Meeting, Date and Time:

- 1) Special Session – July 2, 2025 at 5:00 p.m.
- 2) Regular Session – July 2, 2025 at 6:00 p.m.
- 3) Special Session – July 9, 2025 at 5:00 p.m.
- 4) Regular Session – July 16, 2025 at 6:00 p.m.
- 5) Special Session – July 23, 2025 at 5:00 p.m.

c) Approval of Agreement for Town Attorney Services with Pierce Coleman.

Staff Resource: Town Manager Miranda Fisher.

On a **motion** made by Councilor Godwin, seconded by Vice Mayor Escoffier, the Council **moved** to approve the consent agenda.

Roll Call Vote:

Councilor Bolton: aye
Councilor Seybold: aye
Councilor Foreman: aye
Councilor Murdock: aye
Councilor Godwin: aye
Vice Mayor Escoffier: aye
Mayor Moore: aye

Motion Carried 7-0.

- 5. Call to the Public for items not on the Agenda. (Please complete Request to Speak Card and turn in to the Clerk.)** Residents are encouraged to comment about any matter NOT included on the agenda. State law prevents the Council from taking any action on items not on the agenda. At the conclusion of an open call to the public, individual members of the public body may respond to criticism made by those who have addressed the public body, may ask staff to review a matter or may ask that a matter be put on a future agenda. However, members of the public body shall not discuss or take legal action on matters raised during an open call to the public unless the matters are properly noticed for discussion and legal action. (Pursuant to ARS §38-431.01(H))

There were no public comments.

- 6. Summary of Current Events.** The Town Council and the Town Manager 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 not propose, discuss, deliberate or take action on any such item, except that an individual Council member may request that the item be placed on a future agenda. Summaries may include committee meetings that Council members attend. The Committees are: Copper Canyon Fire & Medical District, Yavapai College Governing Board, Yavapai-Apache Nation, Intergovernmental Association, NACOG Regional Council, Verde Valley Regional Economic Organization (VVREO), League Resolutions Committee, Arizona Municipal Risk Retention Pool, Verde Valley Transportation Org, Verde Valley Transit Committee, Verde Valley Water Users, Verde Valley Homeless Coalition, Verde Front, Verde Valley Steering Committee of MAT Force, Public Safety Personnel Retirement Board, Sustaining Flows, Earth Day, Camp Verde School District, Friends of the Verde River and Verde Valley Housing Advisory Committee.

The Mayor, Council and Town Manager reported on current events.

- 7. Discussion, consideration and possible approval of Contract No. 25-209 with Water Works Engineers for engineering design and construction services for the Town of Camp Verde, Arizona Wastewater Plant Dryer Design and Construction**

Services, in an amount not to exceed \$85,049.00. Staff Resource: Wastewater Division Manager Chet Teague.

Wastewater Division Manager Teague stated the design and construction services contract was for the Wastewater Treatment Plant sludge dryer units and installation of a new septage hauling station at the Town's Water Reclamation Facility.

Town Manager Fisher responded to questions from the Council.

On a **motion** made by Councilor Godwin, seconded by Councilor Foreman, the Council **moved** to approve Contract No. 25-209.

Roll Call Vote:

Councilor Bolton: aye
Councilor Seybold: aye
Councilor Foreman: aye
Councilor Murdock: aye
Councilor Godwin: aye
Vice Mayor Escoffier: aye
Mayor Moore: aye

Motion Carried 7-0.

8. **Discussion, consideration, ratification and possible approval of revised Purchase Order Number 2025-0031 to Rottweiler Controls, LLC., not to exceed in the amount of \$120,000.00, for SCADA (Supervisory Control and Data Acquisition) upgrade project at the wastewater treatment plant.** Staff Resource: Wastewater Division Manager Chet Teague.

Wastewater Division Manager Teague stated the purchase order is for the IT board, which functions as the "mother board" to the SCADA system controls. Town staff updated the purchase order to reflect the additional upgrades to the SCADA system.

Town Manager Fisher stated the request for approval was for the ratification of the purchase order since payment needed to be made to the vendor to continue this project forward in a timely manner.

On a **motion** made by Councilor Murdock, seconded by Councilor Foreman, the Council **moved** to approve and ratify the revised Purchase Order No. 2025-0031 to Rottweiler Controls, LLC. In amount not to exceed \$120,000.00.

Roll Call Vote:

Councilor Bolton: aye
Councilor Seybold: aye
Councilor Foreman: aye
Councilor Murdock: aye
Councilor Godwin: aye

Vice Mayor Escoffier: aye
Mayor Moore: aye
Motion Carried 7-0.

9. **Discussion, consideration, and possible award of Bid No. 25-211, Sports Complex Irrigation Pump Building Slab Project to Ligon Excavation in the amount of \$50,208.00.** Staff Resource: CIP Project Manager Martin Smith.

CIP Project Manager Smith stated staff were working on finalizing the design to begin construction of the proposed irrigation improvements at the Sports Complex. The award of the bid to Ligon Excavation was to address the construction of the concrete foundation and slab of the proposed irrigation pump building.

On a **motion** made by Councilor Foreman, seconded by Councilor Bolton, the Council **moved** to award Bid No. 25-211, Sports Complex Irrigation Pump Building Slab Project to Ligon Excavation in the amount of \$50,208.00.

Roll Call Vote:

Councilor Bolton: aye
Councilor Seybold: aye
Councilor Foreman: aye
Councilor Murdock: aye
Councilor Godwin: aye
Vice Mayor Escoffier: aye
Mayor Moore: aye
Motion Carried 7-0.

10. **Town of Camp Verde Outstanding Citizen program and nomination process review.** Staff Resource: Town Manager Miranda Fisher.

Town Manager Fisher stated the item was requested from Mayor Moore to possibly launch an outstanding citizen nomination program. The program would honor everyday residents whose efforts often go unrecognized and whose contributions embody the spirit and values of the Town. The Council would select one individual each quarter and they would be recognized and honored at a Counting meeting, in the newsletter and social media accounts.

The Council provided Manager Fisher with their recommendations and input on moving forward with the nomination process.

Mayor Moore and Town Manager Fisher responded to questions from the Council.

11. **Applicant presentation of the FY25 \$50,000 Community Outreach Fund requests.** Staff Resource: Town Manager Miranda Fisher.

Town Manager Fisher stated that the Town Council allocated \$50,000 in the FY25 Community Outreach Fund to support non-profit organizations that serve the community. An application process was initiated, resulting in 32 submissions.

Representatives from each organization presented on the needs and importance of their respective programs, with the exception of the Garden of Life and the Camp Verde Recreation Association, which did not have a representative present.

Public Comment:

Charlotte Salsman expressed her preference for the Community Outreach Funds to remain with the Town of Camp Verde.

Mayor Moore recessed the Regular Session at 8:22p.m. to go into Executive Session for Item 12.

On a **motion** made by Vice Mayor Escoffier, seconded by Councilor Seybold, the Council **moved** to convene into Executive Session at 8:22 p.m.

Roll Call Vote:

Councilor Bolton: aye
Councilor Seybold: aye
Councilor Foreman: aye
Councilor Murdock: aye
Councilor Godwin: aye
Vice Mayor Escoffier: aye
Mayor Moore: aye

Motion Carried 7-0.

12. **An executive session pursuant to A.R.S. § 38-431.03(A)(3) and (A)(4) for discussion or consultation for legal advice and in order to consider its position regarding possible contracts for the award of the FY25 \$50,000 Community Outreach Funds.** Staff Resource: Town Manager Miranda Fisher.
13. **Discussion, consideration, and possible awarding of the FY25 \$50,000 Community Outreach Funds.** Staff Resource: Town Manager Miranda Fisher.
Motion Carried 5-0.

Mayor Moore reconvened the Regular Session at 9:07 pm.

Town Manager Fisher stated that based on the discussion of the Council, Community Outreach Funds would be awarded to the following organizations:

- The Bread of Life Missions, Inc.
- Society of St Vincent de Paul
- Humane Society of Sedona, Inc.
- Verde Valley Homeless Coalition

- Calvary Chapel Camp Verde, CARE Ministry
- Verde Valley Senior citizens Association, Inc. dba Verde Valley Senior Center
- Home for New Beginnings
- Verde Valley Sanctuary
- Hope Women's Center
- Manzanita Outreach
- Seventh-day Adventist Food Pantry
- Senior Citizens of Camp Verde Inc.

On a **motion** made by Vice Mayor Escoffier, seconded by Councilor Godwin, the Council **moved** to approve the funding for the organizations as stated by Town Manager Fisher.

Roll Call Vote:

Councilor Bolton: aye
 Councilor Seybold: aye
 Councilor Foreman: aye
 Councilor Murdock: aye
 Councilor Godwin: aye
 Vice Mayor Escoffier: aye
 Mayor Moore: aye

Motion Carried 7-0.

14. Adjournment

Mayor Moore adjourned the meeting at 9:11 p.m.

 Mayor Marie Moore

 Attest: Leah Rhodes, Town Clerk

CERTIFICATION

I, Town Clerk Leah Rhodes, hereby certify that the foregoing Minutes are a true and accurate accounting of the actions of the Mayor and Common Council of the Town of Camp Verde during the Regular Session of the Town Council of Camp Verde, Arizona, held on June 18, 2025. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this _____ day of _____, 2025.

 Leah Rhodes, Town Clerk



Town Council

Agenda Information Memorandum

Meeting Date: July 2, 2025

Agenda Item Type:

- | | | |
|--|---|--|
| ☒ Consent Agenda | ☐ Informational Presentation | ☐ Discussion Item |
| ☐ Action/Decision Item | ☐ Executive Session Request | ☐ Other: |

Requesting Department: Human Resources

Staff Resource: HR Director Julia Kaiser

Agenda Title: Consideration and possible adoption of the revised and amended Personnel Manual.

Attached Documents: Revised and amended Personnel Manual

Estimated Presentation Time: N/A

Estimated Discussion Time: N/A

Reviewed By:

- | | | | | |
|--|---|--|---|---------------------------------|
| ☒ Town Manager | ☒ Legal | ☐ Risk Management | ☒ Finance | ☐ Other: |
|--|---|--|---|---------------------------------|

Financial Review (if applicable): N/A

- Funding Source / GL Account Number:
- Approved in the FY25 Budget? ☐ Yes ☒ No ☒ N/A ☐ Other:
- Is this an approved CIP Project? ☐ Yes ☐ No ☒ N/A ☐ Other:

Background Information:

The amended Personnel Manual reflects corrections and edits presented to the Council at the meeting held on June 4th, 2025. At that time the Council reviewed the proposed changes to include formatting and grammar corrections, minor revisions necessary to clarify existing policies and procedures, as well as new proposed policies. No changes were made to the manual that would have any budgetary or financial impact on the Town's operations.

Connection to the [FY25-FY30 Strategic Plan](#)

Annual personnel manual revisions allow for more effective operations and personnel management thus contributing towards retaining, developing, and engaging a highly effective workforce as outlined in the Strategic Plan under "Effective Government".

Question(s) before the Council:

- Does Council have any questions for staff?

Proposed Motion:

I move to APPROVE the adoption of the amended Personnel Manual.

PERSONNEL MANUAL



7/1/2025

FORWARD

The Town of Camp Verde, Arizona personnel policies have been designed, revised, approved, and implemented to provide each Town employee with a clear and concise understanding of the policies by which the Town strives to operate, as well as the conditions under which employment with the Town is accepted, expected, and/or continued. Knowing your responsibilities to the Town and understanding your rights and privileges will serve to optimize your working conditions, while resulting in an enjoyable, professional, safe, and efficient workplace environment.

The Town Council has the sole authority to authorize amendments or additions to this Personnel Manual (Manual). Each employee shall be advised of amendment(s) or addition(s) and shall immediately adhere to the new policy(ies). No employee, Department Head, or Council Member is authorized to make any oral representations of promises that vary from the provisions of this Manual or that vary from the departmental rules and regulations (if any) applicable to that employee's department. Any such oral representations or promises are hereby declared to be null and void and should not be relied upon by any employee(s). Neither this Manual, nor the personnel policies create an employment contract with employees.

Violations of these personnel policies will be considered a serious matter and may result in disciplinary and/or other administrative action.

PERSONNEL POLICIES & PROCEDURES

SECTION 1 PURPOSE

These policies were developed to provide:

1. A written set of guidelines on which Human Resources might base decision(s);
2. A means of communication with employees, supervisors, and directors;
3. A framework for consistency and fairness in recruitment, selection, placement, promotion, retention, and separation of Town employees based upon employee qualifications for a position;
4. A method in which to promote the Council's philosophy;
5. A tool to assist Managers in the development of sound management practices and procedures; and
6. A means of protecting the legal interests of the Town in compliance with Federal and State laws.

SECTION 2 SCOPE

- A) These policies and procedures apply to all Town employees and volunteers, except elected officials, Boards and Commission members, and other personnel as designated by the Council.
- B) In the event of conflict between this Manual and the Town Code, ordinances, resolutions, and/or State or Federal law, the terms and conditions of the Town Code, ordinance, resolution, State, or Federal law shall prevail.

SECTION 3 AMENDMENTS AND REVISIONS

- A) Amendments and revisions to this Manual may be proposed to the Town Council through the Town Manager. The Council may, at its sole discretion by ordinance and/or resolution, change, amend, repeal, or modify this Manual at any time with or without notice other than agenda postings as required by law. Amendments and revisions to these policies become effective upon their adoption by the Town Council as provided by law.
- B) Amendments to this Manual may be adopted by a majority vote of the Town Council at any public meeting of the Council, after the proposed amendments have been submitted to the Council for consideration. Amendments and revisions may be proposed and adopted on the Consent Agenda.

SECTION 4 PERSONNEL POLICY ADMINISTRATION

Administration of the personnel policies is the responsibility of the Human Resources Director and/or the Town Manager.

SECTION 5 DISCLAIMER

None of these provisions shall be deemed to create a vested contractual right for any employee or to limit the power of the Council to repeal or modify these rules. The policies are not to be interpreted as promises of specific treatment.

CONTENT

CHAPTER 1.....	13
GENERAL EMPLOYMENT RIGHTS AND RESPONSIBILITIES	13
POLICY 1-1 EQUAL EMPLOYMENT OPPORTUNITY.....	13
SECTION 1-1-1 - NON-DISCRIMINATION.....	13
SECTION 1-1-2 - CONSEQUENCES OF PROHIBITED CONDUCT.....	13
SECTION 1-1-3 - EQUAL EMPLOYMENT OPPORTUNITY PROGRAM.....	13
SECTION 1-1-4 - PROGRAM RESPONSIBILITY	14
SECTION 1-1-5 - ANTI-HARASSMENT POLICY.....	14
SECTION 1-1-6 - PLAN FOR HARASSMENT PREVENTION AND ELIMINATION	15
SECTION 1-1-7- REPORTING POSSIBLE HARASSMENT	16
SECTION 1-1-8- INVESTIGATION	16
SECTION 1-1-9 - NO REPRISALS	16
SECTION 1-1-10 - OPTION TO REPORT TO OUTSIDE AGENCY(IES).....	16
SECTION 1-1-11 - EMPLOYEE DEVELOPMENT	16
SECTION 1-1-12 - COORDINATION WITH STATE AND FEDERAL LAWS.....	17
SECTION 1-1-13 - DEFINITIONS.....	17
POLICY 1-2 CODE OF CONDUCT.....	17
SECTION 1-2-1 - PERFORMANCE OF DUTIES.....	17
SECTION 1-2-2 - ABUSE OF POSITION	18
SECTION 1-2-3 - CONFLICT OF INTEREST	18
SECTION 1-2-4 - OUTSIDE EMPLOYMENT	19
SECTION 1-2-5 - VOLUNTEER ACTIVITIES.....	20
SECTION 1-2-6 - CONFIDENTIALITY	20
SECTION 1-2-7 - POLITICAL ACTIVITY	20
SECTION 1-2-8 - USE OF PUBLIC/TOWN-OWNED VEHICLES.....	21
SECTION 1-2-9 - DRIVER'S LICENSE STATUS.....	22
SECTION 1-2-10 - INVESTIGATION BY OUTSIDE AGENCY.....	22
SECTION 1-2-11 - RESTRICTION ON CHILDREN AND NON-EMPLOYEES IN THE WORKPLACE.....	22
CHAPTER 2.....	24
EMPLOYMENT PROCESS	24
POLICY 2-1 - HIRING PROCESS	24
POLICY 2-2 - JOB POSTING FOR CURRENT EMPLOYEES	24
SECTION 2-2-1 - ELIGIBILITY.....	24
SECTION 2-2-2 - EMPLOYEE RESPONSIBILITIES	24

SECTION 2-2-3 - REVIEW OF QUALIFICATIONS	24
SECTION 2-2-4 - NOTIFICATION OF CURRENT SUPERVISOR	24
POLICY 2-3 - JOB ANNOUNCEMENT	24
SECTION 2-3-1 - FULL-TIME POSITIONS	24
SECTION 2-3-2 - PART-TIME POSITIONS	25
SECTION 2-3-3 - TEMPORARY POSITIONS.....	25
POLICY 2-4 - APPLICATION.....	25
SECTION 2-4-1 - DEFINITION OF APPLICANT	25
SECTION 2-4-2 - APPLICATION FORMS	25
SECTION 2-4-3 - REJECTION OF APPLICATION	26
SECTION 2-4-4 - APPLICATION RETENTION	26
POLICY 2-5 - EXAMINATION.....	26
SECTION 2-5-1 - PHYSICAL AND MENTAL FITNESS	26
SECTION 2-5-2 - PRE-EMPLOYMENT DRUG TEST.....	26
SECTION 2-5-3 - TEST DEVELOPMENT	26
SECTION 2-5-4 - TEST ADMINISTRATION	27
SECTION 2-5-5 - REASONABLE ACCOMMODATION.....	27
POLICY 2-6 - DISABILITY PREFERENCE.....	27
POLICY 2-7 - INTERVIEWING.....	27
SECTION 2-7-1 - INTERVIEW PROCESS.....	27
POLICY 2-8 - REFERENCE CHECK.....	28
SECTION 2-8-1 - PROCEDURE	28
POLICY 2-9 - VETERAN'S PREFERENCE	28
SECTION 2-9-1 - ELIGIBILITY.....	28
SECTION 2-9-2 - SPOUSE ELIGIBILITY	28
POLICY 2-10 - SELECTION.....	29
SECTION 2-10-1 - NOTIFICATION	29
SECTION 2-10-2 - APPOINTMENT	29
SECTION 2-10-3 - APPLICANT EXPENSES.....	29
SECTION 2-10-4 - NOTICE TO UNSUCCESSFUL APPLICANTS	29
POLICY 2-11 - FINGERPRINTING	29
SECTION 2-11-1 - AFFECTED POSITIONS.....	29
SECTION 2-11-2 - FAILURE TO COMPLY.....	30
POLICY 2-12 - EMPLOYEE ORIENTATION	30

SECTION 2-12-1 - CITIZENSHIP.....	30
SECTION 2-12-2 - LOYALTY OATH	30
SECTION 2-12-3 - HIRING DEPARTMENT RESPONSIBILITIES	30
SECTION 2-12-4 - DATE OF HIRE/LENGTH OF SERVICE ANNIVERSARY	30
POLICY 2-13 - INITIAL EVALUATION PERIOD.....	31
SECTION 2-13-1 - LENGTH OF TIME	31
SECTION 2-13-2 - COMPLETION OF INITIAL EVALUATION PERIOD	31
SECTION 2-13-3 - EXTENSION OF INITIAL EVALUATION PERIOD	31
SECTION 2-13-4 - EMPLOYMENT CLASSIFICATION CHANGE	31
SECTION 2-13-5 - DISMISSAL DURING INITIAL EVALUATION PERIOD.....	31
POLICY 2-14 - EMPLOYEE IDENTIFICATION CARDS	32
SECTION 2-14-1 - ISSUANCE, USE AND RETURN OF CARD.....	32
CHAPTER 3.....	33
COMPENSATION	33
POLICY 3-1 - CLASSIFIED AND UNCLASSIFIED SERVICE	33
SECTION 3-1-1 - CLASSIFIED POSITIONS	33
SECTION 3-1-2 - UNCLASSIFIED POSITIONS	33
POLICY 3-2 - CLASSIFICATION PLAN.....	33
SECTION 3-2-1 - PURPOSE	34
SECTION 3-2-2 - PLAN AMENDMENT.....	34
POLICY 3-3 - SALARY PLAN.....	35
SECTION 3-3-1 - NEW EMPLOYEES	35
SECTION 3-3-2 - GENERAL INCREASES	35
SECTION 3-3-3 - SALARY SCHEDULE	35
SECTION 3-3-4 - ANNIVERSARY DATES	35
SECTION 3-3-5 - PAY ADJUSTMENTS	36
SECTION 3-3-6 - PLAN AMENDMENT.....	36
POLICY 3-4 – MERIT PAY POLICY	36
SECTION 3-4-1 - ELIGIBILITY	36
SECTION 3-4-2 – MERIT PAY PROCESS	37
SECTION 3-4-3 – MERIT PAY AMOUNT	37
POLICY 3-5 - PERFORMANCE EVALUATION	37
SECTION 3-5-1 - TIMELY EVALUATIONS.....	38
SECTION 3-5-2 - PROCESS.....	38

SECTION 3-5-3 - RATING DEFINITIONS	39
SECTION 3-5-4 - APPEAL OF EVALUATION	39
POLICY 3-6 - PAY PERIODS AND PAY DATES	39
SECTION 3-6-1 - PAY PERIODS	39
SECTION 3-6-2 - TIME SHEETS AND PAYROLL RECORDS.....	39
SECTION 3-6-3 - PAY DATES.....	39
SECTION 3-6-4 - PAY CHECKS.....	39
SECTION 3-6-5 - PAY ADVANCES.....	40
POLICY 3-7 - OVERTIME/COMPENSATORY TIME	40
SECTION 3-7-1 - NONEXEMPT EMPLOYEES	40
SECTION 3-7-2 - EXEMPT EMPLOYEES	41
POLICY 3-8 – PAID HOLIDAY LEAVE	41
SECTION 3-8-1 – ELIGIBILITY	41
SECTION 3-8-2 - WORK ON HOLIDAY FOR HEALTH OR SAFETY REASONS	42
SECTION 3-8-3 - TERMINATION OF EMPLOYMENT	42
POLICY 3-9 - PAYROLL DEDUCTIONS.....	42
SECTION 3-9-1 - MANDATORY DEDUCTIONS.....	42
SECTION 3-9-2 - VOLUNTARY DEDUCTIONS	42
POLICY 3-10 PROMOTION	42
SECTION 3-10-1 - ELIGIBILITY.....	43
SECTION 3-10-2 - PROCEDURE	43
SECTION 3-10-3 - SALARY FOR PROMOTION POSITION	43
SECTION 3-10-5 - PROMOTION PERFORMANCE EVALUATION PERIOD	43
POLICY 3-11 LATERAL TRANSFER.....	44
SECTION 3-11-1 - ELIGIBILITY.....	44
SECTION 3-11-2 - PROCEDURES.....	44
SECTION 3-11-3 - SALARY FOR TRANSFER POSITION	45
SECTION 3-11-4 - TRANSFER EVALUATION PERIOD.....	45
POLICY 3-12 DEMOTION.....	45
SECTION 3-12-1 - ANNIVERSARY DATE CHANGE	45
SECTION 3-12-2 - PROCEDURE.....	46
POLICY 3-13 RECLASSIFICATION PROCEDURE	46
SECTION 3-13-1 - PROCEDURE.....	46
POLICY 3-14 - PAY FOR WORKING OUT OF CLASSIFICATION	47

SECTION 3-14-1 - JUSTIFICATION.....	47
POLICY 3-15 – TIME AND ATTENDANCE	47
SECTION 3-15-1 - PURPOSE.....	47
SECTION 3-15-2 - DEFINITIONS.....	47
SECTION 3-15-3 - PROCEDURES.....	48
SECTION 3-15-4 – TAMPERING AND FALSIFICATION	50
CHAPTER 4.....	51
EMPLOYMENT BENEFITS	51
POLICY 4-1 - BENEFITS CONTINUATION/COBRA.....	51
SECTION 4-1-1 - WHO PAYS.....	51
SECTION 4-1-2 - WRITTEN NOTIFICATION OF ELIGIBILITY	51
POLICY 4-2 - COMPENSATORY LEAVE	51
SECTION 4-2-1 - NONEXEMPT EMPLOYEES	51
SECTION 4-2-2 - EXEMPT EMPLOYEES	51
POLICY 4-3 FAMILY AND MEDICAL LEAVE	52
SECTION 4-3-1 - DEFINITION OF SERIOUS HEALTH CONDITION	52
SECTION 4-3-2 - ELIGIBILITY.....	52
SECTION 4-3-3 - VERIFICATION OF NEED.....	52
SECTION 4-3-4 - MAXIMUM LEAVE TIME AVAILABLE	52
SECTION 4-3-5 - HOW FMLA LEAVE IS MEASURED.....	53
SECTION 4-3-6 - USE OF ACCUMULATED LEAVE.....	54
SECTION 4-3-7 - CONTINUATION OF HEALTH INSURANCE BENEFITS	54
SECTION 4-3-8 - SUSPENSION OF ACCUMULATION OF OTHER TOWN-PROVIDED BENEFITS.....	54
SECTION 4-3-9 - RETURN TO WORK.....	54
SECTION 4-3-10 - INTERMITTENT LEAVE OR REDUCED WORK WEEK.....	54
SECTION 4-3-11 - TERMINATION OF EMPLOYMENT	54
POLICY 4-4 – WORKER’S COMPENSATION	54
SECTION 4-4-1 - REPORTING REQUIREMENT.....	54
SECTION 4-4-2 - PAYMENTS	55
SECTION 4-4-3 - USE OF PAID LEAVE WHILE ON INDUSTRIAL LEAVE	55
SECTION 4-4-4 - RETURN TO WORK.....	55
POLICY 4-5 - MILITARY LEAVE	55
SECTION 4-5-1 - NO BREAK IN SERVICE	55
SECTION 4-5-2 - LIMIT OF PAID TIME OFF	56

POLICY 4-6 SPECIAL LEAVE OF ABSENCE	56
SECTION 4-6-1 - SPECIAL LEAVE OF ABSENCE WITH PAY.....	56
SECTION 4-6-2 - SPECIAL LEAVE OF ABSENCE WITHOUT PAY.....	56
POLICY 4-7 - BEREAVEMENT LEAVE.....	57
SECTION 4-7-1 - APPROVAL.....	57
SECTION 4-7-2 - IMMEDIATE FAMILY DEFINED	57
POLICY 4-8 - SICK LEAVE	57
SECTION 4-8-1 - ELIGIBILITY.....	57
SECTION 4-8-2 - RATE OF ACCUMULATION.....	57
SECTION 4-8-3 - ALLOWABLE USES.....	57
SECTION 4-8-4 - NOTIFICATION TO SUPERVISOR	58
SECTION 4-8-5 - PHYSICIAN'S VERIFICATION	58
SECTION 4-8-6 - ADDITIONAL CONDITIONS.....	59
SECTION 4-8-7 - NO SICK LEAVE AVAILABLE	58
SECTION 4-8-8 - TRANSFER OF HOURS TO VACATION.....	58
SECTION 4-8-9 - TERMINATION OF EMPLOYMENT	58
POLICY 4-9 - SICK LEAVE BANK	58
SECTION 4-9-1 - DEFINITIONS.....	58
SECTION 4-9-2 - ELIGIBLE RECIPIENT	59
SECTION 4-9-3 - GENERAL PROVISIONS.....	60
POLICY 4-10 - VACATION LEAVE	60
SECTION 4-10-1 - ELIGIBILITY.....	60
SECTION 4-10-2 - BENEFIT YEAR	60
SECTION 4-10-3 - RATE OF ACCUMULATION.....	61
SECTION 4-10-4 - REQUEST FOR LEAVE	61
SECTION 4-10-5 - TERMINATION OF EMPLOYMENT	62
POLICY 4-11 - CIVIC DUTY.....	62
SECTION 4-11-1 - JURY DUTY.....	62
SECTION 4-11-2 - WITNESS DUTY	62
SECTION 4-11-3 - VOTING	63
POLICY 4-12 - GROUP BENEFITS	63
SECTION 4-12-1 - ELIGIBILITY.....	63
SECTION 4-12-2 - GROUP INSURANCE COVERAGE	63
SECTION 4-12-3 - VOLUNTARY BENEFITS	64

SECTION 4-12-4 - RETIREMENT PLAN	64
SECTION 4-12-5 - EMPLOYEE ASSISTANCE PROGRAM	64
SECTION 4-12-6 - TRAUMATIC EVENT COUNSELING FOR PUBLIC SAFETY EMPLOYEES	65
POLICY 4-13 SUPPLEMENTAL BENEFITS PLAN FOR PUBLIC SAFETY EMPLOYEES	65
SECTION 4-13-1 - ELIGIBILITY	66
SECTION 4-13-2 – PLAN DESCRIPTION.....	67
SECTION 4-13-3 - PROCEDURE.....	67
CHAPTER 5.....	69
WORK RULES	69
POLICY 5-1 - HOURS OF WORK	69
SECTION 5-1-1 - NORMAL WORK WEEK AND WORK HOURS	69
SECTION 5-1-2 - ABSENCES AND TARDINESS.....	69
POLICY 5-2 - PERSONNEL FILES.....	69
SECTION 5-2-1 - ACCESS TO OFFICIAL PERSONNEL FILE	69
SECTION 5-2-2 - UPDATING PERSONNEL RECORDS.....	70
SECTION 5-2-3 - MAINTENANCE OF PERSONNEL FILES	70
SECTION 5-2-4 - RECORDS RETENTION.....	70
SECTION 5-2-5 - RECORDS RELEASE.....	70
POLICY 5-3 PERSONAL APPEARANCE.....	71
SECTION 5-3-1 - ACCEPTABLE ATTIRE.....	71
SECTION 5-3-2 - UNACCEPTABLE ATTIRE.....	71
SECTION 5-3-3 - UNIFORMS	71
POLICY 5-4 MAIL, ELECTRONIC MAIL, COMPUTER, AND ONLINE SERVICES USAGE	71
SECTION 5-4-1 - CONDITIONS OF EMPLOYMENT	71
Section 5-4-2 – SOFTWARE COPYRIGHT	72
SECTION 5-4-3 - PROHIBITED USE	72
SECTION 5-4-4 - PASSWORDS.....	72
SECTION 5-4-5 - CONSEQUENCES OF PROHIBITED USE.....	72
POLICY 5-5 - DISCIPLINARY SYSTEM	73
SECTION 5-5-1 - DISCIPLINE PROCESS	73
SECTION 5-5-2 - DEFINITIONS.....	73
SECTION 5-5-3 - GROUNDS FOR DISCIPLINARY ACTION	73
SECTION 5-5-4 - TYPES OF DISCIPLINARY ACTION	75
SECTION 5-5-5 - NOTICE TO EMPLOYEE	76

POLICY 5-6 PERSONNEL ACTION REVIEW PROCEDURES	77
SECTION 5-6-1 - PURPOSE	77
SECTION 5-6-2 - SOLE REMEDY.....	77
SECTION 5-6-3 - INFORMAL PERSONNEL ACTION REVIEW PROCEDURES	77
SECTION 5-6-4 - FORMAL PERSONNEL ACTION REVIEW	78
SECTION 5-6-5 - EMPLOYMENT MATTERS NOT SUBJECT TO REVIEW	78
SECTION 5-6-6 MISCELLANEOUS RULES	78
SECTION 5-6-7 - FORMAL PERSONNEL ACTION REVIEW PROCEDURE STEPS.....	79
SECTION 5-6-8 - RULES OF APPEAL TO THE QUALIFIED HEARING OFFICER.....	80
CHAPTER 6.....	82
EMPLOYMENT DEVELOPMENT.....	82
POLICY 6-1 - EDUCATION ASSISTANCE	82
SECTION 6-1-1 - PURPOSE	82
SECTION 6-1-2 - ELIGIBILITY FOR PARTICIPATION	82
SECTION 6-1-3 - CRITERIA FOR APPROVAL	82
SECTION 6-1-4 - REIMBURSEMENT.....	83
SECTION 6-1-5 - TERMINATION OF EMPLOYMENT	83
POLICY 6-2 - TOWN-SPONSORED AND REQUIRED TRAINING.....	83
SECTION 6-2-1 - PROCEDURES.....	84
SECTION 6-2-2 - WAGE ADJUSTMENTS FOR TRAINING AND CERTIFICATIONS.....	84
CHAPTER 7.....	85
SAFETY AND HEALTH	85
POLICY 7-1 - SAFETY AND LOSS MANAGEMENT	85
SECTION 7-1-1 - EMPLOYEES SUPPORT FOR SAFE WORK PRACTICES	85
SECTION 7-1-2 - SAFETY COORDINATOR	85
SECTION 7-1-3 - EVALUATION OF SAFETY PERFORMANCE.....	85
SECTION 7-1-4 - USE OF TOWN EQUIPMENT AND VEHICLES	85
POLICY 7-2 RETURN TO WORK	86
SECTION 7-2-1 TEMPORARY AND PERMANENT RESTRICTIONS	86
SECTION 7-2-2 - ALTERNATIVE JOB PLACEMENT.....	86
SECTION 7-2-3 - PLACEMENT NOT SUBSTITUTE FOR FILLING VACANCIES	86
SECTION 7-2-4 - PARTICIPANT REQUIRED TO OBEY RULES	86
SECTION 7-2-5 - PROCEDURE	87
POLICY 7-3 - NO SMOKING	87

SECTION 7-3-1 - SMOKING AREAS	87
SECTION 7-3-2 - SMOKING BREAKS	87
SECTION 7-3-3 - SMOKING CESSATION.....	87
POLICY 7-4 - VIOLENCE IN THE WORKPLACE	87
SECTION 7-4-1 - CONSEQUENCES OF PROHIBITED CONDUCT.....	87
SECTION 7-4-2 - INFRINGEMENT ON SAFE WORKPLACE	87
SECTION 7-4-3 - COMPLAINT PROCEDURE	88
POLICY 7-5 - DRUG AND ALCOHOL-FREE WORKPLACE	88
SECTION 7-5-1 - CONSEQUENCES OF PROHIBITED CONDUCT.....	88
SECTION 7-5-2 - DEFINITIONS OF PROHIBITED CONDUCT.....	88
SECTION 7-5-3 - USE OF LEGAL DRUGS	88
SECTION 7-5-4 - TYPES OF TESTS.....	89
SECTION 7-5-5 - AUTHORIZATION FOR PREVIOUS TEST RECORDS OF CDL HOLDERS	90
SECTION 7-5-6 - DRUG TESTING	90
SECTION 7-5-7 - ALCOHOL TESTING	92
SECTION 7-5-8 - SUBSTANCE ABUSE EVALUATION, RETURN-TO-DUTY, FOLLOW-UP TESTING	92
SECTION 7-5-9 - DISCIPLINE AND APPEALS.....	93
SECTION 7-5-10 - CONTRACTORS AND VISITORS.....	93
SECTION 7-5-11 - NOT A CONTRACT	93
CHAPTER 8.....	94
TERMINATION OF EMPLOYMENT.....	94
POLICY 8-1 - EMPLOYMENT END.....	94
SECTION 8-1-1 - SERVICE RETIREMENT.....	94
SECTION 8-1-2 - DISABILITY RETIREMENT	94
SECTION 8-1-3 - EMPLOYEE-INITIATED RESIGNATION.....	94
SECTION 8-1-4 - TERMINATION DURING INITIAL EVALUATION.....	94
SECTION 8-1-5 - DISCHARGE.....	94
SECTION 8-1-6 - LAYOFF AND RECALL	94
POLICY 8-2 - EXIT PROCESS.....	95
SECTION 8-2-1 - EXIT CLEARANCE.....	95
SECTION 8-2-2 - EXIT INTERVIEW	95
SECTION 8-2-3 - FINAL PAYCHECK	95
SECTION 8-2-4 - CONTINUATION OF BENEFITS	95
POLICY 8-3 - VERIFICATION OF TOWN EMPLOYMENT	96

POLICY 8-4 - RE-EMPLOYMENT 96

SECTION 8-4-1 - ELIGIBILITY..... 96

SECTION 8-4-2 - COMPENSATION AND BENEFITS 96

CHAPTER 1

GENERAL EMPLOYMENT RIGHTS AND RESPONSIBILITIES

POLICY 1-1 EQUAL EMPLOYMENT OPPORTUNITY

The Town of Camp Verde provides equal employment opportunities to all employees and applicants without regard to age, race, religion, national origin, gender, sexual orientation, veteran status, disability, or political affiliation in accordance with applicable Federal laws.

SECTION 1-1-1 - NON-DISCRIMINATION

The Town complies with applicable State and Federal laws governing non-discrimination in employment. This policy applies to all terms and conditions of employment, including but not limited to, hiring, placement, promotion, termination, layoff, recall, transfers, and leaves of absence, compensation, and training.

The Town also provides equal treatment for disabled employees who are able to perform, with reasonable accommodation, the essential tasks of the position. The Town is not required to make such accommodation if it would impose an “undue hardship” on the business of the town. Undue hardship is an action which would require significant difficulty or expense in light of the town’s size, financial resources, and nature of the operation involved.

SECTION 1-1-2 - CONSEQUENCES OF PROHIBITED CONDUCT

Violations of this policy may be cause for the full range of disciplinary action, up to and including termination.

SECTION 1-1-3 - EQUAL EMPLOYMENT OPPORTUNITY PROGRAM

The Equal Employment Officer (Human Resources Director) shall undertake the following actions to ensure equal employment opportunities in the Town:

- A) Periodically review all position qualifications and descriptions to ensure requirements are relevant to the tasks to be performed and make recommendations as needed to delete requirements not reasonably related to the tasks to be performed.
- B) Ensure that pay and benefits depend upon position responsibility and, along with overtime work, are administered on a non-discriminatory basis.
- C) Inform and provide guidance to staff and management personnel who make hiring decisions so that all applications for selections, promotion, and termination, including those of minorities and women, are considered without discrimination and all applicants be given equal opportunity regardless of race, color, national origin, sex, age, disability or status as a veteran in accordance with applicable federal laws.
- D) Create a pool of qualified candidates to encourage diversity and ensure equal employment opportunity in hiring. The following practices for listing jobs will be followed under the Equal Employment Opportunity Officer’s direction:
 - 1. Regular full-time jobs must be open for a minimum of 10 working days.
 - 2. Jobs must be advertised to the broadest audience available and appropriate for the position.

- E) Provide orientation for new employees that specifically emphasizes how the Town assures equal opportunity and encourages all employees to avail themselves of equal employment services.
- F) Distributes the Equal Opportunity Policy to employees, contractors, and suppliers.
- G) Include an equal employment opportunity phrase on applications and job announcements.

SECTION 1-1-4 - PROGRAM RESPONSIBILITY

The Human Resources Director shall serve as the Equal Opportunity Officer to carry out the Equal Employment Policy and Program.

- A) The Equal Employment Opportunity Officer shall be the focal point for the Town's equal opportunity efforts and shall advise staff and management personnel in all matters regarding implementation of and compliance with the Equal Employment Opportunity Policy and be responsible for the successful execution of the program, utilizing the assistance of appropriate state and community agencies.
- B) The Equal Employment Opportunity Officer will have the responsibility to examine existing internal policies and procedures that may serve as barriers to implementing the Equal Employment Opportunity Program.

SECTION 1-1-5 - ANTI-HARASSMENT POLICY

The Town of Camp Verde strictly prohibits any form of unlawful employee harassment based on race, color, religion, sex, national origin, age, disability, status as a veteran or status in any group protected by federal, state, or local law. Harassment is unwelcome conduct that is based on race, color, national origin, disability, or age. Such harassment is unlawful if:

1. The offensive conduct is a condition of continued employment, or
2. The conduct is severe or pervasive causing a work environment that a reasonable person would find intimidating, hostile or abusive.

State and Federal discrimination laws also protect employees against retaliation by other employees for complaining about discrimination, participating in an investigation relating to the discrimination laws, or proceeding under such discrimination laws including the filing of a discrimination charge or lawsuit.

Improper interference with the ability of the Town's employees to perform their expected job duties will not be tolerated. Each member of management is responsible for creating an atmosphere free of discrimination and harassment, sexual or otherwise. Further, employees are responsible for respecting the rights of their co-workers.

With respect to sexual harassment, the Town prohibits the following:

- A) Unwelcome sexual advances, requests for sexual favors and all other verbal or physical conduct of a sexual or otherwise offensive nature, especially where:
 1. Submission to such conduct is made either explicitly or implicitly a term or condition of employment;
 2. Submission to or rejection of such conduct is used as the basis for decisions affecting an individual's employment; or

3. Such conduct has the purpose or effect of creating an intimidating, hostile, or offensive work environment.
- B) Offensive comments, jokes, innuendoes, and other sexually oriented statements. Example of the types of conduct expressly prohibited by this policy include, but are not limited to, the following:
1. Touching, such as rubbing or massaging someone's neck or shoulders, stroking someone's hair or brushing against another's body;
 2. Sexually suggestive touching;
 3. Grabbing, groping, kissing, fondling;
 4. Violating someone's "personal space";
 5. Lewd, off-color, sexually oriented comments or jokes;
 6. Foul or obscene language;
 7. Leering, staring, or stalking;
 8. Suggestive or sexually explicit posters, calendars, photographs, graffiti, cartoons;
 9. Sexually oriented or explicit remarks;
 10. Questions about one's sex life or experience;
 11. Repeated requests for dates.

SECTION 1-1-6 - PLAN FOR HARASSMENT PREVENTION AND ELIMINATION

- A) Education
The Human Resources Department shall be responsible for formally notifying all employees, Department Heads, elected or appointed officials, volunteers, and contractors/vendors of the existence of this policy. The Human Resources Director shall periodically conduct training on the topic of offensive behavior/harassment, and attendance will be mandatory for all employees and will be offered to elected or appointed officials and others.
- B) Implementation
The Town Manager and the Department Heads are responsible for creating a productive work environment in which offensive conduct or harassment is completely out of place; taking immediate and appropriate corrective action in response to any confirmed violation of this policy; and assuring that no reprisals are taken against those who complain or against corroborating witnesses.
- C) Enforcement
The Town is committed to promptly and thoroughly investigate each complaint and take immediate and appropriate corrective action on all confirmed violations of this policy. The Human Resources Director is responsible for auditing the operation of this policy, providing the Town Manager, or

appropriate Department Head is responsible for thoroughly investigating and resolving any complaints.

SECTION 1-1-7- REPORTING POSSIBLE HARASSMENT

- A) If an Employee experiences any job-related harassment based on sex, race, national origin, disability, or other protected factor, or believes that he or she has been treated in an unlawful, discriminatory manner, the incident should be reported promptly to a Department Head, the Human Resources Director, or the Town Manager, who will immediately investigate, as necessary, to determine the cause of the complaint and work with the employee to affect an equitable solution. Every effort shall be made to resolve the difficulty at the lowest level practicable. The complaint will be kept confidential to the maximum extent practicable.
- B) All other employees, including supervisors, managers, or directors, who become aware of possible harassment of an employee, either as a result of having received a complaint directly from the employee, from any other reliable source of information, or from his or her personal observations, shall report the situation to a Department Head, the Human Resources Director, or the Town Manager.

SECTION 1-1-8- INVESTIGATION

- A) The goal will be to investigate any such complaint promptly and thoroughly.
- B) If the Town determines that an employee has harassed another individual, appropriate disciplinary action will be taken against the offending employee, up to and including termination of employment.

SECTION 1-1-9 - NO REPRISALS

No reprisals of any kind by any employee or manager shall be taken against an employee because that employee has asserted a complaint or because that individual has reported, witnessed, or has assisted in any way in the investigation of a harassment complaint.

SECTION 1-1-10 - OPTION TO REPORT TO OUTSIDE AGENCY(IES)

At the option of the employee, the State of Arizona Attorney General Civil Rights Division, 1275 West Washington, Phoenix Arizona 85007 or the Federal Equal Employment Opportunity Commission, 3300 N. Central Avenue, Suite 690, Phoenix Arizona 85012 may be contacted for assistance.

SECTION 1-1-11 - EMPLOYEE DEVELOPMENT

The Following actions shall be undertaken to achieve employee job satisfaction and fair treatment:

- A) Assure that there shall be no discrimination with regard to training and educational opportunities, upgrading, promotions, layoffs, and termination of any employee. Any action that might adversely affect employees in accordance with State and Federal laws shall be brought to the attention of the Equal Opportunity Officer.
- B) Actively encourage employees to increase their skills and job potential through training and educational opportunities. Offer guidance and counseling in developing programs tailored to individual aptitudes and desires, taking full advantage of programs offered by State and Federal agencies and other appropriate programs.

SECTION 1-1-12 - COORDINATION WITH STATE AND FEDERAL LAWS

The Town recognizes its responsibilities to comply with and ensure that equal opportunity and non-discrimination policies of State and Federal agencies with which it conducts business are carried out in compliance with Executive Order No.11246, as amended.

SECTION 1-1-13 - DEFINITIONS

- A) Equal Employment Opportunity Policy: The commitment to ensure equal employment opportunity for all employees and appointed officials to the full extent of State and Federal law.
- B) Equal Employment Opportunity Program: The written results-oriented program specifically set forth in this policy detailing the steps to be taken to ensure equal employment opportunity.
- C) Equal Employment Opportunity Officer: That person designated by the Town Manager who is responsible for meeting the obligations and requirements of the Equal Employment Opportunity Policy and Program.

POLICY 1-2 CODE OF CONDUCT

As employees of the Town of Camp Verde, we must manage our personal and business affairs so as to avoid situations that might lead to conflict, or the appearance of conflict, between self-interest and our duty to the Town, to the persons served by the Town and to the general public.

Common sense and good judgment will dictate the proper course of action in most situations. However, if there is a question of even a slight conflict with our Code of Conduct, others will tend to exaggerate it. The best policy is to resolve such questions by addressing them at the outset so they will not become embarrassing problems later. Such matters can easily be addressed by discussing them with the Department Head or Human Resources Director. Handling these matters in this manner should avoid any occasion for disciplinary action. However, any violation of this Code of Conduct may result in disciplinary action. Depending upon the severity of the violation, such disciplinary action could include any one or a combination of the following: oral warning, written reprimand, probation, and/or suspension or discharge. Situations may arise that have not been directly addressed in this Code of Conduct. The final resolution to such situations rests with the Town Manager.

SECTION 1-2-1 - PERFORMANCE OF DUTIES

- A) Employees should perform official duties diligently, conscientiously and to the best of their ability, remembering that they are public servants.
- B) Employees should always perform their duties with courtesy and respect for the public and for co-workers and without bias or prejudice, manifested by words or conduct, based upon age, race, religion, national origin, gender, sexual orientation, veteran status, disability or political affiliation.
- C) With support from the Town, employees should seek to maintain and improve their personal and professional growth and development and that of their co-workers through cooperation and participation in training and educational programs relevant to their duties and through any licensing or certification required for their position.
- D) Employees should perform their duties impartially in a manner consistent with law and the public interest, unswayed by kinship, position, partisan interests, public pressure or fear of criticism or reprisal.

- E) Employees should bring to the attention of their supervisor any information that, by its nature or inference, could disclose or cause to be addressed any condition or situation that is detrimental to the image of the Town of Camp Verde or that they regard as a threat of liability, a threat to safety, or a breach of law. The Town will not retaliate against any employee who makes such a disclosure in good faith. Resolution shall be pursued in accordance with the provisions of applicable local, and State and Federal law.

SECTION 1-2-2 - ABUSE OF POSITION

- A) No employee should use or attempt to use his or her official position to secure unwarranted privileges or exemptions.
- B) No employee or a member of the employee's immediate family should accept, solicit, or agree to accept any gift, favor, or anything of value with the understanding that the official actions, decisions, or judgments of any employee will be influenced.
- C) No employee should request or accept any fee or compensation beyond that received by the employee in his or her official capacity for advice or assistance given in the course of his or her public employment.
- D) Each employee should use the public resources, property, and funds under the employee's control responsibly and for the public purpose intended by law and not for any private purpose.

SECTION 1-2-3 - CONFLICT OF INTEREST

Every employee has an obligation to diligently identify, disclose, avoid, and/or manage conflicts of interest. Potential conflicts of interest exists when an employee or an employee's immediate family has a substantial financial or ownership interest that may be favorably or detrimentally impacted by a decision made by the Town of Camp Verde in which the employee participates. Even if no abuse of position actually occurs, a conflict of interest or its appearance can seriously undermine the public's confidence and trust in the Town's governmental system. A violation of conflict-of-interest rules may result in criminal penalties under state law. For purposes of this policy, immediate family members or relatives have the same definition as "relatives" under state law A.R.S. § 38-502 (spouse, child, child's child, parent, grandparent, brother or sister of the whole or half blood and their spouses and the parent, brother, sister or child of a spouse).

- A) Outside Contracts: Employees and their immediate family members should not enter into any contract with any component of the Town government for financial gain or to secure valuable things or benefits for themselves that would not ordinarily accrue in the performance of the employee's official duties, apart from an employment appointment without full disclosure and satisfactory management of any potential conflict of interest in accordance with policies established by the Town of Camp Verde.
- B) Nepotism: Employees should not be involved in the decision to hire or provide any other benefits or anything of value to members of their immediate family. Further, employees should not be in a position to have any authority over the decisions made by their immediate family. or in the supervision of any member of their immediate family.
 - 1. Immediate family or employees who reside in the same household will be allowed to work in the same department, and neither will be required to transfer or terminate employment, as long as neither is in a position that requires supervising the other, overseeing any decisions made by the other, or holding any other authority over the other.

2. If a supervisory responsibility is involved, then the affected employees will determine which of them will transfer or resign in order to ensure compliance with this policy. The Town will assist in exploring transfer opportunities to like or similar positions for either employee.
 3. If no transfer opportunity exists after 90 days, one of the employees will be required to resign from employment with the Town.
- C) Business with Private Party or Vendor: Employees should not participate in decisions regarding conduct of Town business with any private party or vendor by whom the employee or an immediate family member is employed or is actively seeking employment.
- D) Acceptance of Gifts, Gratuities, and Hospitality: Employees should not accept gifts, loans, gratuities, discounts, favors, hospitality, services, or other compensation under circumstances from which it could reasonably be inferred that a major purpose of the donor is to influence the employee in the performance of duties. Examples of acceptable courtesies include a meal for speaking at a meeting or event; floral offerings or gifts of food to commemorate events such as illness, death, birth, holidays, and promotions; or a sample or promotional gift of nominal value (\$25 or less).

SECTION 1-2-4 - OUTSIDE EMPLOYMENT

- A) While the Town of Camp Verde does not oppose employees engaging in outside employment, each full-time employee should consider his or her position with the Town of Camp Verde to be his/her primary place of employment. The outside employment of part-time employees may also reflect on the Town. Therefore, the Town of Camp Verde will oppose outside employment when it interferes with any employee's duties with the Town of Camp Verde, involves a potential conflict of interest, or compromises the integrity or credibility of the Town. Consequently, in addition to conflict-of-interest situations addressed above, employees should avoid:
1. Outside employment with an entity that conducts business with the Town or requires the employee to have frequent contact with entities that regularly do business with the Town without full disclosure and satisfactory management of any potential conflict of interest.
 2. Outside employment that cannot be accomplished outside of the employee's normal working hours or is otherwise incompatible with the performance of the employee's duties by placing the employee in a position of conflict between the employee's role at the Town of Camp Verde and the employee's role in the outside employment.
 3. Performance of work for any governmental entity within the State of Arizona without written consent of both employers.
 4. Outside employment that exploits official position or confidential information acquired in the performance of official duties for personal gain.
 5. Outside employment that the public may view as work on behalf of the Town of Camp Verde.
- B) An exception to restrictions on outside employment pertains to the police. Outside employment of police must conform to the Marshal's Office Policies and Procedures.
- C) Due to the importance of the public's perception of the governmental system, the Town of Camp Verde requires that all employees who engage in outside employment disclose such work to the

Department Head, who will notify the Human Resource Director. Outside employment is subject to review for conformance to the Code of Conduct. Employees engaged in outside employment determined not to be in conformance may be required to cease such employment.

SECTION 1-2-5 - VOLUNTEER ACTIVITIES

Employees are encouraged to engage in volunteer activities. However, employees should evaluate their volunteer activities in the same manner as outside employment to identify any potential conflict with the employee's position with the Town of Camp Verde. Employees should discuss these potential conflicts with their Department Head.

- A) An employee should declare volunteer activities only if the employee believes there is some reason of concern consistent with the spirit of this Code of Conduct.
- B) All reported volunteer activities will be reviewed for appropriateness under the guidelines in this policy by the Department Head and the Human Resources Director.
- C) Should an employee disagree with the decision of the Department Head and Human Resources Director, he/she may request an additional review by the Town Manager, whose decision is final.

SECTION 1-2-6 - CONFIDENTIALITY

Employees of the Town of Camp Verde should carry out their duties in a manner which would withstand public scrutiny. Some employees handle confidential court-related, law enforcement-related, or employee-related documents, while others handle sensitive matters concerning the operation of the government. Employees should maintain the confidentiality of these matters, ensuring information about these activities is made public only upon appropriate authorization by the Department Head, Human Resources Director, or Town Manager.

SECTION 1-2-7 - POLITICAL ACTIVITY

The Town seeks to maintain neutrality concerning political matters to the extent humanly possible. Employees of the Town of Camp Verde have a right to entertain and express personal opinions about political candidates and issues, but when performing their duties on behalf of the Town during working hours, employees of the Town of Camp Verde should endeavor to maintain neutrality in action and appearance, except where an employee's position entails political advocacy on the part of the Town.

- A) Political Campaigns
 - 1. Each employee retains the right to vote as the employee chooses and is free to participate actively in political campaigns during non-working hours. Such activity includes, but is not limited to, membership and holding office in a political party, campaigning for a candidate in a partisan election by making speeches and making contributions of time and money to individual candidates, political parties, or other groups engaged in political activity.
 - 2. An employee who chooses to participate in political activity during off-duty hours should not use his or her position or title within the Town in connection with such political activities.
- B) Candidate for Office
 - 1. An employee who declares an intention to run for partisan elective office must take an unpaid leave of absence upon filing of nomination papers, unless more than 50% of the employee's salary is paid by Federal funds; in which case the employee must resign. If elected, he or she must resign.

2. An employee may be a candidate for an unpaid non-partisan elective office or may be appointed to an unpaid non-partisan office in another jurisdiction, without separating from employment, provided that the employee otherwise complies with this Code of Conduct.

C) Political Activism

Employees should not engage in political activity during scheduled work hours, or when using government vehicles or equipment, or on Town property except in the performance of their duties on behalf of the Town. Political activity includes, but is not limited to:

1. Displaying literature, badges, stickers, signs, or other items of political advertising on behalf of any party, committee, agency, candidate for political office, or political issues sought to be placed on the ballot.
2. Using official authority or position, directly or indirectly, to influence or attempt to influence any other employee in Town employment to become a member of any political organization or take part in any political activity.
3. Soliciting signatures for political candidacy or for the purpose of placing an issue on the ballot.
4. Soliciting or receiving funds for political purposes.

D) Political Discrimination: Employees should not discriminate in favor of or against any employee or applicant for employment on account of political contributions or permitted political activities.

SECTION 1-2-8 - USE OF PUBLIC/TOWN-OWNED VEHICLES

A) Vehicles owned by the Town of Camp Verde will be used for official business only.

1. Employees may, with approval of their supervisor, use their personal vehicle to conduct Town business and will be reimbursed at the current approved mileage rate.
2. All employees who drive Town vehicles or drive their own vehicle on Town business must have in their possession the appropriate Arizona driver's license when driving on Town business.
3. Town vehicles shall not be used for transportation to an employee's place of residence as a take-home vehicle unless the employee lives within the town limits or is an emergency services employee with less than a thirty-minute response time back to the Town limits, and is required by the Town to commute in the vehicle for the following reasons:
 - a) The department assignment of the vehicle shall be to a position that is responsible for responding to an emergency situation related to public health or safety and the protection of property on a 24-hour basis.
 - b) Use of a Town vehicle to commute between home and work, under U.S. Internal Revenue Service (IRS) regulations, is required to be reported as auto fringe benefit compensation unless the vehicle is a qualified non-personal use vehicle. Examples of qualified non-personal use vehicles include clearly marked police vehicles and unmarked police vehicles used by law enforcement officers if the officer is authorized to carry a firearm, execute search warrants, and make arrests.

B) No employee of the Town shall request, use or permit the use of Town-owned clothing, equipment, materials, or other property for unauthorized personal convenience, for profit, for private use, or as part of secondary employment. Use of such Town property is to be restricted to such services as are

available to the Town generally and for the conduct of official Town business.

- C) Authorized personnel use includes taking a Town vehicle to lunch when going to and from meetings on workdays as needed, use of a Town copy machine at cost, stopping to run personal errands when in a Town vehicle when the destination point is in conjunction with official or authorized business, and other nominal personal uses as permitted by the Town Manager on a case-by-case basis.

SECTION 1-2-9 - DRIVER'S LICENSE STATUS

- A) The Town reserves the right to authorize the Human Resources Director to verify annually the driver's license status of employees who use Town vehicles in performing their job duties.
- B) Any Town employee who drives Town vehicles as part of their job duties and has their license suspended or revoked must report this fact to their Department Head.
 - 1. The employee will be automatically suspended from driving a Town vehicle followed by a notice to the employee to explain the revocation or suspension of his/her license.
 - 2. An inadequate explanation could be grounds for dismissal.
- C) If a Town employee drives Town vehicles as part of their job duties, has their license suspended or revoked and they do not report this fact to their Department Head, this could be considered grounds for dismissal.
- D) Department Heads will advise the Human Resources Director and the Town Manager of such revocation or suspension.

SECTION 1-2-10 - INVESTIGATION BY OUTSIDE AGENCY

Complaints or allegations against employees that may be criminal in nature may be referred to an appropriate outside agency for investigation.

SECTION 1-2-11 - RESTRICTION ON CHILDREN AND NON-EMPLOYEES IN THE WORKPLACE

- A) So long as a professional ambiance is maintained and the productivity and safety of the employee, nearby co-workers, the visitor or the public is not compromised, a child or non-employee of the Town is permitted to accompany or visit an employee in the workplace in the following circumstances:
 - 1. Friend or family member visits are reasonable in length and frequency to the extent that it does not compromise work productivity or customer service. It will be the Department Head's responsibility to monitor this activity.
 - 2. An unexpected emergency when a minor child or legal ward of an employee has no other available reasonably safe alternative than to stay with the employee, provided that the child shall in no event remain in the workplace for more than four hours. If a child is contagious with an illness, the child will not be allowed in the workplace.
 - 3. Occasional Town-sanctioned activities, such as bringing your child to work day.
- B) An employee should not permit children and non-employees to use Town computers, Town

issued equipment and vehicles to include transporting family members in a Town issued vehicle.

CHAPTER 2

EMPLOYMENT PROCESS

POLICY 2-1 - HIRING PROCESS

Vacancies may be filled by transfer, promotion, demotion, re-employment, or from an employment list or other selection process established for filling that particular vacancy, a current employee must have completed the initial evaluation period in order to be eligible for a vacancy. After each recruitment or promotion and subsequent appointment, the employment list established for that purpose may be destroyed after six (6) months.

POLICY 2-2 - JOB POSTING FOR CURRENT EMPLOYEES

When job openings arise, qualified internal candidates will be given full consideration in filling those openings where possible. However, internal posting is not required, and the Town may recruit directly from outside sources. To encourage employees to express their interest, the Town has established a job-posting program. The program will notify employees of openings below the senior management level and provide a method for employees to apply. If the internal candidate pool consists of less than two candidates, the job posting must be reposted externally to attract any and all qualified applicants. Vacancies for exempt positions will be posted internally and externally.

SECTION 2-2-1 - ELIGIBILITY

To be eligible, an employee must be in good standing, meaning that the employee's overall work record is acceptable, and have completed the initial evaluation period. The Town Manager may approve a promotion or transfer for an employee who has not completed the initial evaluation period in his or her current position upon the recommendation of the Department Head.

SECTION 2-2-2 - EMPLOYEE RESPONSIBILITIES

Employees are responsible for monitoring job vacancy notices and submitting their application forms for jobs posted to the Human Resources staff. They are also responsible for demonstrating that they are qualified for the open position(s).

SECTION 2-2-3 - REVIEW OF QUALIFICATIONS

The hiring supervisor will contact employees who may apply to discuss the job opportunity and the employee's qualifications. If the employee is not selected, the hiring supervisor will generally explain why.

SECTION 2-2-4 - NOTIFICATION OF CURRENT SUPERVISOR

Employees are not required to notify their supervisors when applying for a posted position in a different department. However, if an employee is a finalist for a position, the hiring supervisor will then contact the current supervisor for, among other purposes, a recommendation.

POLICY 2-3 - JOB ANNOUNCEMENT

SECTION 2-3-1 - FULL-TIME POSITIONS

After all internal recruitment options have been exhausted through the job posting program for non-department head positions only, all positions, other than temporary positions, shall be publicized to the general public by advertisement in a variety of job posting sites; by posting announcements in the Town building; through electronic means such as the Internet; or other methods determined by the Human

Resources Director.

- A) The announcements may specify the title of the position, the nature of the work to be performed, minimum requirements for the position, the manner of making application, salary range, and other pertinent information. The announcement shall indicate that the Town is an equal opportunity employer.
- B) The announcement will be open for 10 working days and contain a closing date for receipt of applications as determined by the Human Resources Director in conjunction with the Department Head or Town Manager. The Human Resources Director may extend the application deadline.
- C) If a position vacancy occurs within 60 calendar days of the closing date of a previously advertised position in the same classification, the position will not require re-advertisement. If there are not a sufficient number of qualified applications received for position openings, the position may be re-advertised.

SECTION 2-3-2 - PART-TIME POSITIONS

The Town Manager may make part-time appointments where positions require someone less than full-time. Part-time employees hired after September 2009 are not eligible for employee benefit programs offered by the Town.

SECTION 2-3-3 - TEMPORARY POSITIONS

The Town Manager may authorize temporary appointments, provided budgeted funds are available. Temporary positions shall generally be limited to a maximum of 3 full calendar months. Temporary positions may be extended for up to an additional 3 months. Temporary employees may apply for part-time or full-time positions through the normal application for the general public.

POLICY 2-4 - APPLICATION

SECTION 2-4-1 - DEFINITION OF APPLICANT

An applicant is an individual who applies to the Town by completing an official Town employment application or delivering a resume. An applicant can deliver an application or resume by mail (electronically or U.S. mail) or in person.

SECTION 2-4-2 - APPLICATION FORMS

- A) Application forms shall be accepted for positions that are open.
- B) An Applicant may apply for more than one position, provided that each position is open for applications.
- C) Application forms require information regarding training, work experience, other pertinent personal and employment information, and employment references. Each applicant, including senior management, must submit a completed application.
- D) Each application must be signed by the person submitting the application and filed with the Human Resources Department. All applications, together with accompanying materials, become the property of the Town.
- E) The employment process may require that applicants submit to a physical examination in

compliance with the American with Disabilities Act and/or to fingerprint background investigations as defined in the Fingerprinting Policy. When recruiting for key leadership positions, the employment process shall require the Human Resources Director to form a hiring committee that will be responsible for objectively evaluating and rating the qualifications of all applicants and making recommendations of which applicants shall move forward in the process.

SECTION 2-4-3 - REJECTION OF APPLICATION

The Town may reject any application that indicates that the applicant does not possess the minimum qualifications required for the position, has made a misstatement of any material fact, or has practiced any deception or fraud in his/her application.

SECTION 2-4-4 - APPLICATION RETENTION

Applications shall be kept active for six months and may be destroyed pursuant to the A.R.S. Retention Schedule.

POLICY 2-5 - EXAMINATION

Selection techniques used by the Town are impartial, practical, and job-related, and are designed to determine the candidate's knowledge, skills, and abilities for the position. The examinations used may include, but are not limited to oral, written, performance, assessment center, physical/mental fitness, and training/experience evaluations. In addition, evaluation of past work performance, work samples, personal interviews, and background investigations may be used in the selection process.

SECTION 2-5-1 - PHYSICAL AND MENTAL FITNESS

- A) All applicants for Town employment shall be of sufficient mental and physical fitness to be able to perform the essential functions of the positions for which they have applied. The physical and mental fitness of individuals entering Town employment may be evaluated by physicians or employee assistance professionals approved by the Town. Current employees may be subject to medical examinations or inquiries when they are job-related and consistent with business necessity.
- B) Reasonable accommodations for a qualified individual with a disability shall be provided unless provision of such an accommodation would impose an undue hardship upon the Town. The physical and mental qualifications of entering or current employees with disabilities may be evaluated by physicians approved by the Town.
- C) Sworn police employees who belong to the Public Safety Personnel Retirement System must continue to meet the physical, mental, psychological, and emotional requirements for their job classifications.

SECTION 2-5-2 - PRE-EMPLOYMENT DRUG TEST

Applicants selected for employment to certain positions will submit to a pre-employment drug test for illegal drugs. These positions include police employees, positions that require a commercial drivers' license (CDL), and any position considered a safety-sensitive position. Potential hires who test positive for illegal drug use will be ineligible for employment with the Town.

SECTION 2-5-3 - TEST DEVELOPMENT

The hiring department develops the examination contents with assistance provided by the Human Resources Department. Examination contents are confidential, and unauthorized disclosure to any candidate is grounds for discipline. In certain situations, outside consultants may be contracted to assist with test development.

SECTION 2-5-4 - TEST ADMINISTRATION

The Human Resources Department will administer the testing process unless otherwise designated to the hiring department.

SECTION 2-5-5 - REASONABLE ACCOMMODATION

The Human Resources Department shall ensure that reasonable accommodations are made in test procedures so that persons with disabilities can be tested in an appropriate manner.

POLICY 2-6 - DISABILITY PREFERENCE

Any person certified as a qualified individual with a disability who meets the requirements set forth in the selection process may be given additional consideration. Proof of eligibility for the disability preference (i.e., signed physician's statement) must be presented to the Human Resources Department at the time of application or examination.

POLICY 2-7 - INTERVIEWING

Interviews may be conducted to gather information specific to the candidate's ability to meet job requirements. Interviewers will prepare an appropriate process that relates to the applicant's ability to meet educational, technical, and other requirements of the position to be filled. The focus of the interview will be the applicant's work and pertinent non-work experience.

SECTION 2-7-1 - INTERVIEW PROCESS

- A) The Human Resources Director shall coordinate the interview process unless otherwise designated to the hiring department.
- B) An interview panel will be selected and confirmed by the Human Resources Director with input by the hiring department. The panel shall generally consist of personnel who have expertise with the technical elements of the position and other persons who can professionally contribute to the process. A Human Resource representative may also be present. Relatives or personal friends of the applicant will be excluded from serving on the panel. Reasonable accommodations shall be made for disabled applicants to allow participation in the interview process.
- C) The Department Head or designee and the Human Resources Director shall be responsible for the development of interview questions and standards for measurement of candidate responses.
 - 1. Consistency will be maintained in the questions asked of all candidates.
 - 2. The questions must be job related.
 - 3. Questions that pertain to race, religion, sex, marital status, or other protected classes or other inquiries that directly or indirectly disclose such information are prohibited.
 - 4. Inquiries about an applicant's ability to read, write, or speak a foreign language are permitted when such inquiries are based on job requirements.
 - 5. The Human Resources staff will provide the interview panel with copies of the applications of final candidates prior to the interview, along with proposed interview questions and a schedule of interviews. The Human Resources staff will also meet on an as-needed basis with panel members prior to the interview for an orientation on appropriate interview and assessment techniques needed to evaluate each candidate objectively.
 - 6. Each panel member will score the candidates independently.

7. Following the interview, the interview panel shall reach consensus and report the interview results and recommendations to the Human Resources Director.

POLICY 2-8 - REFERENCE CHECK

It is the policy of the Town to carefully investigate the backgrounds of all prospective applicants selected for employment to ensure that the relevant facts about an applicant's employment history and personal background have not been misstated, either on the employment application or resume or during the job interview.

SECTION 2-8-1 - PROCEDURE

- A) After an applicant has been selected for employment, the Human Resources staff will conduct employment verification and reference checks on the applicant. Parts of the reference check may be delegated to the hiring department. No offer of employment shall be made to the applicant selected until the reference and/or background checks are completed and meet Town standards.
- B) Certain safety-sensitive positions designated by the Human Resources Department will undergo a thorough background check. The background process will include: 1) the completion of a background questionnaire and interview; 2) psychological examination; 3) polygraph examination; 4) drug screening; and 5) medical examination.
- C) Applicants are required to sign a release authorizing the respective employer or educational institution to release the appropriate information to the Town.
- D) Results of the reference check and/or background check will help determine the applicant's fitness for the position.

POLICY 2-9 - VETERAN'S PREFERENCE

SECTION 2-9-1 - ELIGIBILITY

- A) Any veteran who served on active duty for 6 months or longer in any branch of the United States military, has an honorable discharge, and meets the requirements set forth in the selection process may be given additional consideration.
- B) Veterans entitled to compensation for a service-connected disability will receive consideration in addition to the duty-served consideration.
- C) Proof of eligibility for veteran or special disability preference must be submitted at the time of application or examination.

SECTION 2-9-2 - SPOUSE ELIGIBILITY

- A) Veterans' spouses are given additional consideration if the veteran, during active duty as a member of any branch of the United States armed forces, is either missing in action, captured, or forcibly detained by a foreign power, or has a total, permanent service-connected disability; or died while having such disability.
- B) Proof of eligibility must be submitted at the time of application or examination.

POLICY 2-10 - SELECTION

The Town Manager will approve the selection and hiring process used by the Human Resources Department to include conditions of extending an offer of employment.

SECTION 2-10-1 - NOTIFICATION

- A) The appropriate Department Head shall notify both the successful and unsuccessful candidate(s) unless otherwise delegated to the appropriate supervisor.
- B) A completed Personnel Action Form (PAF) signed by the Town Manager constitutes approval of hiring the candidate. The candidate will be asked to accept or reject the offer within a set number of days.
- C) If the first offer is rejected, the Human Resources Director will decide, with input from the department, whether to hire another candidate or to re-open the position.

SECTION 2-10-2 - APPOINTMENT

- A) For all positions, the Human Resources Department in cooperation with the hiring department will contact the final accepting candidate to outline, in writing, the terms of employment.
- B) Personnel Action Forms will be prepared for the new employee by the hiring department.

SECTION 2-10-3 - APPLICANT EXPENSES

- A) The Town does not reimburse any applicant for travel costs in conjunction with the hiring process.
- B) If selected, the employee pays relocation costs in full.
- C) For Key Leadership positions, the Town Council may consider travel and relocation costs.

SECTION 2-10-4 - NOTICE TO UNSUCCESSFUL APPLICANTS

Once a candidate accepts the employment offer, all other candidates are notified that they were not selected for the position.

POLICY 2-11 - FINGERPRINTING

The Town appreciates and values potential employees, current employees, and volunteers who assist the Town in serving the citizens of our community. The Town believes that employees and volunteers have an obligation to the public to demonstrate a high level of integrity and ethical standards in both personal and official conduct. It is, therefore, the Town of Camp Verde's policy that when hiring and appointing employees and volunteers, steps are taken to ensure a safe working environment for our children, employees, citizens, and visitors.

SECTION 2-11-1 - AFFECTED POSITIONS

- A) All potential employees, current employees, and volunteers will need to be background checked and fingerprinted if they:
 - 1. Are being appointed to a position that involves the supervision or working with children, (i.e., managing, coaching, refereeing, teaching,) and/or
 - 2. Appointed to a position that involves public safety/ security sensitive positions, and/or
 - 3. Appointed to a position that involves the handling of town funds, and/or

4. Discloses on their application that they have a prior criminal conviction.
- B) The hiring department has the responsibility for ensuring that fingerprints are taken, and a background investigation is completed before an employee or volunteer is appointed.

SECTION 2-11-2 - FAILURE TO COMPLY

- A) Any potential employee who is subject to the requirements of this policy and who fails to agree to be fingerprinted shall not be offered employment with the Town.
- B) Any volunteer who is subject to the requirements of this policy and who fails to agree to be fingerprinted will not be allowed to volunteer for the Town.
- C) Any current employee who is or becomes subject to the requirements of this policy and fails to agree to be fingerprinted shall be subject to immediate termination.

POLICY 2-12 - EMPLOYEE ORIENTATION

All new full-time and part-time employees will be scheduled to meet with Human Resources staff for general orientation and onboarding no later than their start date. Each employee will be provided with information on employee benefits and Town policies. Human Resources staff will distribute and explain the benefits enrollment forms and their completion deadlines.

SECTION 2-12-1 - CITIZENSHIP

All newly hired employees must present evidence of United States citizenship or registration as a legally documented worker in accordance with the Immigration Reform and Control Act of 1986. All newly hired employees shall complete a Form I-9, Employment Eligibility Verification. All applicants for sworn police officer positions must be United States citizens.

SECTION 2-12-2 - LOYALTY OATH

All Town employees shall take the oath or affirmation as prescribed by state law.

SECTION 2-12-3 - HIRING DEPARTMENT RESPONSIBILITIES

The hiring department provides additional information, including:

- A) Work standards and regulations
- B) Hours of work, time sheets, leave requests;
- C) Description and duties of the position;
- D) Safety rules and procedures, location of safety or protective equipment;
- E) Tour of the work area, including location of equipment, supplies, etc., and the procedures for use of the work area materials;
- F) Introduction to co-workers;
- G) Schedules for lunch and breaks;
- H) When and to whom to report absence from work;
- I) Who is responsible for performance planning and review.

SECTION 2-12-4 - DATE OF HIRE/LENGTH OF SERVICE ANNIVERSARY

Date of hire shall mean the effective starting date of the individual's employment with the Town to determine length of service.

POLICY 2-13 - INITIAL EVALUATION PERIOD

All new classified employees placed in full-time and part-time positions must serve a period of initial evaluation. The evaluation period is designed to give the employee time to learn the position and to give the supervisor time to evaluate the employee's potential and performance.

SECTION 2-13-1 - LENGTH OF TIME

- A) All newly hired full-time employees shall be subject to an initial evaluation period of not less than 6 full calendar months of actual service during which the supervisor and employee are to evaluate the employee's ability to learn and do the job.
- B) Part-time employees shall be subject to an initial evaluation period of 12 full calendar months.
- C) The initial evaluation period for certified peace officers and dispatchers shall be for a period of not less than 12 full calendar months.
- D) All promotional appointments, voluntary transfers, and voluntary demotions shall be subject to an evaluation period of 6 full calendar months.
- E) Informal evaluations should be conducted during the course of the evaluation period to assess performance and to advise the employee of expectations regarding performance.

SECTION 2-13-2 - COMPLETION OF INITIAL EVALUATION PERIOD

At the end of the evaluation period, the employee is formally evaluated and provided with written documentation of progress. This formal evaluation will accompany a Personnel Action Form and becomes official acknowledgement of successful completion of the initial evaluation period. The evaluation and Personnel Action Form will be placed in the employee's personnel file.

SECTION 2-13-3 - EXTENSION OF INITIAL EVALUATION PERIOD

- A) Under unusual circumstances, the initial evaluation period may be extended. This extension is only after a review of the situation and the employee's abilities and demonstrated potential on a case-by-case basis. An initial evaluation period extension is made only upon the recommendation of the supervisor and the Department Head and approval of the Town Manager and may only be extended one time.
- B) If an emergency arises during an employee's initial evaluation period that requires a leave of absence, such time off, if granted, will not be considered as time worked. Granting such time off is solely the responsibility of the Department Head.

SECTION 2-13-4 - EMPLOYMENT CLASSIFICATION CHANGE

When the employee successfully completes the initial evaluation period, they will become a regular employee.

SECTION 2-13-5 - DISMISSAL DURING INITIAL EVALUATION PERIOD

- A) During the initial evaluation period, a newly hired employee may be dismissed at any time by the Department Head with the approval of the Town Manager, with or without cause and without any recourse through the Disciplinary Appeals Procedure.
- B) Written notification of the termination shall be given to the employee and a copy filed in his/her personnel file.

POLICY 2-14 - EMPLOYEE IDENTIFICATION CARDS

Town identification cards may be issued to Town employees who may require Town identification while working or representing the Town. The Human Resources Department is responsible for the issuance of identification cards.

SECTION 2-14-1 - ISSUANCE, USE AND RETURN OF CARD

- A) The card shall be carried when an employee is acting in an official capacity. The card shall be used as identification if requested by a member of the public or another employee.
- B) Unauthorized or inappropriate use of the employee identification card is prohibited and will result in disciplinary action.
- C) Each employee is responsible for possession of the identification card and to take care to protect it from loss, theft, or misuse. If a card is lost, damaged, or destroyed, it is the responsibility of the employee to report to the Human Resources Department so that it can be replaced.
- D) All cards remain the property of the Town and shall be returned to the Human Resources Department upon termination of employment or upon special request by the employee's Department Head or the Human Resources Department.

CHAPTER 3

COMPENSATION

POLICY 3-1 - CLASSIFIED AND UNCLASSIFIED SERVICE

The Town of Camp Verde employment service is divided into unclassified and classified service.

SECTION 3-1-1 - CLASSIFIED POSITIONS

All employees of the Town not specifically listed as unclassified employees shall be part of the classified service.

SECTION 3-1-2 - UNCLASSIFIED POSITIONS

- A) Unclassified employees are part of a management team designed to carry out the goals and policies of the Town.
- B) The following are unclassified employees:
 - 1. All Town Officers appointed by the Town Council:
 - a. Town Manager
 - b. Town Attorney
 - c. Town Magistrate
 - 2. All Town Officers appointed by the Town Manager pursuant Article 3-2 of Town Code.
- C) The Camp Verde Town Code states:
 - 1. The Town Manager and Town Attorney (if serving as an employee) may be removed from their positions for cause or removed by the Council other than for cause, by offering severance pay of six (6) months' salary. All other department heads and classified employees report to the Town Manager and may be removed for cause.
 - 2. The Town Magistrate shall serve for a term of either two or four years. During such a term, a magistrate may be removed only for cause.

POLICY 3-2 - CLASSIFICATION PLAN

The Town Manager will ensure the preparation and maintenance of a classification plan consisting of descriptions of positions defined by essential tasks, qualifications, and knowledge, skills, and abilities characteristic of the position.

SECTION 3-2-1 - PURPOSE

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

SECTION 3-2-2 - PLAN AMENDMENT

- A) The classification plan may be amended from time to time by ordinance, resolution, motion, or adoption of the Town's budget.
- B) When a new position is created, the classification plan shall be amended. The Town Council must approve any additions to the Town's Classification Plan.

SECTION 3-2-3 - POSITIONS CLASSIFICATIONS

- A) Position descriptions shall be maintained by the Human Resources Department for all regular full-time and regular part-time positions.
- B) Position descriptions are descriptive only and are not restrictive in nature. Examples of essential tasks listed in the position description are intended only as illustrations of the various types of work performed. The omission of specific statements of tasks does not exclude them from the position if the work is similarly related or a logical assignment to the position. Supervisors may assign different tasks to a position when the duties are similar in type and responsibility to those described in the classification description.
- C) The position description does not constitute an employment agreement between the Town and employee and is subject to change as the needs of the Town and the requirements of the job change.
- D) When the duties or responsibilities of positions have changed significantly, the Town Manager will ensure that the position is reclassified accordingly.
- E) Each employee's position description is maintained as part of his/her Personnel File.
- F) A position may be reclassified to a higher-level classification, or the classification may be assigned to a higher salary maximum. An affected employee may or may not receive a salary increase.
- G) A position may be reclassified to a lower-level classification, or the classification may be assigned to a lower salary range. An employee's salary will be frozen if the new maximum is lower than the incumbent's salary. The employee will receive no salary increase until the new maximum salary is higher than the employee's salary.
- H) Abolished Positions
 - 1. The Town Council may abolish any position not established by Title 9, Arizona Revised Statutes.
 - 2. Employees transferred, demoted, or laid-off because a position is abolished do not have the right to appeal.

SECTION 3-2-4 - EMPLOYMENT CLASSIFICATIONS

- A) Work Schedule Classifications
 - 1. Full-time – An employee hired for an indefinite period in a position for which the normal work schedule is 30 to 40 hours per week.
 - 2. Part-time – An employee hired for an indefinite period in a position for which the normal work schedule is less than 30 hours per week.
 - 3. Initial Evaluation – An employee hired for an indefinite period in a position for which the normal work schedule is up to 40 hours per week whose performance is being evaluated to determine if further employment in a specific position or with the Town is appropriate.

4. Promotion Evaluation – An employee who has been promoted and is being evaluated to determine if the promotion is appropriate.
 5. Regular – An employee who has successfully completed his or her initial evaluation period.
 6. Temporary – An employee hired for a position for which the scheduled work week can range from any number of hours up to 40 hours, but the position is required for only a specific, known duration, usually less than 3 months. Employment beyond any initially stated period does not in any way imply a change in employment status.
- B) Nonexempt employees are entitled to overtime pay under the specific provisions of federal and state laws. A nonexempt employee devotes most of his or her hours to activities that are not managerial, administrative, or professional.
- C) Exempt employees are excluded from specific provisions of federal and state overtime wage and hour laws and are not entitled to overtime pay. An exempt employee devotes most of his or her hours to activities that are managerial, administrative, or professional.

POLICY 3-3 - SALARY PLAN

It is the policy of the Town to establish a compensation system that will allow the Town to effectively compete for qualified personnel and to ensure that salaries are equitable and commensurate with the duties performed by each employee. All employees are paid a salary or wage established for a job classification under the Classification and Salary Plan adopted by the Town Council. In arriving at rates or ranges, consideration is given, but not limited to prevailing rates of pay for similar work in other public and private employment arenas of similar size and environment, as well as the Town's financial condition and other relevant factors. The Town Manager shall direct such further studies of the salary plan as may be requested or approved by the Town Council. Compensation is stated in terms of monthly salary or hourly wage.

SECTION 3-3-1 - NEW EMPLOYEES

New employees will ordinarily be paid the minimum rate to mid-point rate in the appropriate salary range. When circumstances warrant, the Town Manager may authorize new employment or re-employment at other than the minimum rate dependent upon the experience and qualifications of the individual being hired.

SECTION 3-3-2 - GENERAL INCREASES

General salary increases, adjustments, or modifications may be granted at the sole discretion of the Town Council.

SECTION 3-3-3 - SALARY SCHEDULE

- A) The salary schedule shall be adopted by the Town Council in conjunction with the budgetary process. Copies are available in the Human Resources Department and on a Town Staff shared drive.
- B) Pay is an administrative decision and is not subject to appeal.

SECTION 3-3-4 - ANNIVERSARY DATES

- A) Date of Hire/Length of Service Anniversary means the effective starting date of the individual's employment with the Town. This date is used to determine how long an employee has worked for the Town.

- B) An employee who is promoted, demoted, or transferred will have his/her performance evaluation anniversary date changed to the effective date of the promotion, demotion, or re-employment.
- C) An employee returning from a leave of absence without pay will have his or her performance evaluation anniversary date extended by the same length of time the employee was on leave without pay.
- D) There will be no change in an employee's performance evaluation anniversary date where there has been a reallocation of an employee's position to a new classification title when there have been no recent, abrupt, and/or significant changes in tasks and responsibilities.
- E) An employee reinstated to the same position or a position in the same class following layoff from the Town will have his/her performance evaluation anniversary period extended by the same length of time as the duration of the layoff.

SECTION 3-3-5 - PLAN AMENDMENT

- A) The salary plan may be amended from time to time by action of the Town Council. Amendments and revisions shall be submitted to the Town Council through the Town Manager.
- B) In the event that a salary of any position is re-evaluated by the Town Manager, and the Town Council authorizes implementation, and results in an increased salary range for the position, the employee shall retain his/her current salary within the range or assume the entry level step of the new range, whichever is greater.

SECTION 3-4 - MERIT PAY POLICY

The purpose of merit pay is to reward individual employees' efforts and contributions.

SECTION 3-4-1 ELIGIBILITY

- A) Employees must be in a regular full-time or part-time position with at least twelve months of continuous service to be considered for a merit increase.
- B) Employees must have completed evaluation on file with Human Resources for the most recent performance cycle.
- C) Employees must receive an overall rating of "Meets Expectations" or "Exceeds Expectations" in their annual performance evaluation.
- D) Employees who have an overall rating of "Needs Improvement" or "Unsuccessful" are not eligible for a merit increase.
- E) Employees whose pay is at the maximum of their position's salary range may not be granted a merit increase that would cause the base salary to exceed the maximum of the position's range. An employee who is at the maximum of the pay grade within his/her salary range is eligible for a merit bonus based on performance. The merit bonus shall be awarded as an annualized one-time lump sum payment

equivalent to 2% of their pay. The employee's base rate of pay shall remain unchanged.

F) Salary increases for Council-appointed positions shall be at the discretion of the Council.

G) In addition to the overall evaluation rating, merit pay shall also be based on the following criteria:

Performance: Commendable performance of job duties or contributions.

Work Behavior: Attitude toward the job, including initiative and dependability, and cooperation with others.

Disciplinary action that occurs before a merit increase becomes effective or an employee's placement on performance improvement plan may be cause to withhold a merit increase as determined by the Department Director in collaboration with Human Resources.

Additional responsibilities: Taking on additional responsibilities, employees, and/or projects due to new programs/services and/or increased skills and abilities.

Education achievement: An employee's completion of a degree program, certification, or licensing program related to the employee's position, duties, and responsibilities, and/or career development plan.

SECTION 3-4-2 MERIT PAY PROCESS

A) Merit increase funding levels are recommended by the Town Manager and approved by the Town Council during the fiscal year budget process.

B) Eligibility requirements must be met as a condition of receiving merit pay.

C) Merit pay may vary according to each employee's contributions, performance, and work behavior.

D) Department Directors shall make a written recommendation to Human Resources outlining the proposed increase and its justification for each employee.

E) Recommendations must be reviewed by Human Resources and authorized by the Town Manager.

F) Merit increases are not subject to appeal or grievance.

SECTION 3-4-3 MERIT PAY AMOUNT

Eligibility for merit increases and merit payments is based on an eligible employee's overall annual performance rating, as measured by a performance review, plus the additional factors outlined above.

Rating "meet expectations" will allow an employee to be recommended for up to 75% of the allotted increase, not to exceed 75% of the allotted amount.

Rating "exceeds expectations" will allow an employee to be recommended for 75-100% of allotted increase.

POLICY 3-5 - PERFORMANCE EVALUATION

The purpose of the performance evaluation is to provide employees with timely reports of their progress and allow for correction of deficiencies; to provide employees with positive recognition of strengths and special abilities; to provide an ongoing performance record that may become part of documentation used in making personnel decisions; to provide employees with an opportunity to discuss ways and means for improvement; to provide a means to focus on expectations; and to provide direction for future performance.

SECTION 3-5-1 - TIMELY EVALUATIONS

- A) Employees on initial evaluation status shall be evaluated two weeks prior to the end of the initial evaluation period, at which time the employee shall be advised of his or her status. Department Heads may choose to evaluate each employee more often during the evaluation period. The initial evaluation period is not tied to the pay plan.
- B) All regular full-time and regular part-time employees shall be evaluated at least once a year within 30 days of the performance evaluation anniversary date. Department heads may choose to evaluate employees more often. The annual performance evaluation period is tied to the pay plan.
- C) It is the responsibility of each Department Head to maintain a list of employee performance anniversary dates and to evaluate employees within the appropriate time frame.

SECTION 3-5-2 - PROCESS

- A) The supervisor is responsible for completing the performance evaluation and discussing it with the employee. The evaluation shall be forwarded to the Department Head. The Department Head may return it for reconsideration due to evidence of rating error, bias, or other relevant factors.
- B) Completed evaluations are subject to review and approval by the Department Head, whose determination shall be final.
- C) The completed evaluation shall be forwarded to the Human Resources Department for processing.
 - 1. If the evaluation meets the criteria for a pay adjustment, a completed Personnel Action Form and evaluation will be forwarded to the Town Manager for his/her approval of the pay adjustment.
 - 2. If the evaluation does not meet the criteria for a pay increase and is not an initial evaluation, the evaluation will be filed with no Personnel Action Form completed.
- D) The original employee performance evaluation and employee comments, if any, are placed in the Personnel File and will remain filed for the length of time required by law.

SECTION 3-5-3 - RATING DEFINITIONS

- A) Exceeds Expectations: A clear and obvious strength. The employee's performance is definitely and clearly superior, extraordinarily motivated and well above the expected general performance of essential tasks set for the position.
- B) Meets Expectations: Totally competent performance. Good solid contributor. The employee performs consistently at a trained and qualified level of efficiency and effectiveness.
- C) Needs Improvement: Needs development. Performance is inconsistent and fluctuates. Some improvement required. More skill, experience, and time in the job are required to attain successful performance.
- D) Unsuccessful: Fails to meet minimum levels of acceptable performance. The employee does not perform or make consistent, visible effort to achieve established performance standards.

SECTION 3-5-4 - APPEAL OF EVALUATION

- A) If, after discussion of the evaluation between the employee and the supervisor, there is disagreement about the evaluation, the supervisor's comments shall take priority. The employee may submit a separate page that explains the employee's disagreement and includes documentation, if available, to support the employee's comments.
- B) Evaluations may be appealed within 3 working days of the completion date of the evaluation to the next higher supervisor, with final appeal to the Town Manager or the Town Manager's appointee.

POLICY 3-6 - PAY PERIODS AND PAY DATES

SECTION 3-6-1 - PAY PERIODS

A pay week begins every Sunday at 12:01 AM and ends the following Saturday at 12:00 midnight. There are 26 pay periods in the year.

SECTION 3-6-2 - TIME SHEETS AND PAYROLL RECORDS

- A) Time sheets are to be completed by all employees. Falsification of time sheets is reason for disciplinary action.
- B) Changes in rate, position, and status shall be supported by a Personnel Action Form (PAF) approved by the Town Manager submitted through the Human Resources Department. The PAF shall be made a part of the employment history record of the employee. No salary change shall be implemented unless accompanied by an approved PAF.
- C) Payroll records shall be maintained by the Town for a minimum of seven years.
- D) The Finance Department is responsible for answering inquiries concerning payroll matters.

SECTION 3-6-3 - PAY DATES

Town employees are paid biweekly. If a pay date falls on a holiday, the day of pay shall be the last working day preceding the normal pay date.

SECTION 3-6-4 - PAY CHECKS

- A) Checks or vouchers are distributed by the Finance Department to each department by noon on the Wednesday following the close of the pay period.
- B) With each paycheck or voucher, employees receive a statement of earnings, deductions, leave balances, and compensatory time balances for the period covered by the payment.
- C) In the absence of specific instructions or direct deposit, the Finance Department or employee's Department Head or supervisor will hold checks for those who are away on the regular pay date until the employee returns to work. Other arrangements must be made in writing.
- D) An employee's paycheck may be released to the employee's spouse, designated family member or to another person only if authorized in writing by the employee.
- E) For safety, loss prevention, and overall efficiency, employees are encouraged to use Direct Deposit. Employees are expected to cash their paychecks on their personal time.

SECTION 3-6-5 - PAY ADVANCES

The Town of Camp Verde does not grant requests for pay in advance of regular paychecks.

POLICY 3-7 - OVERTIME/COMPENSATORY TIME

It is the Town's policy to avoid the necessity of overtime whenever possible, but overtime work may sometimes be necessary to meet emergency situations, seasonal or peak workload requirements of a critical nature. Department Heads are responsible for the planning required to minimize the need for overtime. If, in the judgment of a Department Head, work beyond the normal workday or workweek is required, the Department Head may authorize such work. This policy shall not contravene the provisions of the Federal Fair Labor Standards Act (FLSA) pertaining to the minimum rate of compensation for employment in excess of an established work period, excluding exempt positions.

SECTION 3-7-1 - NONEXEMPT EMPLOYEES

- A) Whenever any nonexempt employee is required to work overtime in excess of 40 hours per week, that person shall be compensated for such excess time at the rate of either:
 - 1. Pay for Service – One and one-half (1 ½) times the regular rate of pay at which such person is employed; or
 - 2. Compensatory Time Off – One and one-half (1 ½) hours of compensatory time off for each hour worked in lieu of cash payment.
- B) The determination of whether an employee receives Pay for Service or Compensatory Time Off for overtime worked will depend on the current budget capacity. In all cases, the Department Head's decision is final. Department Heads may adjust the weekly work schedule to avoid overtime at the end of the workweek.
- C) "Hours worked" for purposes of calculation of overtime pay shall be defined as time on the job performing a responsible work assignment.
- D) Time shall begin once the employee is at the workstation or at the call origination for emergencies as outlined in the Time and Attendance Policy.
- E) Employees who participate in the required training are paid only for actual time in training sessions and, if the training is off-site, for travel time to and from the training. Overtime will be compensated for travel time only if travel time is compensable under the FLSA. Employees who are on out-of-town business for the Town will be compensated only for actual hours worked during the trip.
- F) Vacation, sick, and other leave shall not be considered time worked and shall be deducted from "hours worked" during overtime calculation for each workweek.
- G) The Department Head must specifically authorize the rendering of overtime services. Employees shall obtain such authorization prior to working any overtime if possible.
- H) The Town Manager will ensure that all overtime is recorded and that work schedules that will allow all employees full opportunity to use accumulated compensatory time off within reasonable periods of time are developed as delineated under the Town's Compensatory Leave Policy.
 - 1. An employee may accumulate no more than 120 hours of compensatory time.
 - 2. Accumulated compensatory time in excess of that permitted must be used within 60 calendar

days from the date the compensatory time is recorded.

3. The Town Manager may make an exception in the accumulated compensatory time as recommended by the Department Head, such exceptions shall be documented in writing and filed in personnel file.
4. Upon termination of employment or change in status (classification) and/or an employee being placed on an additional duty assignment resulting in a change of pay rate, compensatory time shall be paid out at the same pay rate as when the compensatory time was accumulated.

SECTION 3-7-2 - EXEMPT EMPLOYEES

- A) The overtime provisions shall not apply to employees whose positions have been determined to be exempt from the provisions of the Fair Labor Standards Act. The Town Council shall be responsible for these designations, and the Human Resources Department shall maintain a list of exempt employees.

POLICY 3-8 – PAID HOLIDAY LEAVE

It is the policy of the Town to pay for a selected number of holidays. The Town administration is generally closed on those days.

- A) Holidays observed by the Town are:

New Year's Day	Independence Day	Day after Thanksgiving
Civil Rights Day	Labor Day	Christmas Eve
President's Day	Veteran's Day	Christmas Day
Memorial Day	Thanksgiving Day	

SECTION 3-8-1 - ELIGIBILITY

- A) Employees eligible for holiday pay are:
1. Full-time employees
 2. Employees in their initial evaluation period
 3. Other classifications of employees approved by the Town Manager
- B) Paid holiday leave for non-exempt employees is accrued each pay period at the rate of 3.39 hours per pay period, equivalent to 88 hours per year. Paid holiday leave for exempt positions is applied automatically within the regular work week the Holiday falls on. During the initial evaluation period an employee may borrow necessary holiday leave hours if requested and approved by the Department Head. No holiday leave may be borrowed after the first 6 months of employment.
- C) The Town will grant paid holiday leave to all eligible employees immediately upon assignment to an eligible classification.
- D) Paid holiday leave shall be used to supplement employees' regular work hours when the Town offices are closed due to an observed holiday.
- E) Paid holiday leave that is not utilized to supplement employees' regular work hours when the Town offices are closed may be used at a later date in place of vacation leave.
- F) An employee who is absent without authorized leave on the day immediately preceding or following a holiday shall not be eligible to use paid holiday leave for the holiday and shall lose pay for the day

absent.

- G) Offices will only be closed for observed holidays that occur on regularly scheduled workdays (Monday through Friday). Observed holidays that occur on days that offices are normally closed shall not result in additional office closures.
- H) If a recognized holiday falls during an eligible employee's paid absence (i.e., vacation, sick leave) paid holiday leave may be utilized for the holiday instead of the paid time off benefit that would otherwise have been applied.
- I) Paid holiday leave is cumulative with a maximum year-end accumulation of 40 hours. Hours in excess of 40 hours on December 31 of each year shall be forfeited.

SECTION 3-8-2 - WORK ON HOLIDAY FOR HEALTH OR SAFETY REASONS

- A) Public Safety and other essential service employees may be required to work on holidays.
- B) Employees who are required to work on an observed holiday shall receive overtime pay (time and one-half) for the time actually worked. The employee may request to have the additional and half-time hours converted to compensatory time in lieu of additional pay.
- C) If the actual holiday is different than the observed holiday, employees will receive holiday pay for working the actual holiday and not the observed holiday.
- D) If an eligible employee is required to work on an actual holiday, the employee will receive the employee's overtime rate of pay for that usual shift. Any hours worked on an actual holiday over 40 hours in that workweek will be paid at an overtime rate. Working on an Observed Holiday, as opposed to an actual Holiday, will be treated as a normal workday with hours paid at the employee's regular hourly rate.

SECTION 3-8-3 - TERMINATION OF EMPLOYMENT

Upon termination, employees will be paid for unused paid holiday leave time that has been earned through the last day of work at their prevailing rate.

POLICY 3-9 - PAYROLL DEDUCTIONS

SECTION 3-9-1 - MANDATORY DEDUCTIONS

Deductions required by law are withheld from the employee paycheck each pay period. These include federal income tax, state income tax, Social Security, Medicare (FICA), retirement, and any legal wage garnishment.

SECTION 3-9-2 - VOLUNTARY DEDUCTIONS

Other deductions require an employee's written authorization. Examples include but are not limited to direct deposit, deferred compensation, United Way, dependent health insurance coverage, and supplemental health or life insurance.

POLICY 3-10 PROMOTION

The Town attempts to fill vacant positions with qualified Town employees before advertising to the general public, following a policy of upward mobility whenever possible. A promotion is a change to a position in a salary range higher than the one an employee currently occupies. Employees are encouraged to apply for

any vacancy for which they may qualify.

SECTION 3-10-1 - ELIGIBILITY

- A) Regular employees who have completed the designated initial evaluation period in the current position at a satisfactory level of performance may apply for promotion outside the employee's current department. An exception to this policy may be granted with prior approval of the Town Manager.
- B) Selection of an employee for a promotion is based on past work record and performance appraisal, education and special training undertaken, knowledge of the job duties, licensing relevant to the position, length of service, or other pertinent evidence of increased service value of an employee to the Town.
- C) Only employees who meet requirements set forth in promotion examination announcements may compete in promotion examinations.

SECTION 3-10-2 - PROCEDURE

Procedures for requesting consideration vary among departments, and supervisors can advise an employee on how to proceed within the department. Promotion examinations shall be conducted whenever necessary in the opinion of the Department Head and with the approval of the Town Manager.

- A) A job posting application should be submitted to Human Resources.
- B) When considering the promotion of Town employees having the same or similar qualifications, the position will be filled after considering the factors listed above.
- C) In cases where only one employee applies for a position and the hiring department knows the person's abilities and qualifications, the formal selection process may be dispensed with upon concurrence with the Human Resources Director.
- D) The Department Head may make temporary assignments for a specified time or assignment as necessary. Such appointments are made on an "acting" basis, and the employee returns to his or her regular position upon completion of the assignment. The salary for "acting" appointments is set by the Department Head in consultation with the Human Resources Director.

SECTION 3-10-3 - SALARY FOR PROMOTION POSITION

- A) Upon promotion to another class, the employee shall be placed at a rate within the new pay range corresponding to the qualifications for the class. Generally, this rate would be the minimum of the range, but not less than a 5% increase from their former base rate of pay.
- B) Upon promotion to a supervisory position, employees shall receive a salary at least 10% higher than their former base rate of pay.

SECTION 3-10-4 - PROMOTION PERFORMANCE EVALUATION PERIOD

- A) The promotion evaluation period shall be used by both the supervisor and the employee for closely observing and assessing work performance suitable for the new position.
- B) Promoted employees shall be subject to an evaluation period of not less than 6 full calendar months of service in the promotion position.

- C) A formal evaluation will be conducted 2 weeks prior to the end of the promotion evaluation period.
- D) Promoted employees who successfully complete their promotion evaluation period will be notified by their Department Head. The performance evaluation will be submitted to Human Resources, who will complete a Personnel Action Form for processing.
- E) Successful completion of the promotion evaluation period does not create any contractual rights for promoted employees.
- F) Promotions do not change the person's date of hire/length of service anniversary. However, the performance evaluation anniversary date for future performance evaluations and pay adjustments will be revised to coincide with the promotion date.
- G) Promoted employees who fail to meet the standards for the promoted positions may be reinstated to a position in the classification in which he or she most recently completed an evaluation period, within the department in which that evaluation period was completed, and at the same salary that he or she received prior to promotion. This may take place only if the previously held position is available with the approval of the Town Manager. The employee's performance evaluation date prior to his or her promotion will be reinstated if requested. Promoted employees who fail to meet the standards for the promoted positions are subject to the progressive disciplinary system outlined in Section 5-5 of the employee manual.
- H) Promoted employees who fail to complete the promotion evaluation period because of a lay-off are entitled to return to their former position and salary held before promotion if the position is available. Their performance evaluation anniversary date will return to the date prior to promotion.

POLICY 3-11 LATERAL TRANSFER

A lateral transfer is a change in position at the same or lower salary range than the one currently occupied.

SECTION 3-11-1 - ELIGIBILITY

- A) A regular full-time or part-time employee is eligible to seek a lateral transfer to another position within the same department any time a position is vacant.
- B) A full-time or part-time employee is eligible to seek a lateral transfer to another department after successfully completing the current department's initial evaluation period.

SECTION 3-11-2 - PROCEDURES

- A) Any current eligible employee interested in applying for a transfer must file a completed Town application form with the Human Resources Department according to instructions listed on the job posting.
- B) If the employee meets the stated requirements for the position, and is in good standing, she/he will proceed through the regular hiring process with all other general public applicants.
- C) The Personnel File of the transfer applicant will be made available to the Department Head responsible for filling the open position.

- D) If the current employee is selected, his/her Department Head will be advised prior to the offer being made to the employee.
- E) If the employee accepts the position, it will be the responsibility of the two Department Heads, along with the employee, to reach agreement on a transfer date. Every effort should be made to accomplish the transfer within two weeks of the offer's acceptance.

SECTION 3-11-3 - SALARY FOR TRANSFER POSITION

The salary offered to the employee must be consistent with the salary and requirements of the new position.

- A) An employee who meets only the minimum requirements for the position will be started at the minimum of the salary range regardless of the employee's current salary.
- B) An Employee who exceeds the minimum requirements for the position may be offered a salary in the new range that reflects the same percentage to the mid-point of the previous salary range.

SECTION 3-11-4 - TRANSFER EVALUATION PERIOD

- A) Transferred employees are subject to an evaluation period of not less than 6 full calendar months in the transfer position.
- B) The evaluation period is used by both the supervisor and the employee for closely observing and assessing work performance suitability for the new position.
- C) Formal evaluation will be conducted 2 weeks prior to the end of the evaluation period.
- D) Transferred employees who successfully complete their evaluation period will be notified by the Department Head. The performance evaluation will be submitted to Human Resources, who will complete a Personnel Action Form for processing.
- E) Successful completion of the evaluation period does not create any contractual rights for transferred employees.
- F) Transfers do not change the employee's performance evaluation anniversary.
- G) If an employee is not able to perform the new duties satisfactorily, the employee may have the opportunity to return to his/her previous position if it has not been filled or may be referred to other job openings upon the approval of the Town Manager. If another position is not secured, the employee may be placed on administrative leave without pay.

POLICY 3-12 DEMOTION

An employee reassigned to a position in a lower classification regardless of the reason (disciplinary, voluntary, in lieu of layoff, for reasons of disability or incapacity, department reorganization, response to market data, etc.) will receive a cut in pay commensurate with the nature of the demotion as determined by the Department Head (unless it involves the Department Head) in consultation with the Human Resources Department and approved by the Town Manager.

SECTION 3-12-1 - ANNIVERSARY DATE CHANGE

- A) Demotions do not change the person's date of hire. However, the performance evaluation anniversary date for future salary adjustments changes to the effective date of the demotion.

- B) Employee in position classifications that are downgraded or upgraded in salary to reflect changes in market conditions will retain their existing anniversary date for future performance-based adjustments.

SECTION 3-12-2 - PROCEDURE

- A) No employee shall be demoted to a position for which he or she does not possess the minimum qualifications.
- B) An employee being demoted shall be notified two weeks prior to the effective date of demotion except in emergency situations.
- C) Any demotion to prevent layoffs may be revised when the employee's previous position is reopened.
- D) Persons demoted to new positions will be subject to the standard evaluation period for the new position, unless specifically waived by the Town Manager.

POLICY 3-13 RECLASSIFICATION PROCEDURE

Revision of position descriptions and reallocations within the classification plan shall be made as often as is necessary to provide current information on positions and classes. It is the duty of the Human Resources Director to examine the nature of all positions and to allocate them to existing or newly created classes; to recommend changes in the classification plan as are made necessary by changes in the duties and responsibilities of existing positions; and to periodically review the entire classification plan and recommend appropriate changes in the allocations of positions in the classification plan.

SECTION 3-13-1 - PROCEDURE

- A) When a new position is requested by a Department Head or the duties of an old position are substantially changed, the Department Head shall submit a written recommendation to the Human Resources Director including justification for the reclassification and emphasizing changes in the position responsibilities or requirements for qualifications, such as experience, education, certifications, etc.
- B) The request will be reviewed by the Human Resources Director. A job audit, which is an analysis of the critical elements of a position and placement in the Town's classification/salary schedule, will be undertaken.
- C) If the request is justified, the budget impact will be determined, and a report prepared for review by the Town Manager and Town Council.
- D) Any reclassification involving an upgrade of salary that is not requested and approved as part of the budget process must have specific Council approval.
- E) If approved, the Human Resources Department will take the necessary steps to implement the reclassification.
- F) If the requested action is for downgrading of a position, and the Town Manager agrees, the Human Resources Director shall coordinate implementation steps.
- G) If the Town Manager does not concur with the request for the downgrade, the Department Head

will be provided with reasons. The decision of the Town Manager is final.

- H) As a result of reclassification, the salary range shall be increased or decreased.
- I) Any employee who considers his or her position improperly classified shall first submit a request in writing for reclassification to his/her Department Head, who shall review the request and transmit with written recommendation to the Human Resources Director, who will follow the justification procedures above.

POLICY 3-14 - PAY FOR WORKING OUT OF CLASSIFICATION

Increased compensation for working out of classification is provided as monetary recognition to an employee for the assumption and performance of duties normally performed by an employee of a higher or professional classification.

SECTION 3-14-1 - JUSTIFICATION

- A) The assumption and performance of the duties of the higher or professional classification must encompass the full range of responsibilities of the classification. It does not pertain to a temporary assignment made for the purpose of providing a training opportunity to the employee.
- B) The performance of duties must be for an extended period of time to fill the needs of the vacant position. An extended period of time is generally considered as an assumption of duties and responsibilities that will last in excess of 30 working days.
- C) Compensation for working out of classification shall be allowed only after written recommendation of the Department Head and Human Resources Director and approval of the Town Manager. Recommendation and approval shall be accomplished prior to the assumption of the higher or professional classification responsibilities.
- D) The employee's compensation will increase to the starting salary of the higher or professional classification in which the employee is substituting, or 5% whichever is greater.
- E) When the temporary assignment is completed, the employee's salary will be readjusted to its previous level or the level it would have attained, including general salary increases and performance-related adjustments, if the out-of-classification pay had not been made.
- F) The employee's date of hire anniversary and performance evaluation anniversary will remain unchanged throughout the temporary assignment.

POLICY 3-15 TIME AND ATTENDANCE

SECTION 3-15-1- PURPOSE

The Town of Camp Verde is subject to numerous laws and regulations that govern the way we conduct our business. The laws that regulate employees' wages and hours are designed to ensure that employees are paid as specified, within these regulations.

SECTION 3-15-2- DEFINITIONS

Exempt Employees: Exempt employees are exempt from the provisions of the Fair Labor Standards Act (FLSA).

Non-Exempt Employees: Non-exempt employees are not exempt from FLSA standards. Under the FLSA, these employees must be paid for travel time, on-call time, and overtime. Non-exempt employees may also be referred to as “hourly” employees.

Hours Worked: Hours worked include scheduled hours worked and, for all non-exempt employees, overtime hours and compensable travel and on-call time (refer to the applicable collective bargaining agreement or non-union handbook for definitions and eligibility).

Paid time off: Paid time off refers to the specific type of paid time off provided by Town employees in accordance with the Town Employee Manual.

Meal Periods: Bona fide meal periods (30 minutes) are not compensated as work time, may also be referred to as “meal breaks”. The employee must be completely relieved from duty for the purpose of eating regular meals. The employee is not relieved if he/she is required to perform any duties while eating.

Rest Periods: Rest period of 10 minutes are paid for as working time, may also be referred to as “rest break”.

Clock in, Punch in (or out) all denote the same meaning. They all refer to the action whereby an employee utilizes the electronic time and attendance software system and associated hardware to record their commencement or termination time from compensable work. This function may also be referred to as a “punch.”

Travel Time: Time spent by an employee in travel as part of his/her principal activity, such as travel from jobsite to jobsite or to attend trainings, conferences, or meetings during the workday, must be considered as hours worked. An employee who travels from home before the regular workday and returns home at the end of the workday is engaged in ordinary home-to-work travel. This is not considered hours worked.

Time Collection Device – Employees will be required to punch using one of several devices that may include a computer web portal, electronic timeclock, smartphone app or other input device.

FLSA - Fair Labor Standards Act.

Grace Period - The period of time, 7 minutes, before and after a punch.

Time Off Request - Time off requests can be generated in Time and Attendance System using the timeclock or computer via the “Request Time Off” module. The automated leave request must be properly approved by the supervisor, prior to the time being taken by the employee. Once approved, Time approver will apply the time off to the timecard.

SECTION 3-15-3- PROCEDURES

Time Recording - Non-exempt employees are expected to record their hours worked accurately and completely. Knowingly falsifying time records for yourself or another person will result in immediate disciplinary action up to and including termination for all employees involved. Various departments may choose to use different time collection devices such as physical time clock devices, web portal on a workstation or phone application. Personnel not using time collection device as assigned, clocking in for someone else or having other people clock in for them may be subject to disciplinary action, up to and including termination for all those involved.

Paid time off shall be used when an employee does not reach her or his regularly scheduled hours in a work week. Unpaid leave may be granted if no accrued leave is available at the discretion of the Town Manager.

Time Window for Clocking In/Out - Employees should attempt to clock in/out as close to their designated start/end time as possible. However, in large work groups, it may not be possible for all employees to clock in at their exact designated start time. Therefore, a time window of a seven-minute grace period before and after the designated start time has been created so that the employee will not be docked pay or paid overtime.

Clocking In Late - Employees are expected to clock in and out at times designated by their manager/supervisor. Employees clocking in past the grace period are considered late. Absenteeism and tardiness will be handled by the employee's manager or supervisor.

Clocking In Early - Employees may not clock in before the grace period of seven minutes before their scheduled work time without authorization from their manager or supervisor.

Clocking Out Late - Employees may not clock out more than the grace period of seven minutes after the scheduled work end time without authorization from their manager or supervisor.

Failure to Properly Clock In and Out - For hourly employees, it is each employee's responsibility to clock in and out. If an employee fails to punch, it is the responsibility of the employee to notify his/her supervisor no later than one day after it occurred. If the employee fails to notify their supervisor by the payroll deadline, missed pay may not be paid until the following payday.

Tardiness - Tracking tardies will be the responsibility of managers and supervisors. Employees are expected to be ready to work at their designated/scheduled start times.

Rest Periods

For every four hours worked, an employee will receive one fifteen (15) minute paid rest period each day. These breaks are scheduled by the supervisor and breaks not taken are lost at the end of each day. If an employee works in a department where breaks are not directly assigned, he/she must co-ordinate with co-workers to maintain adequate coverage at all times. Employees must return to work on time. These breaks are provided to enable associates to take care of their personal needs and may not be extended, tacked onto lunch hours, or used to compensate for late arrivals or early departures. Employees must remain on the job site during paid rest periods. Reasonable break times will be afforded to nursing mothers in accordance with the mandates of the Patient Protection and Affordable Care Act.

Meal Periods

- A) A non-exempt employee who works six (6) hours or more will receive a thirty (30) minute unpaid meal period. This meal period will normally be scheduled approximately midway through the employee's shift. Employees are required to clock out at the beginning of the meal period and clock back in at its conclusion. If the shift can be completed in six (6) hours or less, the employee may waive the meal period, by mutual consent with his/her supervisor. Employees are relieved of all active responsibilities and restrictions during meal periods and not compensated for that time. While supervisors will advise their employees about their rest breaks and meal period schedules it is the employee's responsibility to ensure that all breaks are taken and properly recorded on their time records.
- B) It is a violation of the Time and Attendance Policy for non-exempt employees to work through their meal period without supervisor's approval.

- C) CVMO employees in certain positions designated by the Town Marshal, shall receive a paid meal period. In order to qualify for paid meal breaks, employees must be on call during their entire work shift and not leave the work premises unless authorized and must respond to duty calls during meal periods if necessary. Failure to respond to duty calls will be grounds for disciplinary action.

On-call Pay

- A) On-call status begins after the completion of the workday and continues until resuming work the following workday, unless a defined length of time is determined prior to the time the call commences. Each job title that The Town of Camp Verde classifies as exempt (under the Fair Labor Standards Act) will not be eligible to receive call pay.
- B) Employees will be considered engaged by The Town of Camp Verde from the time they leave home (or when they receive the call) until the work is completed. This time will be considered worked time and will be recorded as such on the time record by the employee. Circumstances causing an increase in travel time should not be included in the time worked.
- C) Call pay cannot be taken when an employee is taking vacation, holiday, birthday, or personal day; absent for illness; absent for funeral leave; on a leave of absence; not able or available for work.
- D) An employee's compensation for on-call status will be paid at the rate approved by the administrative staff.
- E) An employee who is on call must meet the following criteria to receive the pay
 1. When notified by must answer the call within five minutes.
 2. Arrive in the work unit within 30 minutes or less after receiving the call.
 3. Arrive in a condition "fit" for duty. If an employee does not meet this criterion, he or she will forfeit the call pay from the time of the first attempt to contact him or her to the end of the call period.
 4. When an employee is called back to work, this work time will be paid at the employee's regular rate of pay or at his or her overtime rate if the employee has already worked the required hours.
 5. The Town of Camp Verde reserves the right to validate the availability of an employee receiving on-call pay. Two attempts will be made to contact the call employee.
- F) An employee will receive a minimum of two hours' pay for each time the employee is called out to perform emergency or needed services.

SECTION 3-15-4- TAMPERING AND FALSIFICATION

Any attempt to tamper with and/or falsify the timekeeping hardware, software, or any associated records is a serious offense that could result in termination of employment. Any attempt by an employee to record time for another employee or alter or modify in any way the time record of another employee may be subject to disciplinary action up to and including termination.

CHAPTER 4

EMPLOYMENT BENEFITS

POLICY 4-1 - BENEFITS CONTINUATION/COBRA

The federal Consolidation Omnibus Budget Reconciliation Act (COBRA) of 1985, amended by the Health Insurance Portability and Accountability Act (HIPAA) of 1996, gives covered employees and their qualified beneficiaries the opportunity to continue health insurance coverage under the Town of Camp Verde's health plan when a "qualifying event" would result in a loss of eligibility. Some common qualifying events are resignation, voluntary or involuntary termination of employment, death of an employee; a reduction in an employee's hours or a leave of absence, transition between jobs, an employee's divorce or legal separation; or a dependent child no longer meeting eligibility requirement.

SECTION 4-1-1 - WHO PAYS

Under COBRA, the employee or beneficiary pays the full cost of coverage at the Town's group rates plus an administration fee as prescribed by federal law. Qualified individuals may be required to pay the entire premium for coverage, up to 102 percent of the cost of the plan.

SECTION 4-1-2 - WRITTEN NOTIFICATION OF ELIGIBILITY

The Town of Camp Verde, through its health insurance supplier, provides each eligible employee with a written notice describing rights and responsibilities under COBRA when the employee becomes eligible for coverage under the Town's health insurance plan; when the employee experiences a qualifying event; and at various federally required dates depending upon the employee's election of COBRA.

POLICY 4-2 - COMPENSATORY LEAVE

Compensatory time is credit for hours worked in excess of a person's normal workweek in accordance with the Fair Labor Standards Act (FLSA). Use of compensatory time as compensatory leave must be pre-approved by the immediate supervisor or department head.

SECTION 4-2-1 - NONEXEMPT EMPLOYEES

- A) Nonexempt employees shall be paid overtime or given compensatory leave at the rate of time and one-half for all hours worked in excess of the normal 40-hour work week if the employee actually worked in excess of 40 hours in one week.
- B) Upon termination of employment, a nonexempt employee will be paid at the employee's prevailing salary rate for unused compensatory time that has been earned through the last day of work.

SECTION 4-2-2 - EXEMPT EMPLOYEES

Executive, administrative, and professional employees are considered exempt employees and are not covered by the overtime pay provisions of the FLSA.

POLICY 4-3 FAMILY AND MEDICAL LEAVE

In accordance with the Family and Medical Leave Act (FMLA) of 1993, the Town of Camp Verde provides family and medical leaves of absences without pay, for up to 12 weeks, to eligible employees who are temporarily unable to work due to a serious health condition or disability as defined by the act; who wish to take time off from work duties to fulfill family obligations relating directly to childbirth, adoption, or placement of a foster child; or who must care for a child, spouse, or parent with a serious health condition. The Town of Camp Verde will maintain group health insurance coverage during the FMLA term.

SECTION 4-3-1 - DEFINITION OF SERIOUS HEALTH CONDITION

A serious health condition means an illness, injury, impairment, or physical or mental condition that involves inpatient care in a hospital, hospice, or residential medical care facility or continuing treatment by a licensed health care provider.

SECTION 4-3-2 - ELIGIBILITY

- A) Employees in the following employment classifications are eligible to request FMLA leave as described in this policy:
 - 1. Regular full-time employees who have worked for the Town at least 52 weeks (12 months).
 - 2. Regular part-time employees who have worked for the Town at least 1,250 hours in the previous 12 months.
- B) Eligible employees should make written requests for FMLA leave to their supervisor at least thirty (30) days in advance of foreseeable events and as soon as possible for unforeseeable events or within no more than two working days after learning of the unforeseen need for leave. An employee requesting unforeseen FMLA leave has the obligation to comply with the Town's regular reporting requirements.
- C) It is the responsibility of the employee to notify the Human Resources Department of the need to take leave for a serious health condition. The notice must make clear that the serious health condition makes the employee unable to perform his job functions.
- D) Department Heads must notify the Human Resources Department of all absences for medical leave reasons that exceed three working days, regardless of whether sick leave, vacation leave, or unpaid leave is used. The Human Resources Director will determine if the absence is under the FMLA.

SECTION 4-3-3 - VERIFICATION OF NEED

Employees requesting family leave related to the serious health condition of a child, spouse, or parent shall be required to submit a health care provider's statement verifying the need for family leave to provide care, its beginning and expected ending dates, and the estimated time required. FMLA leave may be used to maintain a reduced workweek for intermittent leave for preplanned and pre-scheduled medical treatment. Certification by a licensed health care provider shall be required. Certification forms are available from the US Department of Labor or at www.dol.gov.

SECTION 4-3-4 - MAXIMUM LEAVE TIME AVAILABLE

- A) Eligible employees may request up to a maximum of twelve (12) weeks of FMLA leave within any 12-month period. Any combination of family leave and medical leave may not exceed this maximum limit. An eligible employee who is a spouse, son, daughter, parent, or next of kin of a current member of the Armed Forces, including a member of the Nation Guard or Reserves, with a

serious injury or illness may be granted up to a total of 26 workweeks of unpaid leave during a single 12-month period to care for the service member.

- B) Eligible spouses who both work for the Town shall be restricted to a combined total of twelve (12) weeks leave within any 12-month period for childbirth, adoption, or placement of a foster child, or to care for a parent with a serious health condition.
- C) If this period of absence proves insufficient, consideration may be given to a written request for an extended (administrative) leave without pay, which shall not exceed one year.

SECTION 4-3-5 - HOW FMLA LEAVE IS MEASURED

The Town uses a rolling 12-month period measured backward from the date an employee takes any FMLA leave. Each time an employee uses FMLA leave, the remaining leave entitlement is the balance of the 12 weeks that has not been used during the immediately preceding 12 months.

SECTION 4-3-6 - USE OF ACCUMULATED LEAVE

Employees are required to first use any accumulated paid leave time before taking unpaid FMLA leave.

SECTION 4-3-7 - CONTINUATION OF HEALTH INSURANCE BENEFITS

- A) Subject to the terms, conditions, and limitations of the applicable plans, the Town of Camp Verde will continue to provide benefits for health insurance for the full period of the approved family or medical leave in accordance with COBRA coverage mandates.
- B) The employee will continue to be responsible for the cost of supplemental benefits and dependent care coverage if continued coverage is desired. Payments must be made by the 10th day of each month. If payment is more than 30 days overdue, coverage will be dropped.

SECTION 4-3-8 - SUSPENSION OF ACCUMULATION OF OTHER TOWN-PROVIDED BENEFITS

- A) Employees on FMLA who are receiving vacation or sick leave pay will continue to be paid for holidays while on leave and accrue vacation and sick leave.
- B) Employees who are on unpaid FMLA leave will have vacation and sick leave accrual and holiday benefits suspended during the unpaid leave and will resume upon return to active employment.
- C) Use of FMLA leave is not considered a break in service when determining eligibility for vesting or for participation in a benefit.

SECTION 4-3-9 - RETURN TO WORK

- A) So that an employee's return to work can be properly scheduled, an employee on FMLA leave is required to provide the Town with at least two days' advance notice of the date the employee intends to return to work.
- B) If the employee was on FMLA leave due to a serious health condition, before returning to work, the employee must provide a work release from the health care provider attesting that they are able to resume work. The work release must be accepted by the Human Resources Department prior to the employee returning to work.

- C) When an FMLA leave ends, the employee will be reinstated to the same position, if it is available, or to an equivalent position for which the employee is qualified.
- D) The only exception may be for a highly compensated position. The employee in this position will be notified when he/she requests leave that the Town may choose to fill the position because it is key to the Town's operations. If the Town chooses to fill the position, it will first offer the employee the opportunity to return to work immediately.

SECTION 4-3-10 - INTERMITTENT LEAVE OR REDUCED WORK WEEK

- A. In certain cases, intermittent use of the 12 weeks of FMLA leave or a part of a reduced workweek may be allowed by the Town. Employees wishing to use leave intermittently or to utilize a reduced work week schedule for FMLA birth, adoption, or foster care purposes will need to discuss and gain approval of such use from the employee's Department Head and the Human Resources Department.
- B. If the need is for preplanned and prescheduled medical treatment of the employee, the employee is responsible for scheduling the treatment in a manner that does not unduly disrupt the Town's operations. Intermittent or reduced workweek use of FMLA is subject to medical certification by a license health care provider.
- C. In some cases, the Town may temporarily transfer an employee using FMLA leave intermittently or on a reduced workweek schedule to a different job with equivalent pay and benefits if another position would better accommodate the intermittent or reduced workweek schedule.

SECTION 4-3-11 - TERMINATION OF EMPLOYMENT

- A) If an employee resigns voluntarily before returning from FMLA, health insurance benefits are subject to COBRA law.
- B) If an employee fails to report to work promptly at the end of the approved leave period, the Town will assume that the employee has resigned.

POLICY 4-4 – WORKER'S COMPENSATION

Worker's Compensation is a program of insurance administered by the State Industrial Commission to protect workers, their families, and dependents from loss due to a work-related or "industrial" accident or illness without assessing fault or blame for the accident or illness. The program provides for payment of medical bills, physical and vocational rehabilitation, and financial compensation while the worker is disabled – either temporarily or permanently – and is unable to work while on industrial leave. It also provides for lump sum payments for particularly serious injuries such as the loss of a finger, eye, foot, etc., and assures death benefits and compensation to the worker's family or dependents in the event the injury is fatal. Industrial leave is defined as leave to obtain treatment and/or recuperation necessitated by an injury or condition sustained in the course and scope of employment with the Town of Camp Verde as determined by an authorized health care provider. Industrial leave is not accumulated but is available through the State Industrial Commission in conjunction with state law.

SECTION 4-4-1 - REPORTING REQUIREMENT

- A) Any employee involved in an industrial injury, or an occupational illness as defined by the State Worker's Compensation laws must report the incident to his or her immediate supervisor or Department Head within 24 hours or as soon thereafter as possible.

- B) Hours lost due to the injury or illnesses are reported on the employee time sheet as “industrial disability.”

SECTION 4-4-2 - PAYMENTS

- A) Worker’s Compensation does not pay for the first seven days off unless the total number of days off exceeds 14 days. If the claim is approved for payment, paid leave used for the injury or illness may be reinstated to the employee’s leave balance record upon reimbursement to the Town of the amount paid.
- B) Worker’s Compensation pays a State-mandated percentage of the employee’s daily wage.

SECTION 4-4-3 - USE OF PAID LEAVE WHILE ON INDUSTRIAL LEAVE

- A) An employee receiving disability payments under the Worker’s Compensation laws may use accumulated paid leave in order to continue to maintain regular income. Arrangements to maintain regular income may be made through the Human Resources Department.
- B) Sick leave or vacation leave may be used to supplement any payments that an employee is eligible to receive from State disability insurance. The combination of any such disability payments and Town paid sick or vacation leave benefits shall not exceed the employee’s normal weekly earning. The purpose of this policy is to ensure that an employee does not suffer economic hardship as a result of a work-related injury or illness; however, the employee should not realize a financial gain as a result of injury or illness.
- C) Lost time for worker’s compensation in excess of seven days will run concurrent with Family Medical Leave (FMLA). While out due to an injury or illness covered by worker’s compensation for over seven days, employees will be placed on FMLA leave up to twelve weeks.
- D) No employee shall receive sick leave or use vacation time as a result of a job injury, illness, or disease incurred while employed by another employer.

SECTION 4-4-4 - RETURN TO WORK

An employee returning from Worker’s Compensation leave must notify their supervisor of their intent to return to work and must provide a work release from the health care provider attesting that they are able to resume their normal work duties or modified duties. The work release must be accepted by the Human Resources Director prior to the employee’s return to work.

POLICY 4-5 - MILITARY LEAVE

A military leave of absence will be granted to any employee, except those occupying temporary positions, to attend scheduled drills or training or if called to active duty with the U.S. armed services. Military leave shall be granted in accordance with the provisions of applicable State and Federal law. (i.e., A.R.S. § 26-168, 26-171, 38-610)

SECTION 4-5-1 - NO BREAK IN SERVICE

Active military service of an employee who is restored to employment with the Town of Camp Verde is not a break in service and shall be counted as credited service.

SECTION 4-5-2 - LIMIT OF PAID TIME OFF

Paid time off, in accordance with the law, shall be limited to an equivalent of thirty (30) workdays in a 24-month period. The period of time spent in training or scheduled drills under orders shall not be deducted from the paid vacation leave balance to which the employee is otherwise entitled unless it exceeds thirty workdays.

POLICY 4-6 SPECIAL LEAVE OF ABSENCE

Employees may be granted a special leave of absence as approved by the Town Manager. An employee shall not use a special leave of absence to work for another employer or to pursue self-employment.

Leaves are designed to accommodate employees who have critical personal situations only. An employee who fails to return to work on the date specified in the leave request without receiving an extension in advance is considered to have resigned.

SECTION 4-6-1 - SPECIAL LEAVE OF ABSENCE WITH PAY

- A) In some cases, an employee may be granted a special leave with pay in the event the Town Manager or Mayor grants a temporary emergency leave for a natural disaster or other situation that may jeopardize the safety and/or health of employees, such as weather, fire, flood, or pandemic, or in a declared state of emergency, disaster, or grief.
- B) In some instances, it may be necessary to remove an employee from the workplace to allow for an investigation by the Town into matters concerning possible discipline of the employee and/or other Town employee(s). This type of leave is not a disciplinary action, and in general, should not exceed fifteen (15) working days without written approval from the Town Manager or the Town Manager's designee.
- C) The Town Manager, with Council approval, may also approve special leave with pay for an employee for a fixed period of time when such leave is considered by the Town Manager to be beneficial to the Town or in the best interest of the Town.

SECTION 4-6-2 - SPECIAL LEAVE OF ABSENCE WITHOUT PAY

- A) A special leave of absence without pay for a period not to exceed 90 calendar days may be granted by the Town Manager to any full-time employee who has completed one year of employment. The granting of such an extended leave without pay must be for the benefit of the Town and must be approved by the Town Manager after recommendation from the respective Department Head. Such leave may be granted only after accrued vacation leave and compensatory leave has been exhausted.
- B) Under extenuating circumstances, the Town Manager may grant an extension of a leave period upon written request by the employee. Such an extension may not exceed 3 months and will be based on departmental, as well as employee consideration.
- C) Any employee who has been granted leave without pay shall retain his/her original date of hire but shall not accumulate any vacation or paid leave time during the unpaid leave of absence, nor be entitled to holiday pay.
- D) Any employee who is on a leave without pay at the time of his/her performance evaluation anniversary may not be eligible for a regular annual review of job performance nor for an

adjustment in pay until the performance evaluation anniversary immediately following the return to active employment.

- E) Employees on leave without pay may elect to continue group insurance coverage. However, the employee must bear the entire cost of both employee coverage and dependent coverage. Payment must be submitted to the Finance Department by the 10th of each month to ensure continued coverage.
- F) The Town is not obligated to hold the employee's position open while the employee is on leave without pay. The position may be filled on a temporary or regular basis. The employee's right to return to the Town from leave without pay shall depend on the availability of an appropriate position.

POLICY 4-7 - BEREAVEMENT LEAVE

If an employee wishes to take time off due to the death of an immediate family member, the employee should notify his or her supervisor immediately.

SECTION 4-7-1 - APPROVAL

- A) Approval of bereavement leave for up to 3 days shall occur in the absence of unusual operating requirements. A supervisor shall extend the leave up to two additional days if travel outside the state is required.
- B) Any employee may, with the supervisor's approval, use any available paid leave balances for additional time off as necessary.

SECTION 4-7-2 - IMMEDIATE FAMILY DEFINED

The Town of Camp Verde defines "immediate family" as the employee's spouse, parent, child, brother or sister, grandparent, or grandchild; the employee's spouse's parent, child, brother or sister, grandparent, or grandchild; and the child's spouse. Special consideration will also be given to any other person whose association with the employee was similar to any of the above relationships.

POLICY 4-8 - SICK LEAVE

The Town of Camp Verde provides sick leave with pay to eligible employees. Sick leave credit is cumulative with a maximum accumulation of 480 hours.

SECTION 4-8-1 - ELIGIBILITY

In an effort to follow the Fair Wages and Healthy Families Act all employees are entitled to sick leave.

SECTION 4-8-2 - RATE OF ACCUMULATION

Regular full-time employees and employees who are in an initial evaluation period shall accumulate sick leave at a rate of 3.69 hours per pay period, equivalent to 12 days per year. Part-time employees accrue sick leave at the rate of one hour for every 30 hours worked up to 40 in a calendar year. Up to 40 unused, accrued hours will be carried over at the end of the year. Notwithstanding, part-time employees may only use up to 40 hours of paid sick leave per calendar year.

SECTION 4-8-3 - ALLOWABLE USES

- A) Sick leave benefits are intended solely to provide income protection in the event of illness or injury.

Sick leave shall be allowed for:

1. Personal illness, disease, or injury, which renders the employee unable to perform the duties of the position and travel time to and from a physician's office;
 2. Surgical, medical, dental, or optical treatments, examinations, or fittings that must be made during working hours; or
 3. Illness, injury, examination, or treatment by a health care provider of a member of the employee's immediate family.
- B) The immediate family shall consist of the spouse, children, parents, grandparents, brothers, sisters, or other individuals whose relationship to the employee is that of a dependent.
- C) An employee may be granted use of sick leave to care for an ill or injured immediate family member in compliance with the Family Medical Leave Act.
- D) Sick leave cannot be used to care for well family members.

SECTION 4-8-4 - NOTIFICATION TO SUPERVISOR

- A) Employees who are unable to report to work due to illness or injury shall notify their direct supervisor before the start of their workday or within two hours after the time set for beginning their daily duties.
- B) The direct supervisor must also be contacted on each additional day of absence unless the sick leave is part of the FMLA leave program.
- C) Employees who are unable to report to work to perform assigned duties due to illness are expected to be at home, or in transport to or from a physician's office or medical facility. Employees who fail to comply with this stipulation are subject to disciplinary action.

SECTION 4-8-5 - PHYSICIAN'S VERIFICATION

- A) If an employee is absent for three or more consecutive days due to illness or injury, a physician's statement shall be requested verifying the disability and its beginning and expected ending dates.
- B) Verification may be requested for other sick leave absences as well and may be required as a condition to receiving sick leave benefits and/or to authorize that the employee may safely return to work.
- C) If the evidence of illness provided is determined by the Department Head to be inadequate, the absence may be charged to another category of leave or considered leave without pay.
- D) Physician's or other qualified medical practitioner's verification statements are to be forwarded to the Human Resources Department.

SECTION 4-8-6 - ADDITIONAL CONDITIONS

- A) Sick leave shall not be used in lieu of vacation, nor shall it be used in addition to vacation.
- B) An employee who is absent more than three workdays shall be subject to the Family Medical Leave Act. Department Heads are responsible for ensuring the Human Resources Department is immediately notified of absences of more than three days.

SECTION 4-8-7 - NO SICK LEAVE AVAILABLE

An employee who has a non-work-related illness or injury and has exhausted accumulated sick leave may apply for special leave without pay.

SECTION 4-8-8 - TRANSFER OF HOURS TO VACATION

Sick leave accumulated in excess of 480 hours must be converted on the 15th of December each year to either vacation time or cash value.

- A) If converted to vacation time, the conversion shall be one hour of vacation for every two (2) hours of accumulated sick leave in excess of 480 hours.
- B) If converted to cash value, the conversion rate shall be made at 50% of the employee's current hourly wage multiplied by the number of hours in excess of 480 hours.

SECTION 4-8-9 - TERMINATION OF EMPLOYMENT

- A) At the time of resignation or retirement, an employee in good standing shall receive the cash value of their accumulated sick leave balance as calculated below:

<u>Years of Continuous Service</u>	<u>Payout Percentage</u>
One to less than ten (10) years	10%
Ten (10) to less than fifteen (15) years	25%
Fifteen (15) plus years	50%

- B) Years will be calculated on the employee's Date of Hire/Length of Service Anniversary.
- C) Employees, in good standing, who leave Town employment and become re-employed with the Town within 120 days, will use their original Date of Hire anniversary for calculating years of continuous service.

POLICY 4-9 - SICK LEAVE BANK

The Sick Leave Bank provides a short-term option to alleviate undue hardship to eligible member employees who become unable to work due to a serious personal illness or injury and has exhausted all available paid leave (vacation, sick leave, and compensatory time). This policy is based on compassion and generosity and is meant to promote a spirit of mutual support among employees. Membership in the Sick Leave Bank is voluntary.

SECTION 4-9-1 - DEFINITIONS

- A) Serious Personal Illness or Injury: Is an illness or injury as defined by the Family and Medical Leave Act of 1993 that requires an employee to be absent from work for more than (3) three consecutive days.
- B) Eligible member employee means all regular employees eligible to accrue sick leave who have enrolled in the Sick Leave Bank after six months of continuous employment.
- C) Sick Leave Bank is a common pool of hours to which employees contribute hours on an annual basis to become members.

SECTION 4-9-2 - ELIGIBLE RECIPIENT

- A) A recipient of donated hours must currently be on an approved medical leave of absence without pay and possess a physician's certification specifying that the recipient is not yet able to return to work.
- B) The recipient:
 - 1. Must have exhausted all paid vacation leave, sick leave, and compensatory time from his/her accounts; and
 - 2. Is absent from work due to a condition that otherwise would meet FMLA standards; and
 - 3. Is not eligible to receive benefits through an insurance program paid by the Town; and
 - 4. Is not eligible to receive payments from the retirement system, which he/she is a member; and
 - 5. Is not eligible to receive payments from Social Security; and
 - 6. Has elected membership in the Sick Leave Bank.

SECTION 4-9-3 - GENERAL PROVISIONS

- A) The maximum award a Sick Leave Bank member may receive is 480 hours per year as measured forward from the date of the last request.
- B) The Sick Leave Bank is funded by the annual contribution of sick leave hours from each participating member. The amount of the contribution required is:
 - 1. Full-time (30 – 40 hours a week) employees donating eight (8) hours of sick leave annually.
 - 2. Sick Leave Bank donations are deducted and credited to the Bank following each open enrollment period.
- C) Requests for Sick Leave Bank hours shall be made through the Department Head with the Human Resource Department, administration of these provisions shall be done by the Town Manager.

POLICY 4-10 - VACATION LEAVE

Vacation leave is available to eligible employees to provide opportunities for rest, relaxation, and personal pursuits.

SECTION 4-10-1 - ELIGIBILITY

Employees in the following employment classification are eligible to earn vacation leave as described in this policy:

- A) Regular full-time employees
- B) Employees who are in an initial evaluation period.

SECTION 4-10-2 - BENEFIT YEAR

- A) The length of eligible service is calculated on the basis of a "benefit year." This is the 12-month period that begins when an employee starts to earn vacation leave.

- B) The benefit year for all eligible employees begins on the employee's effective date of hire.
- C) An employee benefit year may be extended for any significant leave of absence except military leave of absence.
- D) Once employees enter an eligible employment classification, they begin to earn paid vacation time according to the schedule.
- E) During the initial evaluation period employees can request use of vacation leave to the extent of available balance.

SECTION 4-10-3 - RATE OF ACCUMULATION

- A) The amount of paid vacation time employees receive each year increases with the length of their employment as shown on the following charts:

1. Eligible nonexempt employees:

<u>Years of Service</u>	<u>Annual Vacation Accrual</u>	<u>Per Pay Period</u>
Less than 1 to less than 5	80 hours	3.08 hours
5 to less than 10	104 hours	4.00 hours
10 or more to less than 15	120 hours	4.62 hours
15 or more	160 hours	6.15 hours

2. Eligible exempt employees:

<u>Years of Service</u>	<u>Annual Vacation Accrual</u>	<u>Per Pay Period</u>
Less than 1 to less than 5	120 hours	4.62 hours
5 to less than 10	144 hours	5.54 hours
10 or more	160 hours	6.15 hours

- B) The maximum allowed accrued vacation time will be equal to double (x2) the employee's annual accrual based on years of service. Accrual will not continue if the employee is over maximum allowed.
- C) Vacation leave will not accumulate while an employee is on leave of absence without pay.
- D) Employees in good standing who leave Town employment and become re-employed with the Town within 120 days will use their original Date of Hire anniversary for calculating years of service.
- E) A Exempt positions, at the discretion of the Town Manager, may be given years of service credit, not to exceed twelve (12) years, only for the purpose of accruing the proper level of leave commensurate with experience upon hire.

SECTION 4-10-4 - REQUEST FOR LEAVE

- A) Paid vacation time can be used in minimum increments. Employees are encouraged to use five consecutive workdays (40 consecutive hours) of paid vacation time each year for rest, relaxation, and personal pursuits.

- B) To take vacation, employees should request advance approval from their supervisors. Requests will be reviewed based on a number of factors, including Town needs and staffing requirements.

SECTION 4-10-5 - TERMINATION OF EMPLOYMENT

Upon termination, employees will be paid for unused vacation time that has been earned through the last day of work at their prevailing rate.

POLICY 4-11 - CIVIC DUTY

The Town of Camp Verde encourages employees to fulfill their civic responsibilities as citizens. In accordance with Arizona Revised Statutes, the periods of civic duty absence will be with pay and related benefits while serving on a jury, responding to a subpoena to appear as a witness or voting, according to the provisions below.

SECTION 4-11-1 - JURY DUTY

- A) The Town of Camp Verde encourages employees to fulfill their civic responsibilities by serving jury duty when required. Employees in an eligible classification may request up to 10 days of paid jury leave over a one-year period. Employee classifications that qualify for paid jury duty leave are:
 - 1. Regular full-time employees
 - 2. Employees who are in an initial evaluation period
- B) Jury duty pay will be calculated on the employee's base pay rate times the number of hours the employee would otherwise have worked on the day of absence.
- C) Employees summoned to jury duty shall be paid their regular salary, provided they submit their jury duty fee amounts to the Finance Department.
- D) Mileage and per diem amounts may be kept by the employee.
- E) If employees are required to serve beyond the period of paid jury duty leave, they may use any available paid leave balances (i.e., vacation, comp time) or may request an unpaid jury duty special leave of absence.
- F) Employees must show the jury duty summons to their supervisor as soon as possible so that the supervisor may make arrangements to accommodate their absence.
- G) Employees are expected to report to work whenever the court schedule permits.
- H) Either the Town of Camp Verde or the employee may request an excuse or postponement from jury duty if, in the Town's judgment, the employee's absence would create serious operational difficulties.

SECTION 4-11-2 - WITNESS DUTY

The Town of Camp Verde encourages employees to appear in court for witness duty when subpoenaed to do so.

- A) If employees have been subpoenaed or otherwise requested to testify as witnesses, they will be granted a maximum of 40 hours of paid time off per instance to appear in court.

- B) Employees will be paid at their base rate and are free to use any remaining paid leave benefits (i.e. vacation, comp time) to receive compensation for any period of witness duty absence that would otherwise be unpaid.
- C) The subpoena should be shown to the employee's supervisor immediately after it is received so that operating requirements can be adjusted, where necessary, to accommodate the employee's absence.
- D) The employee is expected to report for work whenever the court schedule permits.
- E) Time spent in court on personal matters will not be paid.

SECTION 4-11-3 - VOTING

Every employee is encouraged to exercise the right to vote in all public elections. Any employee eligible and registered to vote in any public election held within this state may request time off for voting.

- A) The employee may be absent for three hours with pay on the day of the election for the purpose of voting after notifying his/her supervisor or Department Head.
- B) The Department Head may specify the hours during which the employee may be absent for the purpose of voting. Before leaving their assigned duties or workplace, the employee shall notify his/her supervisor or department Head that they are leaving for the purpose of voting.
- C) An employee may be required to provide evidence of eligibility to vote prior to approval for time off.

POLICY 4-12 - GROUP BENEFITS

The Town of Camp Verde provides group benefits coverage, which may change from time to time for eligible employees. The Town contributes toward all mandated programs such as Social Security, Worker's Compensation, Unemployment Insurance, etc. The Human Resources Department is responsible for the implementation and administration of all group insurance plans.

SECTION 4-12-1 - ELIGIBILITY

- A) Regular employees of the Town are generally eligible for coverage under all of the Town's benefit programs, depending upon the restrictions and limitations of a particular benefit plan.
- B) Where applicable, the employee may elect to cover dependents under these programs in accordance with current contract requirements and rate schedules. Normal eligibility rules must be met.
- C) Other employment classifications are not eligible for benefit coverage except as specifically provided for in a particular benefit plan.

SECTION 4-12-2 - GROUP INSURANCE COVERAGE

The Town contributes to the cost of providing group insurance coverage for full-time employees who participate in the group insurance programs offered by the Town, depending upon the restrictions and limitations of the particular benefit plan.

SECTION 4-12-3 - VOLUNTARY BENEFITS

Voluntary benefits such as benefits for dependents, supplemental health benefits and additional employee-related benefits are offered by the Town through the Human Resources Department, depending upon the limitations and restrictions of the particular plan. Voluntary benefits are offered at the discretion of the Town Manager. Voluntary benefits are fully paid by the employee.

SECTION 4-12-4 - RETIREMENT PLAN

- A) Employees whose normal workweek is 20 hours or more and who have met the eligibility requirement of the retirement plan are required to participate in a retirement plan offered by the Town.
 - 1. Certified police personnel participate in the Public Safety Personnel Retirement System (PSPRS).
 - 2. All other eligible employees participate in the Arizona State Retirement System (ASRS).
- B) Retirement benefits accumulate from both employee and employer contributions. Contributions to the retirement system are mandatory for eligible positions and are deducted from the employee's salary each payroll period.
- C) Employees are vested in accordance with the retirement plan in which they are enrolled.
- D) If an employee terminates service without retiring, accumulated vested contributions, with earned interest, are refundable upon request.
- E) Employees that are retired through the Public Safety Retirement System and therefore, ineligible to participate in the ASRS or PSPRS, the Town will match up to 3% of gross wages for alternate retirement plans.

SECTION 4-12-5 - EMPLOYEE ASSISTANCE PROGRAM

- A) The Town provides an employee assistance program (EAP) to all full-time employees.
- B) When an employee voluntarily seeks assistance from the EAP, confidentiality is maintained. The Town will not be informed that help has been sought unless the employee requests that the information be released.
- C) When stress or personal problems interfere with job performance, the Town will encourage and may require participation in the EAP to deal with job-related performance issues. When participation is required, confidentiality is maintained. The EAP will only verify that the employee has participated as required.
- D) Use of the EAP may be a condition of continued employment if the Town's drug and alcohol abuse policy is violated or at the discretion of the supervisor.
- E) No employee will have his or her employment or promotional opportunities jeopardized solely by participating in the EAP, nor will participation in the EAP protect the employee from disciplinary action for substandard performance.

SECTION 4-12-6 – TRAUMATIC EVENT COUNSELING FOR PUBLIC SAFETY EMPLOYEES

- A) The purpose of this benefit is to meet the requirements of A.R.S. §38-672 and §38-673 to provide up to twelve visits of licensed counseling to certified peace officers and police dispatchers who are exposed to certain events, as described below, while in the course of duty:
1. Visually (or audibly) witnessing the death or maiming or visually (or audibly) witnessing the immediate aftermath of such a death or maiming of one or more human beings.
 2. Responding to or being directly involved in a criminal investigation of an offense involving a dangerous crime against children as defined in section A.R.S. §13-705.
 3. Requiring rescue in the line of duty where one's life was endangered.
 4. Using deadly force or being subjected to deadly force in the line of duty, regardless of whether the peace officer was physically injured.
 5. Witnessing the death of another peace officer while engaged in the line of duty.
 6. Responding to or being directly involved in an investigation regarding the drowning or near drowning of a child.
- B) If the licensed mental health professional determines that the certified peace officer and/or police dispatcher needs additional visits of licensed counseling beyond that which the certified peace officer and/or police dispatcher are entitled to (12 visits) and that the additional visits are likely to improve the certified peace officer's and police dispatcher's condition, upon receiving a written recommendation including supporting evidence from the licensed mental health professional, the Town shall pay for up to an additional twenty-four (24) visits if the visit(s) occur within one (1) year after the first visit pursuant to this section.
- C) If the employee leaves work to attend a treatment visit, they will be paid regular wages instead of using paid time off. Time off work for appointments and/or time off work during a no-work status may run concurrent with FMLA (Family Medical Leave Act).

POLICY 4-13 – SUPPLEMENTAL BENEFITS PLAN FOR PUBLIC SAFETY EMPLOYEES

The purpose of this Supplemental Benefits Plan for Public Safety Employees ("SBP" or "plan") is to meet the requirements of A.R.S. §38-961 and provide additional economic benefits to police employees who are injured and eligible for a specific category of workers' compensation benefits.

SECTION 4-13-1 - ELIGIBILITY

The Town has discretion to determine the eligibility of an employee to participate or continue in this plan. To be eligible for supplemental benefits under this plan initially and to continue in the plan as described in this policy, the employee must meet all of the following criteria:

- A) Be a police officer employed full-time by the Town at the time of injury.
- B) Be injured and eligible for workers' compensation benefits pursuant.
- C) Be receiving workers' compensation lost-time wage replacement benefits.
- D) Follow all other procedures for requesting benefits as outlined in this policy or related documents.
- E) Participate in all risk management activities related to his or her workers' compensation injury.
- F) Be physically unable to return to work for the Town in any capacity, including alternative work assignments or light duty, as determined by the Town and as supported by the employee's physician or an independent medical exam (IME) ordered by the Town directly or through its workers' compensation insurance provider. The employee's inability to work in a capacity assigned by the Town, including inability to work light duty assignments, must be supported by appropriate medical documentation in order for the employee to remain eligible under this supplemental benefits plan.

- G) Remain a Town full-time employee during the time period the employee is receiving the supplemental benefits.

SECTION 4-13-2 – PLAN DESCRIPTION

All benefits under this plan will be provided while the employee meets all eligibility criteria, for a period up to six months from the date the employee receives first payment of workers' compensation lost-time wage replacement benefits pursuant to A.R.S. § 23-1041.

- A) Payment by the Town of the difference in salary between the employee's base pre-injury salary, less taxes and the workers' compensation benefit paid to the employee, and any other voluntary deductions on the part of the employee.
- B) Continued payment of the Town's employer portion of premium for health care benefits as was paid pre-injury and/or as is paid for other similarly enrolled employees. The employee remains responsible for paying the same portion of his/her health care benefits as was paid pre-injury and/or as is paid by similarly enrolled employees.
- C) Payment by the Town of both employer and employee contributions to the Public Safety Personnel Retirement System as based on the employee's pre-injury salary.
- D) Credit for service in the Public Safety Personnel Retirement System at the same accrual rate as pre-injury.
- E) Maintenance of accrued Town leave balances at pre-injury level, including sick and vacation leave, and/or PTO.

To the extent the employee is eligible for and receives salary or benefit changes while receiving benefits under this plan, the plan benefits will be adjusted accordingly. If all employees are provided automatic salary adjustments as part of an annual process, the employee will receive benefits under this plan based on his/her new adjusted salary as he/she would receive if not injured. Such adjustments may or may not benefit the employee. If during the benefit period under this plan the Town changes employer health care benefits contributions, the employee may be required to pay additional premiums as would any other similarly situated employee.

SECTION 4-13-3 – PROCEDURE

The Town Manager's Office will receive all requests for plan benefits, in writing from the employee outlining the request and any relevant information needed for decision making by the Town. Such requests must be made within 30 days of the employee's receipt of his or her first lost-time wage replacement benefit paid under workers' compensation. The Town Manager's Office will provide the request to the employer-designated SBP administrator. Failure to make a request within the timeframe established herein shall be construed as a waiver of any rights under A.R.S. §38-961.

- A) The Town SBP administrator will review the written request, the circumstances surrounding the injury, employee eligibility for workers' compensation, and any other relevant factors. Within 30 days of receipt of request for benefits under this plan, the SBP administrator shall provide the employee with written determination of benefits eligibility under this plan.
- B) Supplemental benefits under the plan will be provided from the date of an employee's injury for a period not to exceed six months, as long as the employee continues to meet all eligibility criteria.
- C) Employees granted benefits under this plan will cooperate fully with the Town, SBP administrator, and others working to coordinate benefits.
- D) The employee's Town leave accounts will be frozen as of date of injury until conclusion of

participation in the plan.

E) If an employee is denied participation in the plan for any reason, he or she has a right to appeal such denial. The process for doing so is, exclusively, the following:

1. Within ten (10) working days from receipt of denial letter file a written appeal with the Town Manager stating the reason for the appeal and facts that the employee wishes to have considered.
2. Within five (5) working days the Town Manager will render a written opinion affirming or denying eligibility based upon the information provided.
3. If the Town Manager is also the SPB administrator, the appeals process shall be to the Town Council. Under such provision, the Town Council shall have up to thirty (30) days to render a written opinion.

CHAPTER 5

WORK RULES

POLICY 5-1 - HOURS OF WORK

An employee is expected to work the days and hours necessary to perform all assigned responsibilities and tasks in order to provide continuity in access by and service to the citizenry and facilitation of teamwork and supervisory assistance. Attendance shall be a consideration in determining promotions, transfers, satisfactory completion of evaluation periods and continued employment with the Town.

SECTION 5-1-1 - NORMAL WORK WEEK AND WORK HOURS

- A) The basic work week is generally 40 hours of work pursuant to the Town Code. This begins for most employees at 12:01 AM Sunday and ends at 12:00 midnight on Saturday.
- B) Modifications to the workweek and work schedule may be made by the Department Head to provide essential Town services, subject to any federal and State statutory or constitutional limitations relating to hours of work.

SECTION 5-1-2 - ABSENCES AND TARDINESS

- A) Advanced notice of absence is expected; notice of unavoidable absences is expected within one-half hour of the beginning of duty or as soon as possible if the employee is physically unable to notify his or her supervisor or Department.
- B) Advanced notice of anticipated tardiness is expected; notice of unavoidable tardiness is expected as soon as possible. Tardiness must be made up during the pay period in which it occurs.
- C) Notification of an absence or tardiness by another employee, friend, or relative is not considered proper except in an emergency situation where the employee is physically unable to make the notification.
- D) Poor attendance and frequent tardiness are disruptive. Either may lead to disciplinary action, up to and including termination of employment.

POLICY 5-2 - PERSONNEL FILES

The Town maintains a personnel file on each employee. The personnel file contains documentation regarding all aspects of the employee's tenure with the Town, such as performance appraisals, beneficiary designation forms, disciplinary action notices and employment history. Employees may review their personnel files at reasonable intervals during normal business hours in the presence of Human Resources staff.

SECTION 5-2-1 - ACCESS TO OFFICIAL PERSONNEL FILE

Access to information in an employee's personnel file is confidential to the extent permitted by federal and state law. During the normal course of employment, the following individuals are authorized to review an employee's personnel file: The Town Manager, Department Head, immediate supervisor, the employee, Town Attorney (or his/her designee) or a state or federal enforcement employee conducting an official investigation.

SECTION 5-2-2 - UPDATING PERSONNEL RECORDS

- A) Department Heads are responsible for forwarding documents for inclusion in the personnel files of those employees assigned to their department.
- B) To ensure that personnel files are up to date at all times, employees should notify their supervisor or Human Resources staff of any changes in name, telephone number, home address, marital status, number of dependents, beneficiary designation, scholastic achievements, the individuals to notify in case of an emergency and so forth.
- C) Each employee may inspect audit or copy, his or her personnel file to ensure accuracy and completeness of the file. A Human Resources representative must be present when a file is reviewed or copied.
- D) The following portions of the employee's personnel file are matters of public record: Name of the employee, date of employment, current and previous duties and dates received, name, location, and dates of previous assignments, current and previous salaries, and dates of each change, and the name of the employee's current or last known supervisor. It is recognized that personal privacy is an exception to the public records disclosure requirements. Private sensitive information that is not freely available to the public and encompasses the individual's control of information concerning his/ her person such as social security numbers, personal addresses and personal phone numbers, birth dates, emergency point of contact, tax information, bank account information.
- E) Personnel records do not include records of an individual relating to the conviction, arrest or investigation of conduct constituting a violation of criminal laws of this State or another state or the United States, confidential reports from previous employers or records maintained in compliance with Arizona Revised Statutes (consent of, access to, and control of personnel records).

SECTION 5-2-3 - MAINTENANCE OF PERSONNEL FILES

- A) The Human Resources Director is responsible for maintaining personnel files and must approve materials for inclusion in a file.
- B) An employee may submit a written statement for inclusion in his/her personnel file if he or she believes that any of the included materials requires correction and/or clarification.
- C) Items not included in the official personnel file may not be used for either promotional or disciplinary proceedings unless the employee falsified a time sheet or other information.

SECTION 5-2-4 - RECORDS RETENTION

- A) An employee's personnel file will be retained during the tenure of the employee and for a minimum of 3 years after the employee's employment with the Town has terminated unless a longer period is required by law. During this retention period, nothing will be removed from the personnel file.
- B) Name, position, the date of hire, and the date of termination will be retained indefinitely.

SECTION 5-2-5 - RECORDS RELEASE

- A) Human Resources treats as confidential all employee information except when requested to verify information relating to job title, department, base salary, and dates of employment.

- B) Other information contained in the personnel file will be released with express written permission of the employee or to the extent allowed by law.

POLICY 5-3 PERSONAL APPEARANCE

Dress, grooming, and personal cleanliness standards contribute to the morale of all employees and affect the organizational image the Town of Camp Verde presents to the general public. During business hours, employees are expected to present a clean and neat appearance and to dress according to the requirements of their positions. Department Heads are responsible for determining and enforcing the dress code for their respective areas of responsibility.

SECTION 5-3-1 - ACCEPTABLE ATTIRE

Because of the changing nature of fashion, regulations pertaining to acceptable employee attire and grooming are flexible. There are, however, certain expected norms of professional appearance, of personal neatness, cleanliness, and good grooming that are applicable to all employees.

SECTION 5-3-2 - UNACCEPTABLE ATTIRE

- A) Extravagance and extremes of style and attire are not in good taste in a public service environment. The Town of Camp Verde reserves the right to advise any employee at any time that his or her grooming, attire, or appearance is unacceptable.
- B) After having been advised, the employee will be expected to comply with the suggested change. Failure to do so will result in the employee's suspension without pay until corrective action by the employee is taken.
- C) Repeated lack of compliance may result in further disciplinary action, up to and including discharge.

SECTION 5-3-3 - UNIFORMS

- A) Employees who are required to wear a uniform of any type in the performance of their duties will either be provided such uniforms by the Town or provided with a uniform allowance.
- B) Uniforms that are provided by the Town become the property of the employee during the employment service to the Town.
- C) Laundering, cleaning, and general upkeep of uniforms is the responsibility of each employee.
- D) Employees should be aware that furnishing of uniforms and maintenance or replacement allowance, if any, might under certain circumstances, be considered a taxable benefit.

POLICY 5-4 MAIL, ELECTRONIC MAIL, COMPUTER, AND ONLINE SERVICES USAGE

SECTION 5-4-1 - CONDITIONS OF EMPLOYMENT

As a condition of employment and continued employment, employees agree as follows:

- A) All electronic storage and communication systems and all information transmitted by, received from or stored in these systems are the property of the Town;

- B) These systems are to be used solely for job related purposes and not for personal purposes;
- C) Employees have no expectation of privacy in connection with the use of this equipment or with the transmission, receipt, or storage of information in the equipment;
- D) The Town may monitor an employee's use of this equipment at any time at its discretion, which may include printing and reading all e-mails entering, leaving, or stored in these systems, as well as listening to any voice mail messages;
- E) No employee will use a pass code or voice mail access code that is unknown to the Town or that is not expressly authorized; and
- F) To obtain approval for, and have virus-scanned, all outside files prior to loading such files in the Town's computer system.

Mail received or distributed at the Town is the property of the Town. The Town may monitor, open, and review all mail at any time at its discretion.

SECTION 5-4-2 – SOFTWARE COPYRIGHT

The Town purchases and licenses various computer software for business purposes and does not own the copyright to this software or its related documentation. Employees may not reproduce such software or use it on more than one computer unless authorized to do so by the software license agreement. Employees with questions or concerns regarding the use of software or its related documentation should contact their Department Head.

SECTION 5-4-3 - PROHIBITED USE

Improper use of the Town's electronic storage and communications equipment is strictly prohibited. This includes, without limitation, transmission or reception of any material in violation of federal, state, or local law or regulation (including copyright material, threatening or obscene material or material that is trade secret or confidential); using the Town's equipment or resources for commercial activities, religious, or political causes, outside organizations, games, multimedia, or other non-employment related matters; and transmitting offensive jokes, sexually explicit messages, chain letters, or material that is otherwise disruptive to the orderly operation of the Town.

SECTION 5-4-4 - PASSWORDS

Employees should remember that log-on and other passwords should not be shared with anyone else, unless an authorized town official requests such information. Failure to cooperate with an authorized Town official in any investigation involving the Town's electronic communications system is a violation of the policy and shall result in discipline, up to and including termination of employment.

SECTION 5-4-5 - CONSEQUENCES OF PROHIBITED USE

Any violation of this policy shall result in disciplinary action, up to and including termination of employment.

POLICY 5-5 - DISCIPLINARY SYSTEM

Effective discipline is a positive process when its purpose is to train or develop by instruction. Whenever appropriate, training is encouraged as a means of improving employee productivity and effectiveness through positive and constructive methods. However, improper employee conduct shall be considered good cause for disciplinary action.

Each supervisor shall have the responsibility and authority, with approval of the Department Head, to administer appropriate discipline to his/her subordinates using a positive progressive discipline process as a corrective measure.

SECTION 5-5-1 - DISCIPLINE PROCESS

- A) In general, the concept of progressive discipline means that a series of increasingly severe disciplinary actions will be administered to correct employee behavior or performance.
- B) This shall only be a guideline for supervisors, however. Not all discipline will begin with counseling or reprimands.
- C) The totality of the circumstances will dictate the appropriate level of discipline for each incident. Review of the particular facts and circumstances, such as the severity of the offense or an employee's disciplinary history, regardless of whether for the same offense, may indicate that more severe disciplinary measures, up to and including immediate termination, are appropriate.
- D) Whether or not the procedures are followed, all employees are subject to discharge when, in the sole opinion of the management, an employee's job performance or conduct threatens the wellbeing of the Town, its employees or its citizens.

SECTION 5-5-2 - DEFINITIONS

- A) Employee: Includes all Town employees of any status or classification, except elected officials.
- B) Initial evaluation employee: new employee whose continued regular employment depends upon the successful completion of an initial evaluation period. An employee may be terminated at any time with or without cause during the initial evaluation period.
- C) Notice of proposed disciplinary action: A written five (5) day advanced notice given to an employee documenting the proposed disciplinary action and the proposed effective date.
- D) Pre-action meeting: A meeting with the employee, the employee's representative, if desired, and the Department Head where the employee may present reasons in writing or orally as to why the proposed disciplinary action should not be taken.
- E) Progressive Discipline: A series of increasingly severe disciplinary actions, ranging from oral counseling to discharge.
- F) Termination: Used interchangeably with the word "discharge," meaning dismissal from employment. This does not include a layoff.

SECTION 5-5-3 - GROUNDS FOR DISCIPLINARY ACTION

- A) Discharge may occur as the result of a single serious infraction that warrants immediate dismissal, including but not limited to:
 - 1. Dishonesty, including intentionally giving false information, intentionally falsifying records or making false statements when applying for employment, lying to supervisors in connection with the employee's job; falsifying time sheets for payroll.

2. Discrimination or failure to abide by Equal Employment Opportunity regulations, including sexual or other harassment of a protected class.
 3. Reporting to work under the influence of intoxicants or nonprescription/illegal drugs or using such substances while on Town property.
 4. Theft or removal of Town money, merchandise, or property, including property in custody of the Town without permission.
 5. Possession of firearms, other weapons or explosives not authorized by the Town in Town facilities or while on Town business.
 6. Conviction of a felony or gross misdemeanor.
 7. Other reasons deemed valid by Town officials.
- B) Other grounds for disciplinary actions, up to and including discharge, include but are not necessarily limited to the following:
1. Being absent from work without permission or failure to report to the supervisor or Department when one is absent;
 2. Being habitually absent or tardy for any reason;
 3. Failure to follow the orders of one's supervisor(s);
 4. Inability or unwillingness to perform the assigned job; failure to perform assigned work in an efficient or effective manner;
 5. Participation in prohibited political activities;
 6. Acceptance of fees, gifts, or other valuable items in the performance of the employee's official duties for the Town;
 7. Any action, on or off the job, bringing discredit to the Town;
 8. Violations of any of the Town policies, Town ordinances, State or federal law;
 9. Violating safety rules and regulations; being wasteful of material, property or working time; failure to observe security or safety procedures;
 10. Two written reprimands or other disciplinary actions in 24 consecutive months;
 11. Inability to get along with fellow employees so that the work being done is hindered and not up to required levels; speaking critically or making derogatory or false accusations so as to discredit other employees or supervisors;
 12. The use of profanity or abusive language towards a fellow employee or member of the general public while performing official duties as a Town employee;

13. Abuse of sick leave privileges by reporting sick when not sick or obtaining sick leave pay falsely or under false pretenses;
14. Divulging or misusing confidential information, including removal from Town premises without proper authorization any employee lists, records, designs, drawings, or confidential information of any type;
15. Improper use of the Town's electronic storage and communications equipment, including without limitation the transmission or reception of any material in violation of federal, state, or local law or regulation or use for non-employment related matters;
16. Such other act, error or omission detrimental to the mission of the Town;
17. Other reasons deemed valid by Town officials.

SECTION 5-5-4 - TYPES OF DISCIPLINARY ACTION

- A) Oral Warning or Counseling: A verbal notice to the employee discussing a problem of relatively minor degree of the employee's performance. The oral warning or counseling shall be given in private. The supervisor shall inform the employee that the supervisor is issuing an oral warning, that the employee is being given an opportunity to correct the condition, and if the condition is not corrected, the person will be subject to more severe disciplinary action. A written notation of the warning is to be included in the employee's personnel file after acknowledgement by the employee (See 5-5-4. B.3).
- B) Written Reprimand:
 1. A written reprimand is issued if the initial measure of oral warning is not sufficient or if the infraction is severe enough to warrant a written reprimand in the employee's personnel file.
 2. Written reprimand notices must be issued within ten days after the occurrence of the violation claimed by the supervisor or ten days after completion of an administrative investigation. The contents of this notice will be explained to the employee in an interview.
 3. The original will be signed by the employee and placed in the employee's personnel file. If the employee refuses to sign the acknowledgement, then the supervisor and one other witness shall note on the reprimand that the employee received a copy and refused to sign it.
 4. A copy will be given to the employee and included in the employee's department file.
- C) Suspension with Pay: A suspension with pay is involuntary time off without loss of pay as a result of a severe infraction of policies or for repeated violation. For minor infractions, a suspension may often be given after the employee has received a written warning.
 1. Employee Decision-Making Suspension: The employee shall be instructed to decide during this "decision-making" suspension if he or she will commit to the correction of each performance deficiency and meet the Town's expected standards. Upon return to work, the employee will be required to submit, in writing, to the Department Head if and how he/she intends to meet the expected standards or has decided to leave the Town's employment. This type of suspension will not exceed one working day.
 2. Town Investigative Suspension: This action may be used to remove an employee from the

work site in order to allow for an investigation by the Town of behavior that is suspected of being illegal, that is not in the best interests of the Town, or that places other employees or citizens in jeopardy.

- a) If charges are substantiated, disciplinary action will be taken in accordance with the nature of the offense and may include recovery of salary and benefits paid during the suspension.
 - b) If charges are unfounded, the employee will be restored to duty and a letter of exoneration will be placed in the employee's official personnel file.
 - c) This type of suspension is normally paid and shall ordinarily not exceed 21 calendar days. The Town Manager, however, may authorize an extension when a comprehensive investigation will require more time to reach a conclusion.
- D) Suspension without Pay: Suspension without pay is involuntary time off with loss of pay. This type of action may be taken when the offense is of a serious enough nature to warrant discharge but when circumstances related to an employee's overall performance would not warrant immediate discharge. The length of suspension should not exceed 15 working days. The number of days of suspension, whether a specific number of days or indefinitely, will depend on the severity of the infraction.
- E) Involuntary Demotion: An involuntary demotion consists of a reassignment to a lower position classification. This type of action may be taken for serious improper conduct and/or consistent inability to meet job performance expectations. Generally, it will occur in a situation in which it is determined the employee is either unwilling or unable to perform his or her responsibilities of that position. Demotion is not a substitute for dismissal when dismissal is warranted. Employees who are returned to their previous assignments before completing a promotion evaluation period are not considered to have been involuntarily demoted.
- F) Discharge:
- 1. Discharge is the involuntary, permanent removal or termination of an employee from employment. Immediate removal of an employee from the job site pending review for discharge may be warranted in instances involving serious insubordination; theft; serious, illegal, or destructive acts while on the job; or other substantial reasons deemed appropriate by the Town Manager. An employee may also be discharged after repeated offenses of a less serious nature if the supervisor has documented the offenses and appropriate performance-related changes have not resulted from previous progressive disciplinary action. This does not include a layoff.
 - 2. During the initial evaluation period, employees may be terminated at any time with or without cause and without the right of appeal. Written notification of dismissal shall be signed by the employee who has not completed the initial evaluation period and placed in the employee's personnel file, with a copy given to the employee. The dismissal of such employees requires the concurrence of the Department Head, the Human Resources Director, and the Town Manager.

SECTION 5-5-5 - NOTICE TO EMPLOYEE

An employee who has completed the initial evaluation period shall receive a 5-day written notice of intent whenever the Town intends to take a disciplinary action resulting in termination, reduction in pay, demotion, or suspension without pay. Notice under this section is not required for layoffs, assignments, transfers, or reassignments, including those to or from lead positions. The notice will generally provide the following

information:

- A) Notice of the intended disciplinary action and the proposed date of implementation.
- B) The reasons for the action.
- C) The date and time, not more than 3-days after the notice is given to the employee, of a pre-action meeting with the Department Head (or his or her designee), for the employee to present reasons in writing or orally as to why the proposed disciplinary action should not be taken.
 - 1. The affected employee may have a non-attorney co-worker of the employee's choosing present during the pre-action meeting. The co-worker may not speak on behalf of the employee but may advise the employee during the meeting.
 - 2. Any relevant information presented by the employee regarding the proposed disciplinary action shall be considered.
- D) Failure by the employee either to attend the pre-action meeting or to timely submit reasons in writing why the proposed disciplinary action should not be taken will be deemed a waiver of the employee's right to do so and the proposed disciplinary action will be implemented as written.

POLICY 5-6 PERSONNEL ACTION REVIEW PROCEDURES

SECTION 5-6-1 - PURPOSE

The Town of Camp Verde provides personnel action review procedures as a means to:

- A) Ensure all employees fair and equitable treatment;
- B) Promote harmonious relations among employees, supervisors, and managers;
- C) Encourage the settlement of disagreements informally at the employee-supervisor level;
- D) Provide an orderly procedure to handle disagreements through the various supervisory levels when necessary;
- E) Resolve grievances as quickly as possible.

SECTION 5-6-2 - SOLE REMEDY

Policy 5-6 is the sole and exclusive internal remedy available to employees for resolving disputes arising from Town employment.

SECTION 5-6-3 - INFORMAL PERSONNEL ACTION REVIEW PROCEDURES

- A) An employee who has a problem or complaint, which does not qualify as a reviewable issue as defined below, should promptly inform, and discuss it with his or her immediate supervisor, endeavoring to resolve the matter expeditiously and informally at the employee-supervisor level.
- B) If informal discussion does not resolve the problem or complaint to the employee's satisfaction, the employee should discuss it with his or her supervisor's immediate supervisor, if any, the Department Head, the Human Resources Director, or the Town Manager or designee.
- C) Every effort should be made to find an acceptable solution by informal means at the lowest level of

supervision.

SECTION 5-6-4 - FORMAL PERSONNEL ACTION REVIEW

Except where formal review of the employment matter is not authorized by these procedures, any regular employee, not appointed by the Town Council, may file a request for formal review of an employment action involving termination, reduction in pay, involuntary demotion, or suspension without pay in accordance with the Formal Personnel Review Procedures set forth in Section 5-6-7. The employee may also file a request for formal review of an employment action involving Written Reprimand up to and including steps through Section 5-6-7 (c).

SECTION 5-6-5 - EMPLOYMENT MATTERS NOT SUBJECT TO REVIEW

The following employment matters are not subject to formal review:

- A) Placement of an employee in, or the content or structure of, the Town's Classification Plan;
- B) Placement of an employee in, or the content or structure of, the Town's Salary Plan;
- C) The content or structure of the Town's benefits programs;
- D) An employee's performance evaluation;
- E) Extension of an evaluation period;
- F) Assignments, transfers, or reassignments, including those to or from lead positions or special positions.
- G) Municipal finance or budgetary issues; and
- H) Layoffs;
- I) Oral warning or counseling.

SECTION 5-6-6 MISCELLANEOUS RULES

- A) Employees who have not completed an initial evaluation period with the Town are not permitted to use the formal personnel action review procedures.
- B) After an issue has been initially presented for review, an employee may not add new allegations at a subsequent step.
- C) Time limits provided in these procedures may be extended to a date assured by mutual written agreement of the Town and the appealing employee.
- D) An employee's failure to file a timely appeal in writing to the next step in the process will constitute a waiver, and the decision shall be final, binding and not subject to further review.
- E) Meetings held under these procedures shall be conducted at a mutually agreed upon time and place that affords a fair and reasonable opportunity for all persons entitled to be present to attend.
- F) No discipline, retaliation, or threats of retaliation shall be taken against any employee, representative, witness, or other participant, whether testifying or not, in these personnel action

review procedures by reason of such participation.

- G) All information obtained during the processing of a request for personnel action review will be maintained confidentially to the extent permitted by state law.
- H) Employees may have an observer present at any interview in the process. The observer may not participate in the interview; rather, the observer may merely attend and watch the interview.
- I) If the observer is a Town employee, the time spent attending the interview shall be counted as time worked for pay and benefit purposes.
- J) During any interview in the process, the employee seeking review shall be permitted to take reasonable breaks of limited duration to consult with any other person.
- K) For pay and benefit purposes, time spent by employees in discussions with management or in testifying before a "Hearing Officer" is considered time worked.
- L) Employment matters subject to review may be resolved or settled at any step in the process. Such matters will be processed until: (a) the employee is satisfied; (b) the employee does not file a timely appeal (as defined by the formal steps); or (c) a decision has been made in the final step.
- M) All employment decisions (and resulting wage and/or benefit losses flowing from them) are effective when made by the Department Head. Upon reversal of the decision at any step in the review process, the successful employee may recover any such wage and/or benefit losses previously incurred.

SECTION 5-6-7 – FORMAL PERSONNEL ACTION REVIEW PROCEDURE STEPS

- A) Step One: Appeal to Department Head
 1. Within five business days of the time the employee receives written notification of an employment matter that is subject to review, the employee must file a request for formal personnel action review with the Town's Human Resources Department on a form provided by the Town.
 2. The Department Head (or in the Department Head's absence, the person designated to act on the Department Head's behalf) shall investigate the issue, attempt to resolve it, and give a written decision to the employee within ten business days of having received the employee's request for formal personnel action review from the Town's Human Resources Department.
 3. If the issue involves the employee's Department Head, the Human Resources Department shall give the request for formal personnel action review to the Town Manager who shall proceed as stated in Step Two.
- B) Step Two: Appeal to Town Manager
 1. If the employee is not satisfied with the Department Head's decision or if no decision has been rendered within ten business days after submission to the Department Head, the employee may appeal the decision to the Town Manager.
 2. The appeal must be submitted in writing to the Human Resources Department within ten business days after delivery to the employee of the decision (Step Two) being appealed.

3. The Town Manager will review the appeal and communicate a decision in writing to all concerned parties within ten business days of having received the employee's written notice of appeal from the Human Resources Department.
 4. The Town Manager may delegate the duties under Step Two.
- C) Step Three: Appeal to a Hearing Officer
1. If the employee is not satisfied with the Town Manager's decision or if no decision has been rendered within ten business days after submission to the Town Manager, and provided the employment matter is subject to a Step Three appeal, the employee may appeal the decision to a qualified, independent Hearing Officer appointed by the Town. The Town shall maintain a list of qualified, independent, Hearing Officers.
 2. Provided they are not otherwise excluded under Section 5-6-5, only disciplinary actions taken by the Town that involve termination, reduction in pay, involuntary demotion, or suspension without pay are subject to a Step Three appeal to a Hearing Officer.
 3. An appeal must be submitted in writing to the Human Resources Department within ten business days after delivery to the employee of the Town Manager's decision. If the employee fails to submit a written appeal within ten business days, the lower action will be automatically affirmed.

SECTION 5-6-8 - RULES OF APPEAL TO THE QUALIFIED HEARING OFFICER

- A) The appeal will be a written statement, addressed to the Hearing Officer through the Human Resources Department, explaining the employment matter appealed, the action desired, and the reasons for it. The appeal shall also include all previous correspondence concerning the matter.
- B) Upon receipt of a notice of appeal, the Human Resources Department shall set a date and place for the hearing on the appeal within three (3) months from the effective date of the disciplinary action. The Human Resources Department shall notify all interested parties of the date, time, and place of the hearing.
- C) If an appeal is made the Human Resources Director, in consultation with the Town Manager and Town Attorney, if necessary, shall determine whether the appeal complies with these procedures and is subject to review. If so, a qualified Hearing Officer shall be appointed by the Town.
- D) Both the appellant and the Department Head shall submit to the Human Resources Department a list of witnesses, including names, addresses, and nature of the expected testimony from each, and a list of exhibits to be introduced at the hearing no later than seven (7) calendar days prior to the commencement of the hearing. No other witnesses or exhibits may be introduced at the hearing unless approved by the Hearing Officer. The Hearing Officer may grant a time extension beyond the required limits if requested by either party in writing and good cause is shown for granting the extension.
- E) The Town Attorney shall represent the Town and present the case to the Hearing Officer. The employee has the right to be represented by counsel at the employee's expense, to written notice of the specific grounds for termination, to disclosure of the evidence supporting the termination, the opportunity to confront and cross examine available adverse witnesses, the opportunity to be heard, in person, and present evidence, and to subpoena witnesses.

- F) Both the Town and the appellant will have the opportunity to present witnesses and evidence, to cross-examine witnesses, and to be heard in person.

- G) The findings and recommendation of the Hearing Officer shall be made to the Town Manager and shall include a written statement as to the evidence relied upon by the Hearing Officer and the reasons for his or her decision. The Town Manager has the final decision on all personnel appeals, and can modify, accept, or reject the recommendations of the Hearing Officer. If the Town Manager rejects the Hearing Officer's recommendation, he or she must state the reasons therefore in writing.

CHAPTER 6

EMPLOYMENT DEVELOPMENT

POLICY 6-1 - EDUCATION ASSISTANCE

SECTION 6-1-1 - PURPOSE

The Town of Camp Verde recognizes that the skills and knowledge of its employees are critical to the success of the organization. The education assistance program encourages personal development through formal education so that employees can maintain and improve job-related skills or enhance their ability to compete for reasonably attainable jobs within the Town.

SECTION 6-1-2 - ELIGIBILITY FOR PARTICIPATION

- A) All regular full-time employees with satisfactory work and attendance standards who have successfully completed the initial evaluation period are eligible to participate.
- B) Employees who are receiving grants, scholarships, or veteran's benefits are eligible to participate, but only to the extent that employee's course tuition costs are not covered by these external funds.
- C) Only those courses beginning after the new employee's initial evaluation period ends will be considered for reimbursement.
- D) Employees participating in the program are required to achieve grade C or higher in order to remain eligible.
 - 1. An original grade report or transcript must be provided to Human Resources within 45 days of the completion of each course. Failure to submit the grade report or transcript within the time limit will result in disqualification for tuition assistance.
 - 2. Courses taken on a pass/fail basis must be "passed." Non-graded courses (graded satisfactory/unsatisfactory) must be completed with a "satisfactory" grade. No courses may be audited.
 - 3. Courses will only be reimbursed one time through this program. If the employee elects or is required to retake the course, the employee will be responsible for the cost, regardless of time in between reimbursement, location of course, or reason for retaking the course.
- E) Generally, only those courses requiring attendance during off-work hours will be considered for tuition assistance. With approval from their Department Head, an employee may flex their work schedule to attend an approved tuition assisted course.

SECTION 6-1-3 - CRITERIA FOR APPROVAL

- A) All applications for educational assistance are expected to have the prior approval of their Department Head. The initial step to qualify for the educational assistance program is to apply for the assistance with the Human Resources Department. Human Resources will administer the educational assistance program. Tuition assistance funding levels are recommended by the Town Manager and approved by the Town Council through the fiscal year budget process.
- B) The program provides tuition assistance for courses that are:
 - 1. Directly related either to the employee's present job or to a position within the Town to which

the employee could logically progress in the future; or

- C) A part of a planned program leading to an undergraduate or graduate degree in a field that has applicability to Town business (e.g., accounting, engineering, criminal justice, management). The course must be:
 - 1. Taken on the employee's own time and
 - 2. Approved by the applicable Department Head, and the Town Manager.
- D) Courses may be taken at Town-approved:
 - 1. Accredited colleges, universities, community colleges;
 - 2. State or public-school systems, adult education systems, vocational and trade schools.

SECTION 6-1-4 - REIMBURSEMENT

- A) The Town will reimburse 100% of the actual tuition as identified by the school, college, or university and agreed upon by the Human Resources Director and available funding.
 - 1) To ensure fund availability, employees are required to submit a Tuition Reimbursement request during the fiscal budget planning process.
 - 2) During limited funding periods, reimbursements are granted on a first-come-first-served basis.
- B) The employee must bear all other expenses, which include but are not limited to books, supplies, parking, transportation, transcripts, application and administrative fees, lab fees, and other non-tuition expenses.

SECTION 6-1-5 - TERMINATION OF EMPLOYMENT

- A) Each employee will be required to sign an agreement stating that if he or she separates from Town employment for any reason within two years of receiving reimbursement, an amount will be withheld from the final paycheck according to the following schedule:

Date of Separation	Percentage of Reimbursement Withheld from Final Paycheck
Under 6 months after receiving reimbursement	100%
6 to 12 months after receiving reimbursement	75%
12 to 18 months after receiving reimbursement	50%
18 to 24 months after receiving reimbursement	25%
24+ months after receiving reimbursement	0%

- B) If the amount of the employee's final paycheck is not sufficient to cover costs, the individual will be required to reimburse the Town for the amount due at the time of termination.

POLICY 6-2 - TOWN-SPONSORED and REQUIRED TRAINING

It is the policy of the Town to encourage and coordinate training opportunities for employees and supervisors in order that services performed by the Town will be more efficient and effective. Training is defined as any work-related seminar, conference, convention, or workshop attended by an employee whose registration and expenses are funded in whole or in part by the Town.

SECTION 6-2-1 - PROCEDURES

- A) Attendance at training programs within the state will be approved at the Department Head level.
- B) Attendance at training programs out-of-state require approval by the Town Manager prior to registration.
- C) After returning from a training program, employees will normally summarize for the Department Head what new expertise they have gained that may be shared with other employees. The Department Head will disseminate the information as appropriate.
- D) Town-sponsored and required training shall generally be arranged during regularly scheduled work hours. A Department Head may change the standard work hours to accommodate or require attendance at such training activities. Required training shall be recorded as time worked within the meaning of this policy.
- E) Employees who acquire training on their own time and expense are encouraged to notify the Human Resources Department so the information can be noted in the employee's personnel file. A copy of any certificates awarded should be forwarded for inclusion in the employee's personnel file.
- F) The Human Resources Department shall maintain an employee training history and shall periodically audit training attendance and policy compliance.

SECTION 6-2-2 WAGE ADJUSTEMENTS FOR TRAINING AND CERTIFICATIONS

Some training and certifications may allow for the employee's wage adjustment.

- A) Pay increases for obtaining any newly acquired certifications must be directly related to the employee's current position or a higher position within the same field of work to prepare the employee for potential promotional opportunities.
- B) To be eligible for a wage adjustment for training and certification, an employee must be employed on a full-time basis and have a history of satisfactory work and attendance standards after successful completion of the initial evaluation period.
- C) Pay increase amounts and funding levels are approved by the Town Manager during the annual fiscal year budget process.
- D) Certifications and training that are required to perform essential job functions do not qualify for wage adjustments.
- E) Certifications and training that are not evaluated by way of assessment (i.e. certificate of attendance) do not qualify for wage adjustments.

CHAPTER 7

SAFETY AND HEALTH

POLICY 7-1 - SAFETY AND LOSS MANAGEMENT

The Town is committed to providing a safe and healthy working environment. In this connection, the Town makes every effort to comply with relevant federal and state occupational health and safety laws and to develop the best feasible operations, procedures, technologies, and programs conducive to such an environment. The Town's policy is aimed at minimizing the exposure of its employees and visitors to its facilities to health and safety risks.

SECTION 7-1-1 - EMPLOYEES SUPPORT FOR SAFE WORK PRACTICES

- A) All employees are expected to work diligently to maintain safe and healthy working conditions and to adhere to proper operating practices and procedures designed to prevent injuries and illnesses.
- B) The responsibilities of all employees in this regard include:
 - 1. Exercising maximum care and good judgment at all times to prevent accidents and injuries;
 - 2. Reporting to supervisors and seeking first aid for all injuries, regardless of how minor;
 - 3. Reporting unsafe conditions, equipment, or practices to supervisors;
 - 4. Using safety equipment provided by the Town at all times;
 - 5. Observing conscientiously all safety rules and regulations at all times;
 - 6. Notifying their supervisor, before the beginning of the work day, of any medications they are taking that may cause drowsiness or other side effects that could lead to injury to them and their co-workers; and
 - 7. Participating in appropriate safety training.

SECTION 7-1-2 - SAFETY COORDINATOR

The Town designates a full-time employee as its Safety Coordinator. The Safety Coordinator, along with the Town Manager, Department Heads, Supervisors, and Human Resources staff, will monitor and encourage compliance with safety and loss prevention programs, including education and training.

SECTION 7-1-3 - EVALUATION OF SAFETY PERFORMANCE

Employees are rated on appropriate safety performance as part of their performance evaluation.

SECTION 7-1-4 - USE OF TOWN EQUIPMENT AND VEHICLES

The improper, careless, negligent, destructive, or unsafe use or operation of equipment or vehicles, as well as excessive or avoidable traffic and parking violations, shall result in disciplinary action up to and including termination of employment.

POLICY 7-2 RETURN TO WORK

Employees of the Town who are, or could be, on leave of absence from their duties as a result of work-related illness or injury may be eligible for the Return-to-Work Program upon written certification of a medical care provider. The medical care provider must certify that the employee may return to work with restrictions on physical requirements of the job in question, and that those restrictions are not expected to last more than 180 days.

SECTION 7-2-1 TEMPORARY AND PERMANENT RESTRICTIONS

A restriction identifies a physical condition that prevents an employee from performing the full scope of his or her job duties as outlined in the job description. There are two types of restrictions.

- A) Temporary restrictions are defined as those limitations placed on an injured employee by a physician that are of a relatively short duration (less than 180 days) and the employee is expected to fully recover and to return to normal working conditions.
- B) Permanent restrictions are defined as those limitations placed on an employee by a physician that are expected to be long term (more than 180 days) or from which recovery is not expected. Employees who fall into this category are not eligible for participation in the Return-to-Work Program. They may elect to seek alternative employment or file for a “reasonable accommodation” under the Americans with Disabilities Act.

SECTION 7-2-2 - ALTERNATIVE JOB PLACEMENT

- A) When an employee is approved for participation in the Return-to-Work Program, primary consideration will be given to job placement within the employee’s department and normal job duties.
- B) A secondary consideration will be alternative placement into another department or another assignment. That may mean an assignment that is a lower classification than the normal job assignment and commensurate wages for the duration of the temporary assignment.
- C) A critical consideration is to place the employee in a position to perform productive work that is both useful to the Town and achievable within the restrictions placed on the employee. Under no circumstances will a position be created solely for the purpose of providing work for an employee who is eligible to return to work under a temporary restriction. If there is no work available within the employee’s department or in another department or assignment, the employee may remain on industrial leave.
- D) An employee shall not be returned to work to any job that is punitive in nature.

SECTION 7-2-3 - PLACEMENT NOT SUBSTITUTE FOR FILLING VACANCIES

Alternative placement will not be used to avoid the filling of vacancies within the department in question.

SECTION 7-2-4 - PARTICIPANT REQUIRED TO OBEY RULES

An employee participating in the Return-to-Work Program is subject to all rules, regulations, standards, policies, and procedures of the Town and the specific department.

SECTION 7-2-5 - PROCEDURE

- A) An employee must submit a written request and a written certification signed by a physician, noting the employee's restrictions and length of those restrictions. The Department Head and the Human Resources Director will evaluate the request in order to determine whether or not an employee is able to return to the assigned position.
- B) If authorized to participate in the Return-to-Work Program, the employee will be notified by the Department Head of the date he or she is expected to return to work.
- C) In no case will an employee authorized to participate in the Return-to-Work Program be placed in an area that will pose a health or safety risk to the Town, other staff, or the injured employee.

POLICY 7-3 - NO SMOKING

Smoking is prohibited throughout the Town's buildings and immediate workplace and in Town vehicles. This policy applies equally to all employees and visitors.

SECTION 7-3-1 - SMOKING AREAS

Employees who smoke may do so outside of the Town buildings in the properly designated areas. State law prohibits smoking in places of employment as well as within 20 feet of entrances/exits, windows, and ventilation intakes.

SECTION 7-3-2 - SMOKING BREAKS

Smoking breaks shall be limited to the same number of breaks that other Town employees receive.

SECTION 7-3-3 - SMOKING CESSATION

Employees who smoke, but who want to quit should contact Human Resources staff for information on possible medical insurance carrier and community resources, literature, or smoking cessation programs that may be available.

POLICY 7-4 - VIOLENCE IN THE WORKPLACE

SECTION 7-4-1 - CONSEQUENCES OF PROHIBITED CONDUCT

Any threats or acts of violence made by an employee against another person's life, health, well-being, family, or property are entirely unacceptable and are cause for immediate dismissal, even for a first offense. This policy holds for any threats made on Town property, at Town events or under other circumstances that may negatively impact the Town's ability to conduct its business.

SECTION 7-4-2 - INFRINGEMENT ON SAFE WORKPLACE

- A) Acts or threats of violence, whether made directly or indirectly, explicitly or implied, by words, gestures, or symbols, infringe upon the Town's right or obligation to provide a safe workplace for its employees and are prohibited.
- B) Possession of firearms, explosives, or weapons not authorized by the Town is considered threats of violence and is prohibited. The consequences of such prohibited possession is disciplinary action, up to and including immediate discharge.

SECTION 7-4-3 - COMPLAINT PROCEDURE

Any employee who believes that he or she has been, is or may be the target of threats or acts of violence or has witnessed or otherwise learned of violent conduct by another employee or by a third party, should contact a supervisor, Department Head, Human Resources Director, or the Marshal's Office immediately.

POLICY 7-5 - DRUG AND ALCOHOL-FREE WORKPLACE

It is the policy of the Town of Camp Verde that its employees be free of substances and alcohol abuse. Consequently, the use of illegal drugs by employees is prohibited. Further, employees shall not use alcohol during work hours or engage in "prohibited conduct" as defined in this policy. The overall goals of this policy are to ensure a drug-free and alcohol-free work environment and to reduce accidents, injuries, and fatalities.

SECTION 7-5-1 - CONSEQUENCES OF PROHIBITED CONDUCT

Illegal drug use, alcohol abuse, and failure to participate in drug screening are grounds for discipline up to and including discharge, even for a first offense.

SECTION 7-5-2 - DEFINITIONS OF PROHIBITED CONDUCT

- A) Illegal Drug Use includes possessing, using, purchasing, distributing, or selling illegal drugs, or reporting to work impaired by illegal drugs. Under this policy, "illegal drugs" include any drug or drug-like substance that:
 - 1. Is not legally obtainable;
 - 2. May be legally obtainable but has not been legally obtained; or
 - 3. Is being used in a manner or for a purpose other than prescribed.
- B) Alcohol Abuse includes possessing, using, purchasing, distributing, or selling alcoholic beverages at any time during the hours between the beginning and ending of the employee's workday, or reporting to work or working impaired by alcohol in any way.
- C) Failure to participate in the Town's drug and alcohol testing policy includes:
 - 1. Failure to submit to drug or alcohol testing;
 - 2. Failure to report immediately for drug or alcohol testing when requested to do so;
 - 3. Refusal to sign all appropriate consent forms; or
 - 4. Any other failure to cooperate to the Town's complete satisfaction.

SECTION 7-5-3 - USE OF LEGAL DRUGS

- A) While this policy does not prohibit the use of legal drugs, employees are required to notify the Human Resources if the use of any legal drug may endanger their safety or the safety of others. For example, an employee should tell the Human Resources Department if they are using any legal drug that warns about drowsiness or cautions against operating heavy machinery after use.
- B) "Legal Drugs" as used in this policy include prescribed and over-the-counter drugs or medications that have been legally obtained and are being used only for the purpose for which they were prescribed or manufactured.

- C) Anyone who fails to notify his or her supervisor about the use of legal drugs will be subject to disciplinary action up to and including discharge, even for a first offense.

SECTION 7-5-4 - TYPES OF TESTS

The Town has implemented four circumstances for drug and alcohol testing.

- A) Pre-employment Testing
1. Candidates selected for "safety-sensitive" positions must submit to a drug test. Any potential hire who tests positive for illegal drug use will be ineligible for employment with the Town.
 2. "Safety-sensitive" positions include those positions involving work that may pose a great danger to the public, the employee, or other employees (i.e., peace officers, work involving the operation of dangerous instrumentalities, or any position that requires an employee to operate heavy duty vehicles or transport others).
- B) Post-Accident Testing for all employees
1. Any employee, while on-duty and driving a Town vehicle, is subject to drug and alcohol testing any time he or she is involved in an accident where:
 - a) A fatality is involved;
 - b) The driver receives a citation for a moving violation arising from an accident where anyone involved requires immediate treatment for an injury away from the accident scene; or
 - c) Any vehicle involved incurs "disabling damage" (for example, must be towed away).
 2. Following any accident, the employee must notify the Town as soon as possible.
 3. Any time a post-accident drug or alcohol test is required, it must be performed as soon as possible following the accident. If no alcohol test can be made within 8 hours, attempts to perform an alcohol test shall cease. If no urine collection can be obtained for purposes of post-accident drug testing within 32 hours, attempts to make such collection shall cease.
 4. In the event that federal, state, or local officials conduct tests for the use of alcohol or controlled substances following an accident, these tests may meet the requirements of this policy, provided the tests conform to applicable federal, state, or local requirements. The Town may request or require testing documentation from such agencies and may ask or require the employee to sign a release allowing the Town to obtain such test results.
 5. In the event a driver is so seriously injured that he or she cannot provide a sample of urine, blood, breath, or saliva at the time of the accident, the driver must provide necessary authorization for the Town to obtain hospital records or other documents that would indicate the presence of controlled substances or alcohol in the driver's system at the time of the accident.

C) Random Testing for certain Safety-Sensitive employees

1. Any employee who holds a CDL or is assigned to a Narcotics Enforcement Unit shall be subject to random drug and alcohol testing. The Town or its agents will submit all the required names to a random selection system. The random selection system provides an equal chance for each employee to be selected each time random selection occurs. Random selections will be reasonably spread throughout the year.
2. To meet DOT requirements, the Town will test the average number of employee positions requiring a CDL in each calendar year at a rate established by the Department of Transportation (DOT) for the given year.
3. Random selection, by its very nature, may result in employees being selected in successive selection or more than once a calendar year. Alternatively, some employees may not be selected in a calendar year.
4. If an employee is selected at random for either drug or alcohol testing, a Town supervisor will notify the employee. Once notified, every action the employee takes must lead to a collection. If the employee engages in conduct that does not lead to a collection as soon as possible after notification, such conduct may be considered a refusal to test.

D) Reasonable Suspicion Testing

1. The Town will require an employee to submit to alcohol and/or drug testing when there is reasonable suspicion to believe that the employee is engaged in illegal drug use or alcohol abuse.
2. For purposes of this policy, "reasonable suspicion" will be based on specific observations concerning the appearance, behavior, speech, or body odors of an employee, including, without limitation, slurred speech, red eyes, dilated pupils, incoherence, unsteadiness, unexplained carelessness or accidents, erratic behavior, inability to perform the job and other unexplained behavior changes.
3. These observations will be made by a supervisor, a peace officer, or other Town official who has been trained to recognize signs of alcohol and/or drug use.

SECTION 7-5-5 - AUTHORIZATION FOR PREVIOUS TEST RECORDS OF CDL HOLDERS

As a condition of employment, any employee who is required to hold a commercial driver's license (CDL) for the position shall sign a release authorizing the Town to obtain drug and alcohol testing records from the employee's previous employers for the previous two years. The Town will verify that no prior employer of the employee has records indicating a violation of any DOT rule pertaining to controlled substance or alcohol use within the previous two years.

SECTION 7-5-6 - DRUG TESTING

Drug and alcohol testing will be performed through means of breath, urinalysis, or blood testing. Urinalysis or blood testing will test for the presence of drugs and/or metabolites of the following controlled substances: marijuana, cocaine, opiates, amphetamines, phencyclidine (PCP) and all other controlled substances.

- A) The collection of samples shall be performed under reasonable and sanitary conditions.
1. Sample testing shall comply with scientifically accepted analytical methods and procedures. Drug testing shall be conducted at a laboratory approved or certified by the United States Department of Health and Human Services. Breath tests will be administered on an instrument approved by the Arizona Department of Health Services or the United States Department of Transportation.
 2. Sample collections shall be documented, and these documentation procedures shall include the following:
 - a. Samples shall be labeled in order to reasonably preclude the possibility of misidentification of the person tested in relation to the test provided.
 - b. Samples shall be split at the time they are collected and both splits shall be sent to the lab together.
 - c. The person being tested shall present reliable individual identification to the person collecting samples.
 - d. Sample collection, storage, and transportation shall be performed in a manner reasonably designed to preclude the possibility of sample contamination, alteration, or misidentification.
 - e. Drug use testing shall include confirmation of any positive drug test results for employees. Confirmation of positive drug test results for employees shall be by use of a different chemical process than was used in the initial drug use test. The second or confirmatory drug use test shall be a chromatographic technique such as a gas chromatography-mass spectrometry or another comparable reliable analytical method.
 - f. A drug use test shall be considered positive after the test is reviewed by a medical review officer and the MRO makes a determination. Information regarding the screening cutoff levels for various drugs will be made available upon request. An alcohol impairment test shall be considered positive when an employee's breath alcohol amount tests at .02% or greater.
- B) Laboratory Results: All laboratory results will be reported to the Human Resources Director for the Town. At the Human Resources Director's sole discretion, a determination will be made as to whether a result is positive or negative.
1. Negative test results will be reported to the Department Head.
 2. Before reporting a positive test result, the Human Resource Director will contact the employee to discuss the test results. After being contacted, the employee shall report to the Human Resources Director immediately. The employee has the right to explain the test result in a confidential setting. If the employee fails to report to the Human Resources Director within five days after notification, the Human Resources Director may verify the test is positive.
 3. After any positive verification, the employee may petition the Human Resources Director to reopen the case for reconsideration.

- C) Confidentiality: Individual test results for employees will be released to the Town and will be kept strictly confidential unless consent for the release of the test results has been obtained from the employee.
- D) Request for Results: Any individual who has submitted to drug testing in compliance with this policy is entitled to receive the results of the drug testing upon a timely written request.

SECTION 7-5-7 - ALCOHOL TESTING

- A) The Town will perform alcohol testing using a device that is on the National Highway Traffic Safety Administration's (NHTSA) conforming products list (CPL) and meets the DOT's testing requirements. This may be a breath-testing device, a saliva-testing device or any other approved device and may be provided through a trained supervisor or the Camp Verde Marshal's Office.
 - 1. The device will be operated by a technician who is certified and trained on the specific device he or she will be operating.
 - 2. The employee shall report to the alcohol-testing site as notified by the Town. The employee shall follow all instructions given by the alcohol technician.
- B) Any initial test indicating a Blood Alcohol Concentration (BAC) of .02 or greater will be confirmed on a breath testing device. The confirmation test will be performed no sooner than 15 minutes and no later than 30 minutes following the completion of the initial test.
 - 1. In the event the confirmation test indicates a BAC of .02 to .0399, the employee shall be removed from duty for 24 hours or until his/her next scheduled on-duty time, whichever is longer.
 - 2. Employees with tests indicating a BAC of .04 or greater are considered to have engaged in prohibited conduct, which shall result in disciplinary action up to and including termination, even for a first offense.
- C) All alcohol tests shall be performed just prior to, during, or just after duty.

SECTION 7-5-8 - SUBSTANCE ABUSE EVALUATION, RETURN-TO-DUTY, AND FOLLOW-UP TESTING

- A) Any employee who engages in prohibited conduct shall be provided with the names, addresses, and telephone numbers of qualified Substance Abuse Professionals (SAPs). If the employee desires to become requalified for employment with the Town, the employee must be evaluated by SAP and submit to any treatment the SAP prescribes.
- B) Following evaluation and treatment, if any, in order to become requalified for employment with the Town, an employee must submit to and successfully complete a return-to-duty drug and/or alcohol test.
- C) The employee is also subject to follow-up testing. Follow-up testing is separate from and in addition to the Town's reasonable suspicion, post-accident and random testing procedures. The schedule for follow-up testing shall be unannounced and in accordance with the instructions of SAP. Follow-up testing may continue for a period of up to 60 months following the employee's return to duty. No fewer than 6 tests shall be performed in the first 12 months of follow-up testing.

- D) The costs of any SAP evaluation or prescribed treatment shall be borne by the employee. The Town does not guarantee or promise a position to the employee should he/she regain qualified status.

SECTION 7-5-9 - DISCIPLINE AND APPEALS

- A) The disciplinary procedures included in this policy are subject to the notice provisions of the Discipline System Policy and appeal provisions included in the Problem Resolution Policy.
- B) The disciplinary guidelines contained in this policy supersede the progressive discipline policies of the Discipline System Policy.

SECTION 7-5-10 - CONTRACTORS AND VISITORS

Contractors and their employees or representatives and visitors will be notified that the Town of Camp Verde prohibits the use, possession, sale or distribution of drugs or alcohol on its property or at its work sites. Any person who is reasonably suspected to have drugs in his or her system or to be impaired by alcohol while on Town of Camp Verde property or work site is in violation of this policy. Contractors and their employees or representatives and visitors violating this policy will be refused entry onto Town property or Town work sites. In addition, appropriate legal entities may be contacted as required and appropriate.

SECTION 7-5-11 - NOT A CONTRACT

This policy is not intended, nor should it be construed as a contract between the Town and the employee. This policy may be changed at any time at the sole discretion of the Town Council.

CHAPTER 8

TERMINATION OF EMPLOYMENT

POLICY 8-1 - EMPLOYMENT END

Employment with the Town of Camp Verde may be ended voluntarily or involuntarily.

SECTION 8-1-1 - SERVICE RETIREMENT

Service retirement is voluntary termination after having satisfied the employment requirements of applicable retirement system procedures.

SECTION 8-1-2 - DISABILITY RETIREMENT

Disability retirement is voluntary termination necessitated by an injury or illness that renders the employee incapable of performing the essential tasks of his or her usual job. The termination is preceded by a letter from the employee to his or her supervisor advising of the disability ruling, date of termination, supporting documentation, and a ruling by the appropriate agency verifying the disability and approving the retirement.

SECTION 8-1-3 - EMPLOYEE-INITIATED RESIGNATION

An employee-initiated resignation is voluntary termination for any reason other than formal retirement. An employee wanting to leave the Town in good standing should provide a written resignation to his or her immediate supervisor at least 14 calendar days prior to the effective date of resignation. During the two weeks before the effective date, the employee will be available for work to aid in the training of a replacement. Exceptions to the time limit requirement may be granted by the Town Manager.

SECTION 8-1-4 - TERMINATION DURING INITIAL EVALUATION

During the initial evaluation period, an employee may be terminated at any time, with or without cause, by the Department Head after consultation with the Human Resources Director and the Town Manager.

SECTION 8-1-5 - DISCHARGE

Discharge is involuntary termination or dismissal of an employee by the Town.

SECTION 8-1-6 - LAYOFF AND RECALL

- A) Layoff means the reduction of employees due to budgetary constraints, shortage of work, a material change in duties or organization, or other reasons determined by the Town Manager. Layoff shall not be used in lieu of discipline.
- B) A Department Head may lay off an employee with the approval of the Town Manager because of material change in duties or organization or because of shortage of work or funds. Affected employees shall be given written notice as soon as possible, but not later than a minimum of 14 calendar days prior to the effective date of a proposed layoff.
- C) Layoff decisions, recall and filling of regular job vacancies may be made based on documented ability and performance of the duties required in the job and consideration of an employee's length of continuous service with the Town in the classification. Where documented performance, experience, and qualifications are equal, decisions to lay off, recall, and fill vacancies will be normally be made on seniority within the affected classification within the department.

- D) Layoff decisions shall be coordinated among the various Town departments to provide possible transfer of employees to positions for which the employees qualify.
- E) An employee who has been laid off by the Town may be recalled within one year of the layoff if the employee's previously held job is reopened or if a similar job for which the laid off employee is qualified becomes available. The Town is not required to follow the competitive hiring process to recall a laid off employee.

POLICY 8-2 - EXIT PROCESS

The Department Head is responsible for coordinating the exit process with the Human Resources Department.

SECTION 8-2-1 - EXIT CLEARANCE

Included in the final clearance is a verification that all Town equipment, materials, and supplies, such as keys, identification card, Town credit cards, and uniforms, depending upon the department, etc., have been returned.

SECTION 8-2-2 - EXIT INTERVIEW

Regular full-time and regular part-time employees can participate in an exit interview. The interview will be scheduled prior to the last day of employment. The Exit Interview shall be maintained separately from the employee's personnel file. Temporary employees do not ordinarily participate in an Exit Interview unless they volunteer to complete the interview.

SECTION 8-2-3 - FINAL PAYCHECK

- A) The Finance Department shall be notified of the employee's separation date through the Personnel Action Form. Employees shall receive pay for work performed through the last hour worked and for unused benefits as stipulated by Town policy and laws governing such payments.
 - 1. Involuntarily terminated employees must be issued their final paycheck within 3 working days of the termination. It is the responsibility of the Department Head to forward to Human Resources all completed paperwork to meet this federal requirement.
 - 2. All other employees who leave the employment of the Town will be paid at the next regular pay period.
 - 3. Costs of unreturned Town property will be deducted from the final paycheck.
- B) Before the final paycheck is issued to the employee, it is the responsibility of the Department Head to ensure that the employee has completed final clearance. Verification of clearance must accompany the Personnel Action Form.

SECTION 8-2-4 - CONTINUATION OF BENEFITS

- A) Benefits continue through the time actually worked by the employee. If the employee works any part of the month, Town-provided insurance benefits will continue through the last day of the month.
- B) Employees eligible to continue health benefits through C.O.B.R.A. and H.I.P.A.A. will be notified by the Town's Health Insurance Administrator within the time limit determined by law.

- C) For those employees who are not retiring, monies accumulated in the employee's retirement account are refundable. Forms required to request this refund are available through the retirement plan.

POLICY 8-3 - VERIFICATION OF TOWN EMPLOYMENT

It is the policy of the Town of Camp Verde that employee personnel records are confidential.

- A) Dates of employment, job classification, current or last rate of pay, department in which employee works or worked and eligibility for rehire will be verified in response to outside requests. Additional information may be shared in conformance with state law.
- B) All requests or phone calls for verification of employment or wages of current or former employees, written or verbal, should be forwarded to the Human Resources Department for processing.

POLICY 8-4 - RE-EMPLOYMENT

SECTION 8-4-1 - ELIGIBILITY

- A) Regular employees who resign from Town service in good standing after completing their initial evaluation period may be re-employed, upon approval of the Department Head, to an equivalent or lower position class occupied at the time of resignation. Employees re-employed within 120 days are considered to have continuous service for purposes of benefits.
- B) Promoted employees who resign during their promotion evaluation period are not eligible for re-employment in that position class but may be re-employed in the position occupied before promotion.
- C) Persons interested in re-employment should file a completed Town application form with the Human Resources Department. The individual will then proceed through the regular hiring procedures with other applicants as described in the Hiring Process Policy.
- D) The individual's previous personnel file will be re-activated once re-employed by the Town, provided re-employment is within five years after the original resignation.
- E) The date of hire will take the person's previous service with the Town into account; however, future performance pay increases will coincide with the re-employment date.
- F) Re-employed individuals must serve the required initial evaluation period.

SECTION 8-4-2 - COMPENSATION AND BENEFITS

- A) An individual re-employed in his or her former position may be paid at the same pay at the time he or she left the Town, provided that the re-employment is within 120 days of the previous resignation.
- B) Compensation of an employee re-employed to a position other than the former position will be subject to provisions for new hires.
- C) Re-employment after 30 days requires employees to serve the required waiting period for insurance benefits.

- D) Vacation leave eligibility will be based on previous Town service if re-employment occurs within 120 days of the previous resignation.



Town Council

Agenda Information Memorandum

Meeting Date: July 2, 2025

Agenda Item Type:

- | | | |
|--|---|--|
| ☒ Consent Agenda | ☐ Informational Presentation | ☐ Discussion Item |
| ☐ Action/Decision Item | ☐ Executive Session Request | ☐ Other: |

Requesting Department: Human Resources

Staff Resource: HR Director Julia Kaiser

Agenda Title: Consideration and possible adoption of the revised and amended Permanent Salary Range Table.

Attached Documents: Town's Permanent Salary Range Table as amended

Estimated Presentation Time: N/A

Estimated Discussion Time: N/A

Reviewed By:

- | | | | | |
|--|---|--|---|---------------------------------|
| ☒ Town Manager | ☒ Legal | ☐ Risk Management | ☒ Finance | ☐ Other: |
|--|---|--|---|---------------------------------|

Financial Review (if applicable):

- Funding Source / GL Account Number:
- Approved in the FY25 Budget? ☐ Yes ☐ No ☒ N/A ☐ Other:
- Is this an approved CIP Project? ☐ Yes ☐ No ☒ N/A ☐ Other:

Background Information:

The revised salary table reflects recommendations presented to the Council at the meeting held on June 4, 2025. At that time the Council reviewed the proposed changes to include updated job titles, removal of eliminated positions, and reclassification of some positions. Approved amendments and revisions do not constitute the hiring of any additional non-budgeted employees but are intended to give a better description of the current work performed by such employees and new updated wages. This is an annual process because of the annual increase of Arizona's Minimum State Wage. The new revised salary table will go into effect on July 6, 2025.

Connection to the [FY25-FY30 Strategic Plan](#)

Annual salary table revisions allow for more competitive wages thus contributing towards retaining, developing, and engaging a highly effective workforce as outlined in the Strategic Plan under "Effective Government".

Question(s) before the Council:

- Does Council have any questions for staff?

Proposed Motion:

I move to APPROVE the revisions to the Salary Range Table.

Town of Camp Verde
Permanent Salary Range Table Effective 7/6/25

New Salary Range	Minimum (Annual/Hourly)		Midpoint (Annual/Hourly)		Maximum (Annual/Hourly)		Job Classifications
	\$ 30,576	\$ 14.70	\$37,456	\$ 18.01	\$44,335	\$ 21.32	Arizona State Minimum Wage
1	\$32,656	\$ 15.70	\$40,004	\$ 19.23	\$47,351	\$ 22.77	Janitor Library Clerk Visitor Center Ambassador
2	\$34,289	\$ 16.49	\$42,004	\$ 20.19	\$49,719	\$ 23.90	Library Clerk, Senior
3	\$36,003	\$ 17.31	\$44,104	\$ 21.20	\$52,205	\$ 25.10	Parks & Rec Leader I
4	\$37,803	\$ 18.17	\$46,309	\$ 22.26	\$54,815	\$ 26.35	
5	\$39,694	\$ 19.08	\$48,625	\$ 23.38	\$57,556	\$ 27.67	Grounds Maintenance Worker I Building Maintenance Worker I Parks & Rec Leader II Administrative Assistant Administrative Clerk Utilities Clerk Trainee Library Specialist I
6	\$41,678	\$ 20.04	\$51,056	\$ 24.55	\$60,433	\$ 29.05	Spanish Outreach Library Specialist Animal Control Officer Senior Recreation Leader Records Specialist I Library Specialist II Court Specialist I Quartermaster Finance Clerk Property & Evidence Custodian Grounds Maintenance Worker II Building Maintenance Worker II Streets Maintenance Worker Water Operator Trainee Wastewater Operator Trainee Permit Technician I Utilities Clerk I
7	\$43,762	\$ 21.04	\$53,609	\$ 25.77	\$63,455	\$ 30.51	Permit Technician II Records Specialist II Water Operator I Wastewater Operator I Equipment Operator Court Specialist II Utilities Clerk II
8	\$45,950	\$ 22.09	\$56,289	\$ 27.06	\$66,628	\$ 32.03	Parks & Rec Coordinator Court Specialist III Utilities Clerk III Permit Technician III Stormwater Specialist Equipment Operator, Senior Water Operator II Wastewater Operator II
9	\$48,248	\$ 23.20	\$59,104	\$ 28.42	\$69,959	\$ 33.63	Youth Services Supervisor Grounds Maintenance Lead Building Maintenance Lead Court Security Officer Dispatcher Trainee Water Operator III Wastewater Operator III Building Inspector I Code Enforcement Officer I Plans Examiner I
10	\$50,660	\$ 24.36	\$62,059	\$ 29.84	\$73,457	\$ 35.32	Public Works Analyst Code Enforcement II Plans Examiner II Dispatcher

							Planner I Building Inspector II
11	\$53,193	\$ 25.57	\$65,162	\$ 31.33	\$77,130	\$ 37.08	Human Resources Specialist I Economic Development Specialist
12	\$55,853	\$ 26.85	\$68,420	\$ 32.89	\$80,987	\$ 38.94	Recreation Supervisor Accountant Human Resources Specialist II Planner II
13	\$58,645	\$ 28.19	\$71,841	\$ 34.54	\$85,036	\$ 40.88	Streets Maintenance Foreman Peace Officer Recruit Deputy Town Clerk Maintenance Foreman
14	\$61,578	\$ 29.60	\$75,433	\$ 36.27	\$89,288	\$ 42.93	Dispatch Supervisor Peace Officer PW/ Utilities Admin Support Manager Public Safety Systems Administrator Economic Development Project Manager Special Initiatives Manager Court Supervisor
15	\$64,657	\$ 31.08	\$79,204	\$ 38.08	\$93,752	\$ 45.07	CAD Draftsman Wastewater Division Foreman Water Division Foreman Streets Supervisor
16	\$67,889	\$ 32.64	\$83,165	\$ 39.98	\$98,440	\$ 47.33	Accountant, Senior Senior Building Inspector Police Sergeant Planner, Senior
17	\$71,284	\$ 34.27	\$87,323	\$ 41.98	\$103,362	\$ 49.69	
18	\$74,848	\$ 35.98	\$91,689	\$ 44.08	\$108,530	\$ 52.18	Water Division Manager Wastewater Division Manager
19	\$78,591	\$ 37.78	\$96,273	\$ 46.29	\$113,956	\$ 54.79	Chief Building Official Library Manager Parks & Recreation Manager Court Administrator
20	\$82,520	\$ 39.67	\$101,087	\$ 48.60	\$119,654	\$ 57.53	CIP Project Manager Civil Engineer
21	\$86,646	\$ 41.66	\$106,141	\$ 51.03	\$125,637	\$ 60.40	
22	\$90,978	\$ 43.74	\$111,449	\$ 53.58	\$131,919	\$ 63.42	Public Works Deputy Director Town Engineer Town Clerk Lieutenant
23	\$95,527	\$ 45.93	\$117,021	\$ 56.26	\$138,515	\$ 66.59	Commander Civilian Commander
24	\$100,304	\$ 48.22	\$122,872	\$ 59.07	\$145,440	\$ 69.92	Economic Development Director Human Resources Director Parks & Rec Director Community Development Director
25	\$105,319	\$ 50.63	\$129,016	\$ 62.03	\$152,712	\$ 73.42	Finance Director Public Works Director Utilities Director
26	\$110,585	\$ 53.17	\$135,466	\$ 65.13	\$160,348	\$ 77.09	
27	\$116,114	\$ 55.82	\$142,240	\$ 68.38	\$168,365	\$ 80.94	Town Marshal
28	\$121,920	\$ 58.62	\$149,352	\$ 71.80	\$176,784	\$ 84.99	
29	\$128,016	\$ 61.55	\$156,819	\$ 75.39	\$185,623	\$ 89.24	
30	\$134,417	\$ 64.62	\$164,660	\$ 79.16	\$194,904	\$ 93.70	
31	\$141,137	\$ 67.85	\$172,893	\$ 83.12	\$204,649	\$ 98.39	
32	\$148,194	\$ 71.25	\$181,538	\$ 87.28	\$214,882	\$ 103.31	Town Manager
33	\$155,604	\$ 74.81	\$190,615	\$ 91.64	\$225,626	\$ 108.47	
34	\$163,384	\$ 78.55	\$200,146	\$ 96.22	\$236,907	\$ 113.90	

Seasonal Staff Starting Wage

Differential	Width Max
5%	45%

MW	Recreation Aide - Scorekeeper
MW	Recreation Aide - Camp Counselor Aide
MW	Pool Cashier
MW+\$1.00	Pool Lifeguard
MW+\$1.50	Head Pool Lifeguard
MW+\$1.00	Camp Counselor
MW+\$1.50	Head Camp Counselor
MW + \$2.50	Camp Supervisor
MW + \$2.50	Pool Supervisor
\$25.00-35.00	Recreation Aide- Sports Official



Town Council Agenda Information Memorandum

Meeting Date: July 2, 2025

Agenda Item Type:

- | | | |
|---|--|--|
| ☐ Consent Agenda | ☒ Informational Presentation | ☐ Discussion Item |
| ☐ Action/Decision Item | ☐ Executive Session Request | ☐ Other: |

Requesting Department: Town Clerk

Staff Resource: Town Clerk Leah Rhodes

Agenda Title: Administration of Oath of Office of Newly Hired Town Employees

Attached Documents: Oaths of Office

Estimated Presentation Time: 15 minutes

Estimated Discussion Time: 5 minutes

Reviewed By:

- | | | | | |
|--|--------------------------------|--|----------------------------------|---------------------------------|
| ☒ Town Manager | ☐ Legal | ☐ Risk Management | ☐ Finance | ☐ Other: |
|--|--------------------------------|--|----------------------------------|---------------------------------|

Financial Review (if applicable):

- Funding Source / GL Account Number: N/A
- Approved in the FY25 Budget? ☒ Yes ☐ No ☐ N/A ☐ Other:
- Is this an approved CIP Project? ☐ Yes ☐ No ☒ N/A ☐ Other:

Background Information:

The newly hired employees will take their Oath of Office at the Town Council Meeting.

TOWN OF CAMP VERDE



*GENERAL OATH OF OFFICE
STATE OF ARIZONA, COUNTY OF YAVAPAI
TOWN OF CAMP VERDE*

I **AMANDA HONWYTEWA**, DO SOLEMNLY SWEAR THAT I WILL SUPPORT THE CONSTITUTION OF THE UNITED STATES OF AMERICA, AND THE CONSTITUTION AND THE LAWS OF THE STATE OF ARIZONA, THAT I WILL BEAR TRUE FAITH AND ALLEGIANCE TO THE SAME AND DEFEND THEM AGAINST ALL ENEMIES, FOREIGN AND DOMESTIC, AND THAT I WILL FAITHFULLY AND IMPARTIALLY DISCHARGE THE DUTIES OF THE OFFICE OF **ADMINISTRATIVE ASSISTANT** FOR THE TOWN OF CAMP VERDE, ARIZONA, ACCORDING TO THE BEST OF MY ABILITY, SO HELP ME GOD.

DATE

SIGNATURE

Subscribed and sworn before me on this 2nd day of July 2025.

Leah Rhodes, Town Clerk
Town of Camp Verde

TOWN OF CAMP VERDE



*GENERAL OATH OF OFFICE
STATE OF ARIZONA, COUNTY OF YAVAPAI
TOWN OF CAMP VERDE*

I **KALEB BEDA**, DO SOLEMNLY SWEAR THAT I WILL SUPPORT THE CONSTITUTION OF THE UNITED STATES OF AMERICA, AND THE CONSTITUTION AND THE LAWS OF THE STATE OF ARIZONA, THAT I WILL BEAR TRUE FAITH AND ALLEGIANCE TO THE SAME AND DEFEND THEM AGAINST ALL ENEMIES, FOREIGN AND DOMESTIC, AND THAT I WILL FAITHFULLY AND IMPARTIALLY DISCHARGE THE DUTIES OF THE OFFICE OF **GROUND MAINTENANCE WORKER** FOR THE TOWN OF CAMP VERDE, ARIZONA, ACCORDING TO THE BEST OF MY ABILITY, SO HELP ME GOD.

DATE

SIGNATURE

Subscribed and sworn before me on this 2nd day of July 2025.

Leah Rhodes, Town Clerk
Town of Camp Verde

TOWN OF CAMP VERDE



*GENERAL OATH OF OFFICE
STATE OF ARIZONA, COUNTY OF YAVAPAI
TOWN OF CAMP VERDE*

I **MADISON AMIS**, DO SOLEMNLY SWEAR THAT I WILL SUPPORT THE CONSTITUTION OF THE UNITED STATES OF AMERICA, AND THE CONSTITUTION AND THE LAWS OF THE STATE OF ARIZONA, THAT I WILL BEAR TRUE FAITH AND ALLEGIANCE TO THE SAME AND DEFEND THEM AGAINST ALL ENEMIES, FOREIGN AND DOMESTIC, AND THAT I WILL FAITHFULLY AND IMPARTIALLY DISCHARGE THE DUTIES OF THE OFFICE OF **LIBRARY CLERK** FOR THE TOWN OF CAMP VERDE, ARIZONA, ACCORDING TO THE BEST OF MY ABILITY, SO HELP ME GOD.

DATE

SIGNATURE

Subscribed and sworn before me on this 2nd day of July 2025.

Leah Rhodes, Town Clerk
Town of Camp Verde

TOWN OF CAMP VERDE



*GENERAL OATH OF OFFICE
STATE OF ARIZONA, COUNTY OF YAVAPAI
TOWN OF CAMP VERDE*

I **MARCUS MUNOZ**, DO SOLEMNLY SWEAR THAT I WILL SUPPORT THE CONSTITUTION OF THE UNITED STATES OF AMERICA, AND THE CONSTITUTION AND THE LAWS OF THE STATE OF ARIZONA, THAT I WILL BEAR TRUE FAITH AND ALLEGIANCE TO THE SAME AND DEFEND THEM AGAINST ALL ENEMIES, FOREIGN AND DOMESTIC, AND THAT I WILL FAITHFULLY AND IMPARTIALLY DISCHARGE THE DUTIES OF THE OFFICE OF **BUILDING MAINTENANCE WORKER** FOR THE TOWN OF CAMP VERDE, ARIZONA, ACCORDING TO THE BEST OF MY ABILITY, SO HELP ME GOD.

DATE

SIGNATURE

Subscribed and sworn before me on this 2nd day of July 2025.

Leah Rhodes, Town Clerk
Town of Camp Verde

[Page intentionally left blank]



Meeting Date: July 2, 2025

Agenda Item Type:

- | | | |
|--|---|--|
| ☐ Consent Agenda | ☐ Informational Presentation | ☐ Discussion Item |
| ☒ Action/Decision Item | ☐ Executive Session Request | ☐ Other: |

Requesting Department: Community Development / Utilities

Staff Resource: Town Manager / Interim Community Development Director Miranda Fisher

Agenda Title: Discussion, consideration, and possible approval of a reimbursement request submitted under the Planning Fee Refund, Waiver, and Reduction Policy for Permit #20230388 in the amount of \$4,000.00 for Rob and Sigrid Eberwein, property located at 111 S. River Cave Road.

Attached Documents:

- Applicant Refund Request
- Permit #20230388
- Resolution 2025- 1183 Planning Fee Refund
- Waiver and Reduction Policy

Estimated Presentation Time: 5 minutes

Estimated Discussion Time: 15 minutes

Reviewed By:

- | | | | | |
|--|---|--|----------------------------------|---------------------------------|
| ☒ Town Manager | ☒ Legal | ☐ Risk Management | ☐ Finance | ☐ Other: |
|--|---|--|----------------------------------|---------------------------------|

Financial Review (if applicable): Refunds will come out of the Water Fund

- | | | | | |
|---------------------------------------|------------------------------|-----------------------------|------------------------------|---------------------------------|
| • Funding Source / GL Account Number: | | | | |
| • Approved in the FY25 Budget? | ☐ Yes | ☐ No | ☐ N/A | ☐ Other: |
| • Is this an approved CIP Project? | ☐ Yes | ☐ No | ☐ N/A | ☐ Other: |

Background Information:

On May 21, 2025, the Town Council adopted Resolution 2025-1183, establishing the Planning Fee Refund, Waiver, and Reduction Policy. This policy allows applicants, contractors, developers, or landowners to request a refund, waiver, or reduction of fees listed in the Town of Camp Verde's adopted Fee Schedule related to planning, zoning, and development services.

Refunds of capacity fees, impact fees, or related charges may be considered under the following criteria:

- 1) Fees were assessed in connection with a permit issued before the official effective date of the adopted capacity or impact fee schedule.
- 2) The associated development project was abandoned prior to initiation of construction or utility connection, and the Town did not expend resources in reliance on the project proceeding.
- 3) The scope of the development changed significantly due to design revisions, resulting in a material decrease in anticipated infrastructure demand, such as reduced building square footage, utility demand, or occupancy type.



Town Council

Agenda Information Memorandum

Request for Consideration

Contractor John Bassous, on behalf of his clients Rob and Sigrid Eberwein, is requesting a \$4,000 refund for a Single-Family Residential permit issued on September 5, 2023, for a home with a pool located at 111 S. River Cave Road. Bassous asserts eligibility under Criterion #1, as the permit was issued prior to the July 1, 2024, effective date of the Town's adopted Capacity Fees. The Capacity Fee was paid on July 17, 2024.

Staff Analysis & Recommendation

Town staff have consistently held that a refund is not warranted in this case, particularly in response to Mr. Bassous's claim that contractors were not notified of the new Capacity Fee. While the Town fully complied with statutory procedures for adopting the fee, including public meetings and notices, staff recognize that proactive outreach to current permit holders could have been stronger. In response, a distribution list has since been created to ensure direct communication with contractors and developers on matters affecting building and development.

Although the ordinance does not explicitly exempt projects with permits issued before July 1, 2024, but not yet connected to utilities, it is important to note that the intent of implementing Capacity Fees was to generate funding for infrastructure improvements. A full refund would undermine this purpose.

Should the Council wish to grant a partial refund in light of the circumstances, staff recommend considering a prorated refund as follows:

- **25% Refund:** \$1,000
- **50% Refund:** \$2,000
- **75% Refund:** \$3,000

Staff maintain that a full refund is not appropriate; however, a partial refund may serve as a reasonable compromise should the Council choose to support the request.

Connection to the [FY25-FY30 Strategic Plan](#)

This item supports the Strategic Plan's commitment to transparent governance and responsible growth management by ensuring fee policies are applied fairly and consistently

Question(s) before the Council:

- Does the Council want to refund Mr. Bassous on behalf of his client, Rob and Sigrid Eberwein?
- If so, what amount does the Council want to refund?

Proposed Motions:

I move to **APPROVE** a refund to Mr. Bassous on behalf of his client, Rob and Sigrid Eberwein, in the amount of _____.

I move to **DENY** Mr. Bassous's refund request.

9/2023



Town of Camp Verde
Gateway to the Verde Valley

◆ 395 S. Main St. ◆ Camp Verde, AZ 86322 ◆
 ◆ 928-554-0850 ◆ www.campverde.az.gov ◆

BRANDON
WATER FEES
 Application for Utility Service

Name: TIERRA VERDE BUILDERS
 Mailing Address: PO BOX 2898
 City, State, Zip: CAMP VERDE, AZ 86322
 Phone Number: (928) 300-8804
 Driver's License #: _____
 Email: _____

Date: 7/17/2024
 Box Lid #: _____
 Rte/Seq: _____
 Owner: X RENTER
 Acct#: _____

Service Type/Date: NEW 3/4" RESIDENTIAL SERVICE
 Location: 111 S RIVER CAVE RD

7/17/2024

METER INFO

ID/RF# _____
 Serial # _____
 Type _____
 Rate/Pump _____
 Reading _____
 Last Read _____
 Date / Time _____
 Tech _____
 Clerk JC

Wastewater

Account # _____
 Name _____
 Monthly Rate _____
 Owner X Tenant _____
 Establishment Fee \$35 - Postpaid (initials) _____

Water Fees	
Establishment	\$ 50.00
Meter Intallation	\$ 600.00
Capacity	\$ 4,000.00

PAID
 JUL 17 2024
 Initial: EC TOTAL \$ 4,650.00

Water Rates

Monthly Minimum Tariff (per month)	Gallon Usage Charge Per 1,000 Gallons
5/8 x 3/4" Meter \$27.55	1 to 5,000 \$3.35
1" Meter \$58.00	5,001 to 10,000 \$4.00
2" Meter \$203.00	10,001 to 50,000 \$5.50
FH Meter \$214.60	50,001 and up \$7.00

Customer Acceptance

I, the undersigned, hereby make application to the Town of Camp Verde for water and wastewater. I agree to pay for such services at the established rates for my usage classification, and in accordance with all rules and regulations as approved by the CAMP VERDE TOWN COUNCIL. I agree to use such services for my own purposes and further agree not to sell any part of the same or permit such services to be used for any other purpose other than my own purpose as allowed in my usage classification. I agree not to tamper with, or modify the water valve contained within meter box. I agree that the duly authorized agents and employees at said TOWN shall have access to my premise at all reasonable hours for the purpose of installation or removal of meters, and inspection of equipment incidental to carrying out this agreement, and I further agree to hold THE TOWN OF CAMP VERDE harmless from any claims, real or alleged, for loss or damage to property or persons arising out of the delivery of services beyond the point of the metering.

I agree to give the said TOWN three (3) business days' notice prior to vacating the premises and discontinuation of services. In the event of failure on my part to comply with the terms of this agreement, I agree that said TOWN, or its representatives, may discontinue services hereunder without further notice to me, and that discontinuance will not constitute waiver of any claims against me for prior services rendered here under by said TOWN. I also agree that if my account is sent to a collection agency as of my failure to pay that I will be liable for the collection agency fees and the outstanding amount due the TOWN.

[Signature]
 Signature

You have signed up for TOWN services and by your signature are certifying you have the legal right to establish service at this property. This account is in your name and is your responsibility. Should you experience a leak of any kind at the property you own/rent, you will be liable for associated charges, and it will be up to you to work out reimbursement of the water bill with the property owner, landlord, or property management company. Charges for leaks will be billed to you and will remain your responsibility.

[Initials] Initials



Town of Camp Verde
Building Division - Community Development Department
♦ 473 S. Main Street, Suite 108 ♦ Camp Verde, Arizona 86322 ♦
♦ Telephone: 928.554.0050 ♦ Fax: 928.567.7401 ♦
♦ www.campverde.az.gov ♦

PERMIT

PERMIT #:	20230388	DATE ISSUED:	09/05/2023
		DATE EXPIRED:	03/05/2024
JOB ADDRESS:	111 S. River Cave Road	BLOCK #:	
PARCEL #:	404-30-135A	ZONING:	R1L-18
SUBDIVISION:		FLOOD ZONE:	Flood Yes
FLOOD MAP:			
ISSUED TO:	Robert & Sigrid Eberwein	CONTRACTOR:	TIERRA VERDE INVESTMENTS
ADDRESS:	1901 Bevin Dr	ADDRESS:	PO BOX 2898
CITY, STATE, ZIP:	Allentown, PA 18103	CITY, STATE, ZIP:	CAMP VERDE, AZ 86322
PHONE:	610-653-5819	PHONE:	9285672477
USE/OCCUPANCY:	R-3	VALUATION:	895000
CNST TYPE:	VB	SQ FT:	3171
WORK DESCRIPTION:	RES: SFR w/Pool		
WORK CONDITIONS:	See Red Line Plans		

DESCRIPTION	AMOUNT
Building Permit Fee	\$6,280.00
Other Building Fees - Building Plan Review Fee	\$4,082.00
Grading Permit	\$325.00
Zoning Clearance for Building Permits - Residential single family dwelling	\$184.00
Technology Fee	\$326.13
TOTAL	\$11,197.13

SUBMIT INSPECTION REQUESTS TO BUILDING INSPECTION DEPARTMENT FOR ALL REQUIRED INSPECTIONS

This permit is non-transferable and expires 180 days from issue if work has not commenced, or if construction ceases for a period of 180 days. The undersigned applicant acknowledges that he is responsible for calling for each inspection required for this project before beginning the next phase of construction. THIS INCLUDES A FINAL INSPECTION FOR ALL TYPES OF CONSTRUCTION. Permission is hereby given to commence the above described work, according to the conditions hereon and in accordance with the approved plans and specifications pertaining thereto. The permit or approval granted hereby, or any inspections conducted on the site here after, shall not be construed as authorizing any activity in violation of any applicable Town of Camp Verde ordinances, federal or state law or regulation. Town staff may advise the applicant of issues regarding State and Federal laws that the Town staff member believes would be helpful to the applicant, but any such advice or comment is not a determination or interpretation of Federal or State law or regulation.

Note: 9-495. Arizona Revised Statute In any written communication between a city or town and a person, the city or town shall provide the name, telephone number and email address of the employee who is authorized and able to provide information about the communication if the communication does any of the following:

1. Demands payment of a tax, fee, penalty fine or assessment;
2. Denies an application for a permit or license that is issued by the city or town; or
3. Requests corrections, revisions or additional information or materials needed for approval of any application for a permit, license or other authorization that is issued by the city or town.

An employee who is authorized and able to provide information about any communication that is described above shall reply within five (5) business days after the city or town receives that communication.

Issued by:

Date:

9/5/23

Signature:

Date:

9/5/23

TOWN OF CAMP VERDE 20230388

BUILDING PERMIT

AND INSPECTION RECORD CARD

POST IN A CONSPICUOUS PLACE ON THE JOB

It is in violation of city ordinance to occupy this building before Final Approval and a Certificate of Occupancy have been issued.

This Certificate is issued pursuant to the requirements of Chapter 7 of the Town Code, adopted by reference, Section 7-2-107.3 Town Code and the 2018 International Building code, certifying that at the time of issuance this structure was in compliance with the various ordinances of the Town regulating building construction or use

DATE OF ISSUE: 09/05/2023 DATE OF EXPIRATION: 03/05/2024
OWNER: Robert & Sigrid Eberwein
ADDRESS: 111 S. River Cave Road
CONTRACTOR: TIERRA VERDE INVESTMENTS
DESCRIPTION OF WORK: RES: SFR w/Pool

It shall be the duty of the Permit Holder to cause the work to remain accessible and exposed for inspection purposes. Neither the Building Official nor the Town of Camp Verde shall be liable for the expense in the removal or the replacement of any materials required to facilitate inspections.

INSPECTION GUIDE - NOT ALL INSPECTIONS MAY BE REQUIRED

TYPE	RESULT	DATE DONE	INSPECTOR
0.1 Preliminary Site Inspection			
Drywall			
Exterior Strap and Sheer			
Final Inspection			
Footings			
Framing			
GRADING FINAL			
Insulation			
Lath			
Moisture Barrier			
Other			
PRE-SLAB			
Roof Nail			
Rough Electrical			
Rough Mechanical			



Town of Camp Verde

Community Development

473 S. Main Street, Suite 108
Camp Verde, AZ 86322

Phone: (928) 554-0050
RECEIVED
AUG 23 2023

Special Structural Inspections Certificate

TO BE COMPLETED BY ENGINEER/ARCHITECT RESPONSIBLE FOR SPECIAL INSPECTIONS

PERMIT # 20230388	PROJECT NAME Eberwein Residence	PROJECT ADDRESS South River Cave Road, Camp Verde AZ
PARCEL # 404-30-135A		
PROJECT OWNER/OWNERS AGENT Tierra Verde Builders	MAILING ADDRESS P.O. Box 2898, Camp Verde Arizona 86322	PHONE # 928-567-7954
ENGINEER/ARCHITECT NAME Craig P. Wiedeman, P.E.	MAILING ADDRESS 240 Jennifer Drive, Cottonwood, AZ 86326	PHONE # 928-634-5337
FIRM NAME Western Technologies, Inc.	EMAIL ADDRESS craig.w@wt-us.com	FAX # 928-639-3168



(Seal, sign and date)

I hereby affirm that I am familiar with the design of this project and have been designated by the Owner/Owner's Agent as the Engineer/Architect responsible for implementing the Special Structural Inspections Program required by the 2018 International Building Code, Chapter 17. I have determined that the types of work checked below require Special Structural Inspection and the individual(s) or firm(s) named below are qualified to perform the Special Inspections. I understand and agree to inform the project owner, the contractor(s), and the Special Inspector(s) about all Special Inspection Program requirements and limitations, including that the Special Inspector(s) must be independent third-party individual(s) or firm(s) and shall not be the installing contractor(s).

YES	NO	TYPES OF WORK REQUIRING SPECIAL STRUCTURAL INSPECTION (ATTACH SUPPLEMENTAL IF NECESSARY)	QUALIFIED SPECIAL INSPECTOR, INDIVIDUAL(S) OR FIRM(S) (ATTACH SUPPLEMENTAL IF NECESSARY)
		CONCRETE	
		BOLTS INSTALLED IN CONCRETE	
		SPECIAL MOMENT RESISTING CONCRETE FRAME	
		REINFORCING STEEL AND PRE-STRESSING STEEL TENDONS	
		STRUCTURAL WELDING	
		HIGH-STRENGTH BOLTING	
		STRUCTURAL MASONRY	
		EXPANSION EPOXY ANCHORS	
X		SOILS - WT Geotechnical Evaluation Report No. 2522JB076	Western Technologies, Inc.
X		COMPACTION (fill below foundations)	Western Technologies, Inc.
X		OTHER (Final Report of Soils Special Inspection)	Western Technologies, Inc.

BUILDING OFFICIAL'S APPROVAL OF PROPOSAL OF SPECIAL INSPECTION:

BUILDING OFFICIAL: *Roxanne Krasman*

DATE: *9/5/23*

OWNER CERTIFICATION:

I hereby certify that I will employ the aforementioned Special Inspector to perform the inspections shown above.

OWNER/owner applicant: *Pam Jelle*

DATE: **8-23-2023**

NOTES: Special Inspection weekly reports must be submitted to the owner and to the Building Official within 5 working days of the last day of the week being reported to avoid suspension of the building permit and possible Stop Work Order. A monthly summary letter is required for overall status including any outstanding items that require follow-up. The final special inspection approval letter(s) must be submitted before use or occupancy. Any variation to the special inspection proposal requires prior approval of the Building Official.

11860

First Name CRAIG

Last Name WIEDEMAN

License Status

Active

Discipline

[ENGINEER/CIVIL](#)

Initial Registration Date 10 Oct 1978

Expiration Date 31 Dec 2025

Address Line 1

2400 E HUNTINGTON DRIVE

City FLAGSTAFF

State Arizona

Zip 86004

Phone [928-774-8700](#)



RESOLUTION NO. 2025-1183

**A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE
TOWN OF CAMP VERDE, YAVAPAI COUNTY, ARIZONA,
APPROVING AND ADOPTING THE PLANNING FEE REFUND, WAIVER, AND
REDUCTION POLICY**

WHEREAS, the Town of Camp Verde imposes planning-related fees to recover the costs of services provided in connection with the review, processing, and administration of development applications and land use requests; and

WHEREAS, from time to time, applicants may request refunds, waivers, or reductions of such fees due to project withdrawal, errors in fee collection, charitable purposes, changes in development scope, or other circumstances; and

WHEREAS, the Town Council finds it necessary to establish a formal policy to ensure consistency, fairness, transparency, and accountability in the review and processing of such requests; and

WHEREAS, the proposed Planning Fee Refund, Waiver, and Reduction Policy outlines eligibility criteria, submission timelines, review procedures, and the authority required for approval, with the intent of supporting sound fiscal management and public trust in the administration of municipal fees.

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

Section 1: Approval and Adoption

The Town Council hereby approves and adopts the *Planning Fee Refund, Waiver, and Reduction Policy*, attached hereto as Exhibit A, effective immediately upon passage of this resolution.

**PASSED, AND APPROVED BY A MAJORITY VOTE OF THE MAYOR AND COMMON
COUNCIL OF THE TOWN OF CAMP VERDE, YAVAPAI COUNTY, ARIZONA, THIS
21ST DAY OF MAY, 2025.**



Marie Moore, Mayor

ATTEST:



Leah Rhodes, Town Clerk

APPROVED AS TO FORM:



Trish Stuhan, Town Attorney
Pierce Coleman, PLLC



Town of Camp Verde

Planning Fee Refund, Waiver and Reduction Policy

Adopted by Resolution 2025-1183 on May 21, 2025

SECTION 1: PURPOSE

The purpose of this policy is to establish a uniform and transparent framework for evaluating and processing requests for the full or partial refund, waiver, or reduction of planning-related fees.

SECTION 2: DEFINITIONS

- **Fee Refund:** A return of all or a portion of fees previously paid to the Town in connection with a planning or development application.
- **Fee Waiver:** A decision not to collect a fee that would otherwise be required.
- **Fee Reduction:** A discount applied to a required fee based on specific eligibility criteria.
- **Eligible Planning Fee:** A fee associated with planning applications, development review, capacity charges, or related land use matters, as identified in the current Town Fee Schedule.
- **Substantial Scope Change:** A modification to a project that results in a meaningful reduction in the scale, intensity, or complexity of the proposed development.

SECTION 3: SCOPE

This policy applies to all requests submitted by applicants, contractors, developers, or landowners seeking a refund, waiver, or reduction of fees listed in the Town of Camp Verde's adopted Fee Schedule related to planning, zoning, and development services.

SECTION 4: AUTHORITY

The Town Council shall have sole authority to approve or deny any request for the refund, waiver, or reduction of planning-related fees.

The Community Development Director will receive and evaluate such requests, prepare findings and recommendations for the Town Manager's review and approval. Once Town Manager approval is received, the Community Development Director will present the request and Town staff's recommendations to the Town Council for final decision. No refunds, waivers, or reductions shall be granted without formal Council approval at a public meeting.

Exception: If the request is due solely to a fee that was collected in error or a documented overpayment, the Town Manager is authorized to approve and process the refund administratively without Council action. These cases must be clearly documented and reported to the Town Council as part of the annual fee adjustment summary.

SECTION 5: ELIGIBILITY CRITERIA

A. Application Withdrawal or Town-Initiated Termination (*Refund Eligible*)

Refunds may be considered under the following circumstances:

- 1) The applicant formally withdraws their application in writing prior to the commencement of substantive staff review (e.g., technical analysis, interdepartmental routing, or scheduling for public hearing).
- 2) Town staff determine that the application was unnecessary due to an internal misinterpretation of planning or zoning code or was requested in error.
- 3) The project is rendered infeasible or ineligible due to a Town-initiated action, including but not limited to:
 - o Adoption of new zoning regulations
 - o Implementation of a development moratorium
 - o Town withdrawal or revocation of a previous authorization due to no fault of the applicant

Refunds under this section are subject to administrative cost recovery for processing and evaluation already performed, if any.

B. Town Error or Overpayment (*Refund or Reduction Eligible*)

Refunds or reductions may be granted when:

- 1) The applicant paid a fee in error, such as duplicate payment, incorrect fee category, or unintentional payment for a service not rendered or not required.
- 2) There is clear documentation of a clerical, administrative, or procedural mistake made by Town staff that directly resulted in the overcollection of fees.

These requests may be administratively approved by the Town Manager without Town Council action, consistent with Section 4.

C. Nonprofit and Charitable Public Benefit Projects (*Waiver or Reduction Eligible*)

Fee waivers or reductions may be considered for projects that demonstrate a strong and direct public benefit, including:

- 1) The project is sponsored by a registered 501(c)(3) nonprofit organization in good standing with the State of Arizona.
- 2) The project supports public benefit outcomes, such as:
 - o Provision of affordable housing units (e.g., serving residents at 80% AMI or lower)
 - o Construction of community-serving infrastructure (e.g., food pantries, parks, community centers)
 - o Historic preservation or cultural/educational facilities open to the public
- 3) The proposed development or use is exclusively charitable, educational, or public service in nature, with no commercial or private financial benefit accruing to the applicant, developer, or sponsoring entity.

Applicants must provide a written statement of public benefit and supporting documentation. Town Council may require a deed restriction, use agreement, or similar assurance to verify long-term charitable use.

D. Capacity Fees or Development-Related Charges (*Refund Eligible*)

Refunds of capacity fees, impact fees, or related charges may be granted under the following conditions:

- 1) Fees were assessed in connection with a permit issued before the official effective date of the adopted capacity or impact fee schedule.
- 2) The associated development project was abandoned prior to initiation of construction or utility connection, and the Town did not expend resources in reliance on the project proceeding.

- 3) The scope of the development changed significantly due to design revisions, resulting in a material decrease in anticipated infrastructure demand, such as reduced building square footage, utility demand, or occupancy type.

Requests under this section must be accompanied by a narrative explaining the change in scope, supporting site plans, and a comparison of before-and-after service impacts.

SECTION 6: TIMEFRAME FOR SUBMITTING REQUESTS

All refund requests must be submitted within 90 calendar days of the original fee payment.

Waiver or reduction requests must be submitted prior to payment of the fee or at the time of application submission.

Requests made outside of these timeframes may be denied unless extraordinary justification is provided and the Town Council approves the exception.

Notwithstanding the timelines above, the Town will consider refund, waiver, or reduction requests for any eligible projects with application or payment dates on or after July 1, 2024, provided that the request is no later than September 1, 2025.

SECTION 7: PROCEDURES

A. Fee Schedule

Planning application fees are established annually through the Town's adopted Fee Schedule. These fees are intended to cover administrative costs, staff time, and resources associated with processing planning applications.

B. Request Requirements

Requests must be submitted in writing and include:

- 1) Applicant name and contact information
- 2) Permit or project reference number
- 3) Type and amount of fee paid or requested to be waived/reduced
- 4) Reason for the request, including applicable eligibility criteria
- 5) Supporting documentation (e.g., receipts, nonprofit status verification, evidence of error)

C. Review Process

All requests for fee refunds, waivers, or reductions shall follow the structured review process outlined below to ensure thorough evaluation, internal coordination, and transparent decision-making.

A. Initial Evaluation by Community Development Department

- 1) Upon receipt of a complete written request, the Community Development Department will timestamp the request and notify the applicant of receipt.
- 2) Staff will verify the accuracy of the information provided, assess whether the request meets the eligibility criteria, and identify any additional documentation needed.
- 3) Within 10 business days, staff will prepare a written evaluation that includes:
 - o Summary of the request
 - o Applicable eligibility criteria
 - o Fee history and payment record
 - o Assessment of staff time and services rendered
 - o Staff recommendation (approve, deny, or modify the request)

B. Town Manager Review and Authorization for Council Presentation

- 1) The written evaluation and recommendation will be submitted to the Town Manager for review.

- 2) The Town Manager may approve or deny requests for reimbursement for a fee that was collected in error or a documented overpayment.
- 3) For requests requiring Council approval, within 10 business days the Town Manager will ensure that all findings, supporting documentation, and recommendations are compiled into a formal agenda packet item.

C. Town Council Consideration and Final Decision (Refunds and Exceptions)

- 1) Requests requiring Council approval shall be placed on the agenda of the next available regular or special Council meeting.
- 2) The Community Development Director, or their designee, shall present the request to the Town Council, including:
 - Background of the application or project
 - Summary of the fee(s) paid or in question
 - Justification for the request based on policy criteria
 - Staff's formal recommendation
- 3) The Town Council shall deliberate and issue a decision to approve, deny, or modify the request. The Council's decision shall be final.
- 4) All Council decisions will be documented in the meeting minutes and a written notice of the decision will be issued to the applicant within 10 business days following the meeting.

SECTION 8: REFUND PROCESSING

- Refunds, if approved, will be processed within 45 days of Council approval.
- Refunds will only be issued to the original payer unless otherwise requested in writing.

SECTION 9: ANNUAL REPORTING

An annual report summarizing fee adjustments will be provided to the Town Council.



RESIDENTIAL AND COMMERCIAL CONTRACTOR

PO BOX 2898 CAMP VERDE, AZ 86322 (928) 567-2477

ROC# 261021

ROC# 327240

To: Town of Camp Verde

Re.: Planning Fee Refund, Waiver and Reduction Policy

June 4, 2025

This letter serves as an official request on behalf of **Rob & Sigrid Eberwein**, Owners of the property located at **111 S River Cave Road** to request a refund based off of Resolution 2025-1183, allowing Owners, Developers and Contractors to petition the Town of Camp Verde on Capacity Fee(s) that were assessed after a permit was issued.

On September 5, 2023, **permit #20230388** was issued to Tierra Verde Builders for a commercial building. On July 17, 2024, Tierra Verde Builders was charged \$ 4,000 for the newly adopted Capacity Fee (see attached receipt) I am requesting that \$4,000 be refunded based off of Resolution 2025-1183 stating "Fees were assessed in connection with a permit issued before the official effective date of the adopted capacity or impact fee schedule"

Thank you for your consideration

A handwritten signature in black ink, appearing to read "JB", with a long horizontal stroke extending to the right.

John Bassous

tvbuilders@q.com

(928) 567-2477

[Page intentionally left blank]

**Meeting Date:** July 2, 2025**Agenda Item Type:**

- | | | |
|--|---|--|
| ☐ Consent Agenda | ☐ Informational Presentation | ☐ Discussion Item |
| ☒ Action/Decision Item | ☐ Executive Session Request | ☐ Other: |

Requesting Department: Community Development / Utilities**Staff Resource:** Town Manager / Interim Community Development Director Miranda Fisher

Agenda Title: Discussion, consideration, and possible approval of a reimbursement request submitted under the Planning Fee Refund, Waiver, and Reduction Policy for Permit #20240291M in the amount of \$23,958.00 for Laura Kessler, property located at 1424 W Davidson.

Attached Documents:

- Applicant Refund Request
- Permit #20240291M
- Resolution 2025- 1183 Planning Fee Refund
- Waiver and Reduction Policy

Estimated Presentation Time: 5 minutes**Estimated Discussion Time:** 15 minutes**Reviewed By:**

- | | | | | |
|--|---|--|----------------------------------|---------------------------------|
| ☒ Town Manager | ☒ Legal | ☐ Risk Management | ☐ Finance | ☐ Other: |
|--|---|--|----------------------------------|---------------------------------|

Financial Review (if applicable): Refunds will come out of the Water Fund

- | | | | | |
|---------------------------------------|------------------------------|-----------------------------|------------------------------|---------------------------------|
| • Funding Source / GL Account Number: | | | | |
| • Approved in the FY25 Budget? | ☐ Yes | ☐ No | ☐ N/A | ☐ Other: |
| • Is this an approved CIP Project? | ☐ Yes | ☐ No | ☐ N/A | ☐ Other: |

Background Information:

On May 21, 2025, the Town Council adopted Resolution 2025-1183, establishing the Planning Fee Refund, Waiver, and Reduction Policy. This policy allows applicants, contractors, developers, or landowners to request a refund, waiver, or reduction of fees listed in the Town of Camp Verde's adopted Fee Schedule related to planning, zoning, and development services.

Refunds of capacity fees, impact fees, or related charges may be considered under the following criteria:

- 1) Fees were assessed in connection with a permit issued before the official effective date of the adopted capacity or impact fee schedule.
- 2) The associated development project was abandoned prior to initiation of construction or utility connection, and the Town did not expend resources in reliance on the project proceeding.
- 3) The scope of the development changed significantly due to design revisions, resulting in a material decrease in anticipated infrastructure demand, such as reduced building square footage, utility demand, or occupancy type.



Town Council

Agenda Information Memorandum

Request for Consideration

Contractor John Bassous, on behalf of his client Laura Kessler, is requesting a \$23,958.00 refund for a Commercial permit issued on April 5, 2023, for a 10,000 square foot metal building located at 1424 W Davidson. Bassous asserts eligibility under Criterion #1, as the permit was issued prior to the July 1, 2024, effective date of the Town's adopted Capacity Fees. The Capacity Fee was paid on November 25, 2024.

Staff Analysis & Recommendation

Town staff have consistently held that a refund is not warranted in this case, particularly in response to Mr. Bassous's claim that contractors were not notified of the new Capacity Fee. While the Town fully complied with statutory procedures for adopting the fee, including public meetings and notices, staff recognize that proactive outreach to current permit holders could have been stronger. In response, a distribution list has since been created to ensure direct communication with contractors and developers on matters affecting building and development.

Although the ordinance does not explicitly exempt projects with permits issued before July 1, 2024, but not yet connected to utilities, it is important to note that the intent of implementing Capacity Fees was to generate funding for infrastructure improvements. A full refund would undermine this purpose.

Should the Council wish to grant a partial refund in light of the circumstances, staff recommend considering a prorated refund as follows:

- **25% Refund:** \$5,989.50
- **50% Refund:** \$11,979.00
- **75% Refund:** \$17,968.50

Staff maintain that a full refund is not appropriate; however, a partial refund may serve as a reasonable compromise should the Council choose to support the request.

Connection to the [FY25-FY30 Strategic Plan](#)

This item supports the Strategic Plan's commitment to transparent governance and responsible growth management by ensuring fee policies are applied fairly and consistently

Question(s) before the Council:

- Does the Council want to refund Mr. Bassous on behalf of his client, Laura Kessler?
- If so, what amount does the Council want to refund?

Proposed Motions:

I move to **APPROVE** a refund to Mr. Bassous on behalf of his client, Laura Kessler, in the amount of _____.

I move to **DENY** Mr. Bassous's refund request.



Town of Camp Verde
Gateway to the Verde Valley
♦ 395 S. Main St. ♦ Camp Verde, AZ 86322 ♦
♦ 928-554-0850 ♦ www.campverde.az.gov ♦

Application for Utility
Service

Name: RESORT LAUNDRY SERVICES
Mailing Address: 525 BOYNTON CANYON ROAD
City, State, Zip: SEDONA, AZ 86336
Phone Number: (928) 204-6010
Driver's License #: _____
Email: RLS-Billing@resortlaundryservices.com

Date 11/13/2024

for office use

Box Lid #	
Rte/Seq	
Owner	X
Acct#	
METER INFO	
ID/RF#	
Serial #	
Type	
Rate/Pump	12-32/1
Reading	
Last Read	
Date / Time	
Tech	
Clerk	JC

Service Type/Date: **Water - (2) New Services** 11/13/2024
2" Domestic & 3/4" Fireline

Fees

Establishment(s)	\$	135.00
Inspection - W	\$	300.00
(2) Meters	\$	1,905.00

Capacity Fee(s)	\$	23,958.00
-----------------	----	-----------

Inspection-WW	\$	300.00
---------------	----	--------

Connection-WW	\$	2,500.00
---------------	----	----------

TOTAL	\$	29,098.00
--------------	-----------	------------------

Location: **1424 W Davidson Dr**

Wastewater

Name Resort Laundry Services
Monthly Rate \$5.35 per UPC Fixture Count (pending inspection)
Owner **X** Tenant

Water Rates

Monthly Minimum Tariff (per month)		Gallon Usage Charge Per 1,000 Gallons	
5/8 x 3/4" Meter	\$27.55	1 to 5,000	\$3.35
1" Meter	\$58.00	5,001 to 10,000	\$4.00
2" Meter	\$203.00	10,001 to 50,000	\$5.50
FH Meter	\$214.60	50,001 and up	\$7.00

Customer Acceptance

I, the undersigned, hereby make application to the Town of Camp Verde for water and wastewater. I agree to pay for such services at the established rates for my usage classification, and in accordance with all rules and regulations as approved by the CAMP VERDE TOWN COUNCIL. I agree to use such services for my own purposes and further agree not to sell any part of the same or permit such services to be used for any other purpose other than my own purpose as allowed in my usage classification. I agree not to tamper with, or modify the water valve contained within meter box. I agree that the duly authorized agents and employees at said TOWN shall have access to my premise at all reasonable hours for the purpose of installation or removal of meters, and inspection of equipment incidental to carrying out this agreement, and I further agree to hold THE TOWN OF CAMP VERDE harmless from any claims, real or alleged, for loss or damage to property or persons arising out of the delivery of services beyond the point of the metering.

I agree to give the said TOWN three (3) business days' notice prior to vacating the premises and discontinuation of services. In the event of failure on my part to comply with the terms of this agreement, I agree that said TOWN, or its representatives, may discontinue services hereunder without further notice to me, and that discontinuance will not constitute waiver of any claims against me for prior services rendered here under by said TOWN. I also agree that if my account is sent to a collection agency as of my failure to pay that I will be liable for the collection agency fees and the outstanding amount due the TOWN.

Signature

You have signed up for TOWN services and by your signature are certifying you have the legal right to establish service at this property. This account is in your name and is your responsibility. Should you experience a leak of any kind at the property you own/rent, you will be liable for associated charges, and it will be up to you to work out reimbursement of the water bill with the property owner, landlord, or property management company. Charges for leaks will be billed to you and will remain your responsibility.

Initials

*Pd 11-25-24
CK-13468*



Town of Camp Verde
Building Division - Community Development Department
 ♦ 473 S. Main Street, Suite 108 ♦ Camp Verde, Arizona 86322 ♦
 ♦ Telephone: 928.554.0050 ♦ Fax: 928.567.7401 ♦
 ♦ www.campverde.az.gov ♦

Zoning Clearance

PERMIT #: **20230081** DATE ISSUED: **04/05/2023**

JOB ADDRESS: **1424 W. Davidson Drive** SUBDIVISION: **M&B**
 PARCEL #: **403-23-103Y** ZONING: **M1**
 ACRES: **1.2**
 ISSUED TO: **John Bassous** OWNER: **AZ Reuten properties LLC**
 ADDRESS: **PO Box 2898** ADDRESS: **833 W Meade Ln**
 CITY, STATE, ZIP: **Camp Verde, Az 86322** CITY, STATE, ZIP: **Flagstaff, AZ 86001**

WORK DESCRIPTION: **COM: Metal Building 10,000 Sq Ft** BLDG SQ FT: **10000**
 Livable: **--**
 Non-Livable: **10000**

ZONING DISTRICT CRITERIA	Minimum	Maximum	Proposed
Lot Area, S.F. or Acreage	7,500	--	52272
Structure Height	--	40'	24'2" wall @ 4' & 6'
Setbacks: FT			
Front	20'	--	Meets
Rear	0'	--	Meets
Int. Sides	0'	--	Meets
Ext. Sides	10'	--	Meets
Parking:	20	--	20
Landscape	--	--	--
Screening	--	8'	185 LF @ 4' & 6'
Outdoor Lighting			
Lumens - Shielded	--	100,000	76,880
Lumens - UnShielded	--	5,000	No unshielded proposed
Kelvin (Per Bulb)	--	3000K	2500
Sign Size	--	--	--

Remarks

Please note that a final zoning clearance will be required prior to the issuance of Certificate of Occupancy (if applicable).


 Approved By - Community Development

4/5/2023
 Date

I HEREBY ACKNOWLEDGE THE ABOVE RESTRICTIONS & CONDITIONS.


 Applicant or Property Owner

5-8-2023
 Date



Town of Camp Verde
Building Division - Community Development Department
♦ 473 S. Main Street, Suite 108 ♦ Camp Verde, Arizona 86322 ♦
♦ Telephone: 928.554.0050 ♦ Fax: 928.567.7401 ♦
♦ www.campverde.az.gov ♦

PERMIT

PERMIT #:	20230081	DATE ISSUED:	05/08/2023
		DATE EXPIRED:	11/08/2023
JOB ADDRESS:	1424 W. Davidson Drive	BLOCK #:	
PARCEL #:	403-23-103Y	ZONING:	M1
SUBDIVISION:	M&B	FLOOD ZONE:	No
FLOOD MAP:			
ISSUED TO:	AZ Reuten properties LLC	CONTRACTOR:	TIERRA VERDE INVESTMENTS
ADDRESS:	833 W Meade Ln	ADDRESS:	PO BOX 2898
CITY, STATE, ZIP:	Flagstaff, AZ 86001	CITY, STATE, ZIP:	CAMP VERDE, AZ 86322
PHONE:	928-707-0060	PHONE:	9285672477
USE/OCCUPANCY:		VALUATION:	945000
CNST TYPE:		SQ FT:	10000
WORK DESCRIPTION:	COM: Metal Building 10,000 Sq Ft		
WORK CONDITIONS:	Sewer Piping from building to Existing MH needs to be Min. 6" with Backwater device and cleanout near building. piping to have 12 gauge green tracer wire on top of piping and caution tape approx. 6" above pipe. See and Intial redline comments on A1, Foundation per geotech report, Special Inspections required, see fire comments attached.		

DESCRIPTION	AMOUNT
Building Permit Fee	\$6,550.00
Other Building Fees - Building Plan Review Fee	\$4,257.50
Fire Review	\$1,703.00
Zoning Clearance for Building Permits - New Commercial (includes Facotry	\$315.00
Technology Fee	\$384.77
TOTAL	\$13,210.27

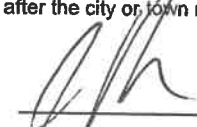
**SUBMIT INSPECTION REQUESTS TO BUILDING INSPECTION DEPARTMENT FOR ALL
REQUIRED INSPECTIONS**

This permit is non-transferable and expires 180 days from issue if work has not commenced, or if construction ceases for a period of 180 days. The undersigned applicant acknowledges that he is responsible for calling for each inspection required for this project before beginning the next phase of construction. THIS INCLUDES A FINAL INSPECTION FOR ALL TYPES OF CONSTRUCTION. Permission is hereby given to commence the above described work, according to the conditions hereon and in accordance with the approved plans and specifications pertaining thereto. The permit or approval granted hereby, or any inspections conducted on the site here after, shall not be construed as authorizing any activity in violation of any applicable Town of Camp Verde ordinances, federal or state law or regulation. Town staff may advise the applicant of issues regarding State and Federal laws that the Town staff member believes would be helpful to the applicant, but any such advice or comment is not a determination or interpretation of Federal or State law or regulation.

Note: 9-495. Arizona Revised Statute In any written communication between a city or town and a person, the city or town shall provide the name, telephone number and email address of the employee who is authorized and able to provide information about the communication if the communication does any of the following:

1. Demands payment of a tax, fee, penalty fine or assessment;
2. Denies an application for a permit or license that is issued by the city or town; or
3. Requests corrections, revisions or additional information or materials needed for approval of any application for a permit, license or other authorization that is issued by the city or town.

An employee who is authorized and able to provide information about any communication that is described above shall reply within five (5) business days after the city or town receives that communication.

Issued by:  Date: 5-8-23

Signature:  Date: 5-8-2023

Town Council Regular Session July 2, 2025 Page 143 of 293

TOWN OF CAMP VERDE 20230081

BUILDING PERMIT

AND INSPECTION RECORD CARD

POST IN A CONSPICUOUS PLACE ON THE JOB

It is in violation of city ordinance to occupy this building before Final Approval and a Certificate of Occupancy have been issued.

This Certificate is issued pursuant to the requirements of Chapter 7 of the Town Code, adopted by reference, Section 7-2-107.3 Town Code and the 2018 International Building code, certifying that at the time of issuance this structure was in compliance with the various ordinances of the Town regulating building construction or use

DATE OF ISSUE: 05/08/2023 DATE OF EXPIRATION: 11/08/2023
OWNER: AZ Reuten properties LLC
ADDRESS: 1424 W. Davidson Drive
CONTRACTOR: TIERRA VERDE INVESTMENTS
DESCRIPTION OF WORK: COM: Metal Building 10,000 Sq Ft

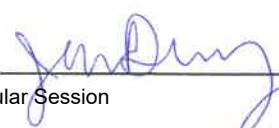
It shall be the duty of the Permit Holder to cause the work to remain accessible and exposed for inspection purposes. Neither the Building Official nor the Town of Camp Verde shall be liable for the expense in the removal or the replacement of any materials required to facilitate inspections.

INSPECTION GUIDE - NOT ALL INSPECTIONS MAY BE REQUIRED

TYPE	RESULT	DATE DONE	INSPECTOR
0.1 Preliminary Site Inspection			
Exterior Strap and Sheer			
Fire Final - Please Call			
Footings			
Framing			
Other			
Other			
PRE-SLAB			
Temp Power			
Underground slab utilities			
Wastewater Tie-in			
Water Connection			
Zoning Clearance Final			

**PERMIT HOLDER IS RESPONSIBLE FOR SCHEDULING REQUIRED INSPECTIONS:
CALL THE TOWN OFFICER AT 928-554-0062 TO SCHEDULE INSPECTIONS**

This permit is issued on the express condition that the work performed shall conform in all respects to the statements certified in the application, and that all work shall be done in accordance with the laws, ordinances, rules and resolutions of the Town of Camp Verde and the State of Arizona. Enforcement and administration of the International Building Code is a public service and is of necessity limited in nature. Consequently, this building permit and the subsequent building inspections are not to be construed or relied upon as any type of warranty, guarantee, or representation on the part of the Town that the plans, construction or finished product are necessarily in conformance with the provisions of the International Building Code or other applicable construction standards. Further, the Town assumes no responsibility or liability for damages of any nature allegedly arising out of the issuance of this permit or subsequent inspections.

Permit Holder: 
Town Council Regular Session

Date: 5-8-2023
July 2, 2025



RESOLUTION NO. 2025-1183

**A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE
TOWN OF CAMP VERDE, YAVAPAI COUNTY, ARIZONA,
APPROVING AND ADOPTING THE PLANNING FEE REFUND, WAIVER, AND
REDUCTION POLICY**

WHEREAS, the Town of Camp Verde imposes planning-related fees to recover the costs of services provided in connection with the review, processing, and administration of development applications and land use requests; and

WHEREAS, from time to time, applicants may request refunds, waivers, or reductions of such fees due to project withdrawal, errors in fee collection, charitable purposes, changes in development scope, or other circumstances; and

WHEREAS, the Town Council finds it necessary to establish a formal policy to ensure consistency, fairness, transparency, and accountability in the review and processing of such requests; and

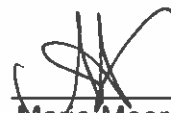
WHEREAS, the proposed Planning Fee Refund, Waiver, and Reduction Policy outlines eligibility criteria, submission timelines, review procedures, and the authority required for approval, with the intent of supporting sound fiscal management and public trust in the administration of municipal fees.

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

Section 1: Approval and Adoption

The Town Council hereby approves and adopts the *Planning Fee Refund, Waiver, and Reduction Policy*, attached hereto as Exhibit A, effective immediately upon passage of this resolution.

**PASSED, AND APPROVED BY A MAJORITY VOTE OF THE MAYOR AND COMMON
COUNCIL OF THE TOWN OF CAMP VERDE, YAVAPAI COUNTY, ARIZONA, THIS
21ST DAY OF MAY, 2025.**



Marie Moore, Mayor

ATTEST:



Leah Rhodes, Town Clerk

APPROVED AS TO FORM:



Trish Stuhan, Town Attorney
Pierce Coleman, PLLC



Town of Camp Verde

Planning Fee Refund, Waiver and Reduction Policy

Adopted by Resolution 2025-1183 on May 21, 2025

SECTION 1: PURPOSE

The purpose of this policy is to establish a uniform and transparent framework for evaluating and processing requests for the full or partial refund, waiver, or reduction of planning-related fees.

SECTION 2: DEFINITIONS

- **Fee Refund:** A return of all or a portion of fees previously paid to the Town in connection with a planning or development application.
- **Fee Waiver:** A decision not to collect a fee that would otherwise be required.
- **Fee Reduction:** A discount applied to a required fee based on specific eligibility criteria.
- **Eligible Planning Fee:** A fee associated with planning applications, development review, capacity charges, or related land use matters, as identified in the current Town Fee Schedule.
- **Substantial Scope Change:** A modification to a project that results in a meaningful reduction in the scale, intensity, or complexity of the proposed development.

SECTION 3: SCOPE

This policy applies to all requests submitted by applicants, contractors, developers, or landowners seeking a refund, waiver, or reduction of fees listed in the Town of Camp Verde's adopted Fee Schedule related to planning, zoning, and development services.

SECTION 4: AUTHORITY

The Town Council shall have sole authority to approve or deny any request for the refund, waiver, or reduction of planning-related fees.

The Community Development Director will receive and evaluate such requests, prepare findings and recommendations for the Town Manager's review and approval. Once Town Manager approval is received, the Community Development Director will present the request and Town staff's recommendations to the Town Council for final decision. No refunds, waivers, or reductions shall be granted without formal Council approval at a public meeting.

Exception: If the request is due solely to a fee that was collected in error or a documented overpayment, the Town Manager is authorized to approve and process the refund administratively without Council action. These cases must be clearly documented and reported to the Town Council as part of the annual fee adjustment summary.

SECTION 5: ELIGIBILITY CRITERIA

A. Application Withdrawal or Town-Initiated Termination (*Refund Eligible*)

Refunds may be considered under the following circumstances:

- 1) The applicant formally withdraws their application in writing prior to the commencement of substantive staff review (e.g., technical analysis, interdepartmental routing, or scheduling for public hearing).
- 2) Town staff determine that the application was unnecessary due to an internal misinterpretation of planning or zoning code or was requested in error.
- 3) The project is rendered infeasible or ineligible due to a Town-initiated action, including but not limited to:
 - o Adoption of new zoning regulations
 - o Implementation of a development moratorium
 - o Town withdrawal or revocation of a previous authorization due to no fault of the applicant

Refunds under this section are subject to administrative cost recovery for processing and evaluation already performed, if any.

B. Town Error or Overpayment (*Refund or Reduction Eligible*)

Refunds or reductions may be granted when:

- 1) The applicant paid a fee in error, such as duplicate payment, incorrect fee category, or unintentional payment for a service not rendered or not required.
- 2) There is clear documentation of a clerical, administrative, or procedural mistake made by Town staff that directly resulted in the overcollection of fees.

These requests may be administratively approved by the Town Manager without Town Council action, consistent with Section 4.

C. Nonprofit and Charitable Public Benefit Projects (*Waiver or Reduction Eligible*)

Fee waivers or reductions may be considered for projects that demonstrate a strong and direct public benefit, including:

- 1) The project is sponsored by a registered 501(c)(3) nonprofit organization in good standing with the State of Arizona.
- 2) The project supports public benefit outcomes, such as:
 - o Provision of affordable housing units (e.g., serving residents at 80% AMI or lower)
 - o Construction of community-serving infrastructure (e.g., food pantries, parks, community centers)
 - o Historic preservation or cultural/educational facilities open to the public
- 3) The proposed development or use is exclusively charitable, educational, or public service in nature, with no commercial or private financial benefit accruing to the applicant, developer, or sponsoring entity.

Applicants must provide a written statement of public benefit and supporting documentation. Town Council may require a deed restriction, use agreement, or similar assurance to verify long-term charitable use.

D. Capacity Fees or Development-Related Charges (*Refund Eligible*)

Refunds of capacity fees, impact fees, or related charges may be granted under the following conditions:

- 1) Fees were assessed in connection with a permit issued before the official effective date of the adopted capacity or impact fee schedule.
- 2) The associated development project was abandoned prior to initiation of construction or utility connection, and the Town did not expend resources in reliance on the project proceeding.

- 3) The scope of the development changed significantly due to design revisions, resulting in a material decrease in anticipated infrastructure demand, such as reduced building square footage, utility demand, or occupancy type.

Requests under this section must be accompanied by a narrative explaining the change in scope, supporting site plans, and a comparison of before-and-after service impacts.

SECTION 6: TIMEFRAME FOR SUBMITTING REQUESTS

All refund requests must be submitted within 90 calendar days of the original fee payment.

Waiver or reduction requests must be submitted prior to payment of the fee or at the time of application submission.

Requests made outside of these timeframes may be denied unless extraordinary justification is provided and the Town Council approves the exception.

Notwithstanding the timelines above, the Town will consider refund, waiver, or reduction requests for any eligible projects with application or payment dates on or after July 1, 2024, provided that the request is no later than September 1, 2025.

SECTION 7: PROCEDURES

A. Fee Schedule

Planning application fees are established annually through the Town's adopted Fee Schedule. These fees are intended to cover administrative costs, staff time, and resources associated with processing planning applications.

B. Request Requirements

Requests must be submitted in writing and include:

- 1) Applicant name and contact information
- 2) Permit or project reference number
- 3) Type and amount of fee paid or requested to be waived/reduced
- 4) Reason for the request, including applicable eligibility criteria
- 5) Supporting documentation (e.g., receipts, nonprofit status verification, evidence of error)

C. Review Process

All requests for fee refunds, waivers, or reductions shall follow the structured review process outlined below to ensure thorough evaluation, internal coordination, and transparent decision-making.

A. Initial Evaluation by Community Development Department

- 1) Upon receipt of a complete written request, the Community Development Department will timestamp the request and notify the applicant of receipt.
- 2) Staff will verify the accuracy of the information provided, assess whether the request meets the eligibility criteria, and identify any additional documentation needed.
- 3) Within 10 business days, staff will prepare a written evaluation that includes:
 - o Summary of the request
 - o Applicable eligibility criteria
 - o Fee history and payment record
 - o Assessment of staff time and services rendered
 - o Staff recommendation (approve, deny, or modify the request)

B. Town Manager Review and Authorization for Council Presentation

- 1) The written evaluation and recommendation will be submitted to the Town Manager for review.

- 2) The Town Manager may approve or deny requests for reimbursement for a fee that was collected in error or a documented overpayment.
- 3) For requests requiring Council approval, within 10 business days the Town Manager will ensure that all findings, supporting documentation, and recommendations are compiled into a formal agenda packet item.

C. Town Council Consideration and Final Decision (Refunds and Exceptions)

- 1) Requests requiring Council approval shall be placed on the agenda of the next available regular or special Council meeting.
- 2) The Community Development Director, or their designee, shall present the request to the Town Council, including:
 - Background of the application or project
 - Summary of the fee(s) paid or in question
 - Justification for the request based on policy criteria
 - Staff's formal recommendation
- 3) The Town Council shall deliberate and issue a decision to approve, deny, or modify the request. The Council's decision shall be final.
- 4) All Council decisions will be documented in the meeting minutes and a written notice of the decision will be issued to the applicant within 10 business days following the meeting.

SECTION 8: REFUND PROCESSING

- Refunds, if approved, will be processed within 45 days of Council approval.
- Refunds will only be issued to the original payer unless otherwise requested in writing.

SECTION 9: ANNUAL REPORTING

An annual report summarizing fee adjustments will be provided to the Town Council.



RESIDENTIAL AND COMMERCIAL CONTRACTOR

PO BOX 2898 CAMP VERDE, AZ 86322 (928) 567-2477

ROC# 261021

ROC# 327240

To: Town of Camp Verde

Re.: Planning Fee Refund, Waiver and Reduction Policy

June 4, 2025

This letter serves as an official request on behalf of **Laura Kessler**, Owner of the property located at **1424 W Davidson** to request a refund based off of Resolution 2025-1183, allowing Owners, Developers and Contractors to petition the Town of Camp Verde on Capacity Fee(s) that were assessed after a permit was issued.

On May 8, 2023, **permit #20240291M** was issued to Tierra Verde Builders for a commercial building. On November 13, 2024, Tierra Verde Builders was charged \$ 23,958.00 for the newly adopted Capacity Fee (see attached receipt) I am requesting that \$23,958.00 be refunded based off of Resolution 2025-1183 stating "Fees were assessed in connection with a permit issued before the official effective date of the adopted capacity or impact fee schedule"

Thank you for your consideration

John Bassous

tvbuilders@q.com

(928) 567-2477

**Meeting Date:** July 2, 2025**Agenda Item Type:**

- | | | |
|--|---|--|
| ☐ Consent Agenda | ☐ Informational Presentation | ☐ Discussion Item |
| ☒ Action/Decision Item | ☐ Executive Session Request | ☐ Other: |

Requesting Department: Community Development / Utilities**Staff Resource:** Town Manager / Interim Community Development Director Miranda Fisher

Agenda Title: Discussion, consideration, and possible approval of a reimbursement request submitted under the Planning Fee Refund, Waiver, and Reduction Policy for Permit #20230573 in the amount of \$16,000.00 for Teresa Proper, property located at 100 Montezuma Castle Highway.

Attached Documents:

- Applicant Refund Request
- Permit #20230573
- Resolution 2025- 1183 Planning Fee Refund
- Waiver and Reduction Policy

Estimated Presentation Time: 5 minutes**Estimated Discussion Time:** 15 minutes**Reviewed By:**

- | | | | | |
|--|---|--|----------------------------------|---------------------------------|
| ☒ Town Manager | ☒ Legal | ☐ Risk Management | ☐ Finance | ☐ Other: |
|--|---|--|----------------------------------|---------------------------------|

Financial Review (if applicable): Refunds will come out of the Water Fund

- | | | | | |
|---------------------------------------|------------------------------|-----------------------------|------------------------------|---------------------------------|
| • Funding Source / GL Account Number: | | | | |
| • Approved in the FY25 Budget? | ☐ Yes | ☐ No | ☐ N/A | ☐ Other: |
| • Is this an approved CIP Project? | ☐ Yes | ☐ No | ☐ N/A | ☐ Other: |

Background Information:

On May 21, 2025, the Town Council adopted Resolution 2025-1183, establishing the Planning Fee Refund, Waiver, and Reduction Policy. This policy allows applicants, contractors, developers, or landowners to request a refund, waiver, or reduction of fees listed in the Town of Camp Verde's adopted Fee Schedule related to planning, zoning, and development services.

Refunds of capacity fees, impact fees, or related charges may be considered under the following criteria:

- 1) Fees were assessed in connection with a permit issued before the official effective date of the adopted capacity or impact fee schedule.
- 2) The associated development project was abandoned prior to initiation of construction or utility connection, and the Town did not expend resources in reliance on the project proceeding.
- 3) The scope of the development changed significantly due to design revisions, resulting in a material decrease in anticipated infrastructure demand, such as reduced building square footage, utility demand, or occupancy type.



Town Council

Agenda Information Memorandum

Request for Consideration

Contractor John Bassous, on behalf of his client Teresa Proper, is requesting a \$16,000 refund for a Commercial permit issued on December 19, 2023, for four apartments located at 100 Montezuma Castle Highway. Bassous asserts eligibility under Criterion #1, as the permit was issued prior to the July 1, 2024, effective date of the Town's adopted Capacity Fees. The Capacity Fee was paid on July 17, 2024.

Staff Analysis & Recommendation

Town staff have consistently held that a refund is not warranted in this case, particularly in response to Mr. Bassous's claim that contractors were not notified of the new Capacity Fee. While the Town fully complied with statutory procedures for adopting the fee, including public meetings and notices, staff recognize that proactive outreach to current permit holders could have been stronger. In response, a distribution list has since been created to ensure direct communication with contractors and developers on matters affecting building and development.

Although the ordinance does not explicitly exempt projects with permits issued before July 1, 2024, but not yet connected to utilities, it is important to note that the intent of implementing Capacity Fees was to generate funding for infrastructure improvements. A full refund would undermine this purpose.

Should the Council wish to grant a partial refund in light of the circumstances, staff recommend considering a prorated refund as follows:

- **25% Refund:** \$4,000
- **50% Refund:** \$8,000
- **75% Refund:** \$12,000

Staff maintain that a full refund is not appropriate; however, a partial refund may serve as a reasonable compromise should the Council choose to support the request.

Connection to the [FY25-FY30 Strategic Plan](#)

This item supports the Strategic Plan's commitment to transparent governance and responsible growth management by ensuring fee policies are applied fairly and consistently

Question(s) before the Council:

- Does the Council want to refund Mr. Bassous on behalf of his client, Teresa Proper?
- If so, what amount does the Council want to refund?

Proposed Motions:

I move to **APPROVE** a refund to Mr. Bassous on behalf of his client, Teresa Proper, in the amount of _____.

I move to **DENY** Mr. Bassous's refund request.

12/2023



Town of Camp Verde
Gateway to the Verde Valley

◆ 395 S. Main St. ◆ Camp Verde, AZ 86322 ◆
 ◆ 928-554-0850 ◆ www.campverde.az.gov ◆

*Paper
WATER FEES*

Application for Utility
Service

Name: TIERRA VERDE BUILDERS

Mailing Address: PO BOX 2898

City, State, Zip: CAMP VERDE, AZ 86322

Phone Number: (928) 300-8804

Driver's License #: _____

Email: _____

Service Type/Date: **(4) 3/4" Residential New Service**

Location: **100 MONTEZUMA CASTLE HWY**

7/17/2024

Water Fees

Establishment \$ 200.00

Meter Intallation \$ 2,400.00

Capacity \$ 16,000.00

JUL 17 2024

Initial: CC QR
 TOTAL \$ 18,600.00

Date 7/17/2024

Box Lid # _____

Rte/Seq _____

Owner ☒ RENTER

Acct# _____

METER INFO

ID/RF# _____

Serial # _____

Type _____

Rate/Pump _____

Reading _____

Last Read _____

Date / Time _____

Tech _____

Clerk JC

Wastewater	
Account #	_____
Name	_____
Monthly Rate	_____
Owner ☒ Tenant	_____
Establishment Fee \$35 - Postpaid	(initials) _____

Water Rates

Monthly Minimum Tariff (per month)

5/8 x 3/4" Meter \$27.55
 1" Meter \$58.00
 2" Meter \$203.00
 FH Meter \$214.60

Gallon Usage Charge Per 1,000 Gallons

1 to 5,000 \$3.35
 5,001 to 10,000 \$4.00
 10,001 to 50,000 \$5.50
 50,001 and up \$7.00

Customer Acceptance

I, the undersigned, hereby make application to the Town of Camp Verde for water and wastewater. I agree to pay for such services at the established rates for my usage classification, and in accordance with all rules and regulations as approved by the CAMP VERDE TOWN COUNCIL. I agree to use such services for my own purposes and further agree not to sell any part of the same or permit such services to be used for any other purpose other than my own purpose as allowed in my usage classification. I agree not to tamper with, or modify the water valve contained within meter box. I agree that the duly authorized agents and employees at said TOWN shall have access to my premise at all reasonable hours for the purpose of installation or removal of meters, and inspection of equipment incidental to carrying out this agreement, and I further agree to hold THE TOWN OF CAMP VERDE harmless from any claims, real or alleged, for loss or damage to property or persons arising out of the delivery of services beyond the point of the metering.

I agree to give the said TOWN three (3) business days' notice prior to vacating the premises and discontinuation of services. In the event of failure on my part to comply with the terms of this agreement, I agree that said TOWN, or its representatives, may discontinue services hereunder without further notice to me, and that discontinuance will not constitute waiver of any claims against me for prior services rendered here under by said TOWN. I also agree that if my account is sent to a collection agency as of my failure to pay that I will be liable for the collection agency fees and the outstanding amount due the TOWN.

Sam Hill
 Signature

You have signed up for TOWN services and by your signature are certifying you have the legal right to establish service at this property. This account is in your name and is your responsibility. Should you experience a leak of any kind at the property you own/rent, you will be liable for associated charges, and it will be up to you to work out reimbursement of the water bill with the property owner, landlord, or property management company. Charges for leaks will be billed to you and will remain your responsibility.

Initials



Town of Camp Verde
Building Division - Community Development Department
♦ 473 S. Main Street, Suite 108 ♦ Camp Verde, Arizona 86322 ♦
♦ Telephone: 928.554.0050 ♦ Fax: 928.567.7401 ♦
♦ www.campverde.az.gov ♦

PERMIT

PERMIT #:	20230573	DATE ISSUED:	12/19/2023
		DATE EXPIRED:	06/19/2024
JOB ADDRESS:	100 S MONTEZUMA CASTLE HWY	BLOCK #:	
PARCEL #:	404-28-003V	ZONING:	C2-4
SUBDIVISION:	4922-270	FLOOD ZONE:	Flood Yes
FLOOD MAP:	YES		
ISSUED TO:	R-T-P FAMILY TRUST	CONTRACTOR:	TIERRA VERDE INVESTMENTS
ADDRESS:	PO BOX 2202	ADDRESS:	PO BOX 2898
CITY, STATE, ZIP:	CAMP VERDE, AZ 86322	CITY, STATE, ZIP:	CAMP VERDE, AZ 86322
PHONE:	928-300-7288	PHONE:	9285672477
USE/OCCUPANCY:		VALUATION:	0
CNST TYPE:	VB	SQ FT:	3110
WORK DESCRIPTION:	COM: 4 Apartments includes existing structure		
WORK CONDITIONS:			

▶ FINALED ◀

JAN 06 2025

▶ FINALED ◀

JAN 16 2025

DESCRIPTION	AMOUNT
Building Permit Fee	\$5,747.00
Other Building Fees - Building Plan Review Fee	\$3,735.55
Fire Review	\$100.00
TOTAL	\$9,582.55

SUBMIT INSPECTION REQUESTS TO BUILDING INSPECTION DEPARTMENT FOR ALL REQUIRED INSPECTIONS

This permit is non-transferable and expires 180 days from issue if work has not commenced, or if construction ceases for a period of 180 days. The undersigned applicant acknowledges that he is responsible for calling for each inspection required for this project before beginning the next phase of construction. THIS INCLUDES A FINAL INSPECTION FOR ALL TYPES OF CONSTRUCTION. Permission is hereby given to commence the above described work, according to the conditions hereon and in accordance with the approved plans and specifications pertaining thereto. The permit or approval granted hereby, or any inspections conducted on the site here after, shall not be construed as authorizing any activity in violation of any applicable Town of Camp Verde ordinances, federal or state law or regulation. Town staff may advise the applicant of issues regarding State and Federal laws that the Town staff member believes would be helpful to the applicant, but any such advice or comment is not a determination or interpretation of Federal or State law or regulation.

Note: 9-495. Arizona Revised Statute In any written communication between a city or town and a person, the city or town shall provide the name, telephone number and email address of the employee who is authorized and able to provide information about the communication if the communication does any of the following:

1. Demands payment of a tax, fee, penalty fine or assessment;
2. Denies an application for a permit or license that is issued by the city or town; or
3. Requests corrections, revisions or additional information or materials needed for approval of any application for a permit, license or other authorization that is issued by the city or town.

An employee who is authorized and able to provide information about any communication that is described above shall reply within five (5) business days after the city or town receives that communication.

Issued by:

Date:

12-19-23

Signature:

Date:

12-20-23



RESOLUTION NO. 2025-1183

**A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE
TOWN OF CAMP VERDE, YAVAPAI COUNTY, ARIZONA,
APPROVING AND ADOPTING THE PLANNING FEE REFUND, WAIVER, AND
REDUCTION POLICY**

WHEREAS, the Town of Camp Verde imposes planning-related fees to recover the costs of services provided in connection with the review, processing, and administration of development applications and land use requests; and

WHEREAS, from time to time, applicants may request refunds, waivers, or reductions of such fees due to project withdrawal, errors in fee collection, charitable purposes, changes in development scope, or other circumstances; and

WHEREAS, the Town Council finds it necessary to establish a formal policy to ensure consistency, fairness, transparency, and accountability in the review and processing of such requests; and

WHEREAS, the proposed Planning Fee Refund, Waiver, and Reduction Policy outlines eligibility criteria, submission timelines, review procedures, and the authority required for approval, with the intent of supporting sound fiscal management and public trust in the administration of municipal fees.

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

Section 1: Approval and Adoption

The Town Council hereby approves and adopts the *Planning Fee Refund, Waiver, and Reduction Policy*, attached hereto as Exhibit A, effective immediately upon passage of this resolution.

**PASSED, AND APPROVED BY A MAJORITY VOTE OF THE MAYOR AND COMMON
COUNCIL OF THE TOWN OF CAMP VERDE, YAVAPAI COUNTY, ARIZONA, THIS
21ST DAY OF MAY, 2025.**



Marie Moore, Mayor

ATTEST:



Leah Rhodes, Town Clerk

APPROVED AS TO FORM:



Trish Stuhan, Town Attorney
Pierce Coleman, PLLC



Town of Camp Verde

Planning Fee Refund, Waiver and Reduction Policy

Adopted by Resolution 2025-1183 on May 21, 2025

SECTION 1: PURPOSE

The purpose of this policy is to establish a uniform and transparent framework for evaluating and processing requests for the full or partial refund, waiver, or reduction of planning-related fees.

SECTION 2: DEFINITIONS

- **Fee Refund:** A return of all or a portion of fees previously paid to the Town in connection with a planning or development application.
- **Fee Waiver:** A decision not to collect a fee that would otherwise be required.
- **Fee Reduction:** A discount applied to a required fee based on specific eligibility criteria.
- **Eligible Planning Fee:** A fee associated with planning applications, development review, capacity charges, or related land use matters, as identified in the current Town Fee Schedule.
- **Substantial Scope Change:** A modification to a project that results in a meaningful reduction in the scale, intensity, or complexity of the proposed development.

SECTION 3: SCOPE

This policy applies to all requests submitted by applicants, contractors, developers, or landowners seeking a refund, waiver, or reduction of fees listed in the Town of Camp Verde's adopted Fee Schedule related to planning, zoning, and development services.

SECTION 4: AUTHORITY

The Town Council shall have sole authority to approve or deny any request for the refund, waiver, or reduction of planning-related fees.

The Community Development Director will receive and evaluate such requests, prepare findings and recommendations for the Town Manager's review and approval. Once Town Manager approval is received, the Community Development Director will present the request and Town staff's recommendations to the Town Council for final decision. No refunds, waivers, or reductions shall be granted without formal Council approval at a public meeting.

Exception: If the request is due solely to a fee that was collected in error or a documented overpayment, the Town Manager is authorized to approve and process the refund administratively without Council action. These cases must be clearly documented and reported to the Town Council as part of the annual fee adjustment summary.

SECTION 5: ELIGIBILITY CRITERIA

A. Application Withdrawal or Town-Initiated Termination (*Refund Eligible*)

Refunds may be considered under the following circumstances:

- 1) The applicant formally withdraws their application in writing prior to the commencement of substantive staff review (e.g., technical analysis, interdepartmental routing, or scheduling for public hearing).
- 2) Town staff determine that the application was unnecessary due to an internal misinterpretation of planning or zoning code or was requested in error.
- 3) The project is rendered infeasible or ineligible due to a Town-initiated action, including but not limited to:
 - o Adoption of new zoning regulations
 - o Implementation of a development moratorium
 - o Town withdrawal or revocation of a previous authorization due to no fault of the applicant

Refunds under this section are subject to administrative cost recovery for processing and evaluation already performed, if any.

B. Town Error or Overpayment (*Refund or Reduction Eligible*)

Refunds or reductions may be granted when:

- 1) The applicant paid a fee in error, such as duplicate payment, incorrect fee category, or unintentional payment for a service not rendered or not required.
- 2) There is clear documentation of a clerical, administrative, or procedural mistake made by Town staff that directly resulted in the overcollection of fees.

These requests may be administratively approved by the Town Manager without Town Council action, consistent with Section 4.

C. Nonprofit and Charitable Public Benefit Projects (*Waiver or Reduction Eligible*)

Fee waivers or reductions may be considered for projects that demonstrate a strong and direct public benefit, including:

- 1) The project is sponsored by a registered 501(c)(3) nonprofit organization in good standing with the State of Arizona.
- 2) The project supports public benefit outcomes, such as:
 - o Provision of affordable housing units (e.g., serving residents at 80% AMI or lower)
 - o Construction of community-serving infrastructure (e.g., food pantries, parks, community centers)
 - o Historic preservation or cultural/educational facilities open to the public
- 3) The proposed development or use is exclusively charitable, educational, or public service in nature, with no commercial or private financial benefit accruing to the applicant, developer, or sponsoring entity.

Applicants must provide a written statement of public benefit and supporting documentation. Town Council may require a deed restriction, use agreement, or similar assurance to verify long-term charitable use.

D. Capacity Fees or Development-Related Charges (*Refund Eligible*)

Refunds of capacity fees, impact fees, or related charges may be granted under the following conditions:

- 1) Fees were assessed in connection with a permit issued before the official effective date of the adopted capacity or impact fee schedule.
- 2) The associated development project was abandoned prior to initiation of construction or utility connection, and the Town did not expend resources in reliance on the project proceeding.

- 3) The scope of the development changed significantly due to design revisions, resulting in a material decrease in anticipated infrastructure demand, such as reduced building square footage, utility demand, or occupancy type.

Requests under this section must be accompanied by a narrative explaining the change in scope, supporting site plans, and a comparison of before-and-after service impacts.

SECTION 6: TIMEFRAME FOR SUBMITTING REQUESTS

All refund requests must be submitted within 90 calendar days of the original fee payment.

Waiver or reduction requests must be submitted prior to payment of the fee or at the time of application submission.

Requests made outside of these timeframes may be denied unless extraordinary justification is provided and the Town Council approves the exception.

Notwithstanding the timelines above, the Town will consider refund, waiver, or reduction requests for any eligible projects with application or payment dates on or after July 1, 2024, provided that the request is no later than September 1, 2025.

SECTION 7: PROCEDURES

A. Fee Schedule

Planning application fees are established annually through the Town's adopted Fee Schedule. These fees are intended to cover administrative costs, staff time, and resources associated with processing planning applications.

B. Request Requirements

Requests must be submitted in writing and include:

- 1) Applicant name and contact information
- 2) Permit or project reference number
- 3) Type and amount of fee paid or requested to be waived/reduced
- 4) Reason for the request, including applicable eligibility criteria
- 5) Supporting documentation (e.g., receipts, nonprofit status verification, evidence of error)

C. Review Process

All requests for fee refunds, waivers, or reductions shall follow the structured review process outlined below to ensure thorough evaluation, internal coordination, and transparent decision-making.

A. Initial Evaluation by Community Development Department

- 1) Upon receipt of a complete written request, the Community Development Department will timestamp the request and notify the applicant of receipt.
- 2) Staff will verify the accuracy of the information provided, assess whether the request meets the eligibility criteria, and identify any additional documentation needed.
- 3) Within 10 business days, staff will prepare a written evaluation that includes:
 - o Summary of the request
 - o Applicable eligibility criteria
 - o Fee history and payment record
 - o Assessment of staff time and services rendered
 - o Staff recommendation (approve, deny, or modify the request)

B. Town Manager Review and Authorization for Council Presentation

- 1) The written evaluation and recommendation will be submitted to the Town Manager for review.

- 2) The Town Manager may approve or deny requests for reimbursement for a fee that was collected in error or a documented overpayment.
- 3) For requests requiring Council approval, within 10 business days the Town Manager will ensure that all findings, supporting documentation, and recommendations are compiled into a formal agenda packet item.

C. Town Council Consideration and Final Decision (Refunds and Exceptions)

- 1) Requests requiring Council approval shall be placed on the agenda of the next available regular or special Council meeting.
- 2) The Community Development Director, or their designee, shall present the request to the Town Council, including:
 - Background of the application or project
 - Summary of the fee(s) paid or in question
 - Justification for the request based on policy criteria
 - Staff's formal recommendation
- 3) The Town Council shall deliberate and issue a decision to approve, deny, or modify the request. The Council's decision shall be final.
- 4) All Council decisions will be documented in the meeting minutes and a written notice of the decision will be issued to the applicant within 10 business days following the meeting.

SECTION 8: REFUND PROCESSING

- Refunds, if approved, will be processed within 45 days of Council approval.
- Refunds will only be issued to the original payer unless otherwise requested in writing.

SECTION 9: ANNUAL REPORTING

An annual report summarizing fee adjustments will be provided to the Town Council.



RESIDENTIAL AND COMMERCIAL CONTRACTOR

PO BOX 2898 CAMP VERDE, AZ 86322 (928) 567-2477

ROC# 261021

ROC# 327240

To: Town of Camp Verde

Re.: Planning Fee Refund, Waiver and Reduction Policy

June 4, 2025

This letter serves as an official request on behalf of **Teresa Proper**, Owner of the property located at **100 S Montezuma Castle Hwy** to request a refund based off of Resolution 2025-1183, allowing Owners, Developers and Contractors to petition the Town of Camp Verde on Capacity Fee(s) that were assessed after a permit was issued.

On December 19, 2023, **permit #20230573** was issued to Tierra Verde Builders for a commercial building. On July 17, 2024, Tierra Verde Builders was charged \$ 16,000 for the newly adopted Capacity Fee (see attached receipt) I am requesting that \$16,000 be refunded based off of Resolution 2025-1183 stating "Fees were assessed in connection with a permit issued before the official effective date of the adopted capacity or impact fee schedule"

Thank you for your consideration

John Bassous

tvbuilders@q.com

(928) 567-2477



Meeting Date: July 2, 2025

Agenda Item Type:

- | | | |
|--|---|--|
| ☐ Consent Agenda | ☐ Informational Presentation | ☐ Discussion Item |
| ☒ Action/Decision Item | ☐ Executive Session Request | ☐ Other: |

Requesting Departments: Wastewater / Finance

Staff Resource: Utilities Director Jeff Low & Finance Director Mike Showers

Agenda Title: Discussion, consideration and possible approval to authorize staff to enter into a contract with Sustainability Partners to construct an extension to the Town's wastewater system in and around the Black Bridge area.

Attached Documents:

- Black Bridge Sewer Extension CIP Project Sheet
- Wastewater 5-yr cash flow with estimated lease cost
- Estimated monthly payment amounts by escalator
- Sustainability Partners and the Funding Model
- Generic Sustainability Partners contract

Estimated Presentation Time: 5 mins

Estimated Discussion Time: 10 mins

Reviewed By:

- | | | | | |
|--|---|--|---|---|
| ☒ Town Manager | ☒ Legal | ☐ Risk Management | ☒ Finance | ☒ Other: Wastewater |
|--|---|--|---|---|

Financial Review (if applicable): N/A

- | | | | |
|---|---|-----------------------------|--|
| • Funding Source / GL Account Number: N/A | | | |
| • Approved in the FY26 Budget? | ☒ Yes | ☐ No | ☐ N/A ☐ Other: |
| • Is this an approved CIP Project? | ☒ Yes | ☐ No | ☐ N/A ☐ Other: |



Town Council

Agenda Information Memorandum

Background

Information:

A contract with Sustainability Partners (SP) offers the Town an opportunity to get an important Capital Improvement project completed without having to focus on procurement, financing, asset management and the financial risk that comes with the ownership. This is not debt to the Town nor is it an actual lease contract. This agreement puts ownership, risk and maintenance responsibility on SP. The Town pays a monthly Usage Fee over the life of the asset. At any point in time, the Town can choose to dissolve the contract and buy the asset from SP for the original cost adjusted down for the actual remaining useful life of the asset. At the end of the asset's determined life, the asset can be purchased for \$1 or the Town can continue the relationship with SP with the understanding that all modifications and capital upgrades will be provided by SP. The monthly payment also contains a portion of funds, specifically allocated for larger capital maintenance costs that the Town, if able to perform the maintenance service, can recoup directly. The Town will not make any payments to SP until the entire project is complete and ready for use.

Connection to the [FY25-FY30 Strategic Plan](#) :

This project supports the Community Infrastructure section of the Strategic Plan

Question(s) before the Council:

- Does Council approve staff to move forward with the Black Bridge sewer extension project with Sustainability Partners?
- Does Council approve the use of the proposed funding strategy for the Black Bridge sewer extension project?

Proposed Motion:

Move to **APPROVE** the authorization for staff to enter into a contract with Sustainability Partners to construct an extension to the Town's wastewater system in and around the Black Bridge area.

Move to **DENY** contracting with Sustainability Partners.

TOWN OF CAMP VERDE

FY26 Capital Improvement Project

Project Title: *Black Bridge Loop Sewer Main Extension*

FY26 Impact: \$200,000

5-Yr Project Cost: \$1,700,000

New Project or Rollover: *Rollover Project*

Dept/Div: *Utilities / Wastewater*

Contact: *Chet Teague*

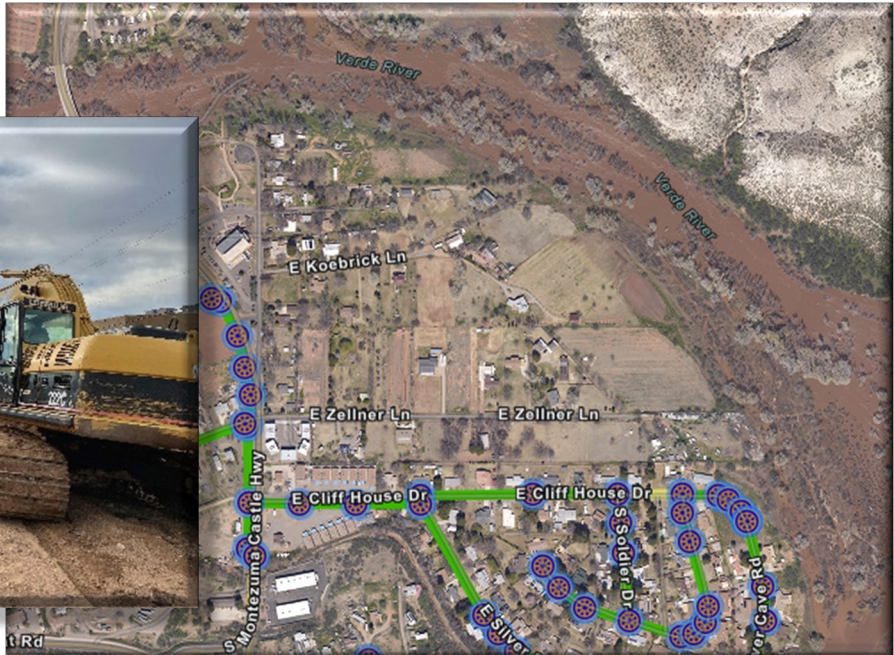
Requested by: *Jeff Low*

Date Completed: *2/11/25*

Project Summary:

Construct new sewer mains and a future main sewer collection stub.

Location: Black Bridge -
Montezuma Castle Road Area



Community Impact:

This project is for construction of new sewer mains on Black Bridge Loop Dr, Zellner Ln, Private Drive, Goddard Lane, Koebrich Lane, and Mosher Lane. Includes a future main sewer collection stub out to the north under Black Bridge to Montezuma Castle Highway toward the schools.

The new sewer mains will provide residents, who have been levied for the district improvements for more than 10 years, with sewer service. The project allows for future expansion to the north, adjacent to Montezuma Castle HWY, and connection of the restrooms at Rezzonico Park.

Project Title: *Black Bridge Loop Sewer Main Extension*

Operational Impact:

Impact on Staffing: Staff to maintain sewer main. Mains will be jetted out once per year. The project takes 2 weeks to complete.

Impact on operational costs: None.

Project Budget:

Fiscal	Activity / Segment	Timeline	Cost
FY26	Project Design	Jan25 – Jun25	\$ 200,000
FY27	Construction Sewer Main	July - June	\$ 800,000
FY28	Construction of sewer piping	July - June	\$700,000
	Total		\$ 1,700,000

Estimated Annual Operational Impact – Cost/(Savings):

Starting Year	Category	Cost
FY29	Wages & ERE	\$0
FY29	Supplies and Electricity	\$0
	Total	\$0

Project Funding:

Tracking Fund: Wastewater Fund

Funding Source: Debt Funding

Staff Rating Score:

Need	Cost/ Efficiency	Safety	Strategic Plan	Total Points
3.4	3.0	2.1	2.8	11.3

Wastewater Fund Cash Flow

5-Year Projection

	FY26		FY27		FY28		FY29		FY30
Operations									
Revenues		Grwth		Grwth		Grwth		Grwth	
User Fees	\$ 2,119,260	12.3%	\$ 2,379,696	4.5%	\$ 2,487,793	5.3%	\$ 2,620,144	5.3%	\$ 2,759,521
Other Operating Revenues	\$ 393,500	2.0%	\$ 401,370	2.0%	\$ 409,397	2.0%	\$ 417,585	2.0%	\$ 425,937
Total Revenues	\$ 2,512,760		\$ 2,781,066		\$ 2,897,190		\$ 3,037,730		\$ 3,185,458
Expenses		Grwth	1-time	Grwth	1-time	Grwth	1-time	Grwth	1-time
Wages & ERE	\$ 913,955	5%	\$ 959,653	5%	\$ 1,007,635	5%	\$ 1,058,017	5%	\$ 1,110,918
Operating Exps	\$ 991,170	4%	\$ 1,030,817	4%	\$ 1,072,050	4%	\$ 1,114,932	4%	\$ 1,159,529
Total Operating Exps	\$ 1,905,125		\$ 1,990,470		\$ 2,079,685		\$ 2,172,949		\$ 2,270,447
Debt Service	\$ 319,100		\$ 441,575		\$ 478,867		\$ 502,185		\$ 513,165
Net Cash Flow from Ops	\$ 288,535		\$ 349,021		\$ 338,638		\$ 362,596		\$ 401,846
Other		Grwth	1-time	Grwth	1-time	Grwth	1-time	Grwth	1-time
Connection Fees	\$ 35,000		\$ 35,000		\$ 35,000		\$ 35,000		\$ 35,000
Capital (Non-Debt)	\$ (385,000)		\$ -		\$ -		\$ -		\$ -
Sustainability Part's (2%)	\$ -		\$ (140,000)	2.9%	\$ (144,000)	2.8%	\$ (148,000)	2.7%	\$ (152,000)
Other	\$ 102,690		\$ 102,690		\$ 102,690		\$ 102,690		\$ 102,690
Total Other	\$ (247,310)		\$ (2,310)		\$ (6,310)		\$ (10,310)		\$ (14,310)
TOTAL Net									
Annual General Reserve Change	\$ 41,225		\$ 346,711		\$ 332,328		\$ 352,286		\$ 387,536
Beginning General Reserve	\$ 1,500,000		\$ 1,541,225		\$ 1,887,936		\$ 2,220,264		\$ 2,572,550
Ending General Reserve	\$ 1,541,225		\$ 1,887,936		\$ 2,220,264		\$ 2,572,550		\$ 2,960,086

Funding scenarios for proposed Camp Verde projects

All numbers represent **estimated Year 1 monthly usage expenses**

Black Bridge Sewer Loop:

3%	2%	1%	0%
\$10,187	\$11,650	\$13,201	\$14,827

SUSTAINABILITY PARTNERS LLC BACKGROUNDER



OVERVIEW

Sustainability Partners LLC (“SP”) is a Public Benefit Company that enables sustainable infrastructure for state agencies, municipalities, universities, schools, hospitals, ports, HOAs and other durable entities. SP can pay 100% or be a match to federal and state grants to facilitate the necessary funding, project deployment, and ongoing care to keep infrastructure reliable, safe and improving – forever.

Sustainability Partners’ core business is sustainability. The company reduces the environmental impact and general inefficiencies of old, inefficient, and costly infrastructure by replacing it with newer, cleaner, more efficient, and longer lasting solutions. SP converts infrastructure to a monthly usage-based utility-like service, Infrastructure as a Service®, and keeps the infrastructure maintained and upgraded with embedded long-term support.

HISTORY

Founded in Silicon Valley in 2016 by sustainability venture capitalists to solve two major problems impacting public entities across the nation: continuous deferred maintenance and lack of innovation adoption in the infrastructure market.

The partnership between east coast infrastructure finance and west coast entrepreneurs was instrumental in developing SP’s “as a Service” solution. Renowned firms, Kleiner Perkins and BlackRock, played pivotal roles and in 2018, Founder and CEO, Thomas Cain purchased all institutional interest in SP to become a privately held Public Benefit Company.

SP primarily serves public entities offering a variety of solutions including microgrids, smart utility meters, clean water and wastewater systems, athletic fields, HVACs, boilers, pumps, lighting, EVs (buses, trucks, cars, tractors), charging stations, and more.

CONCLUSION

Sustainability Partners forms reliable and enduring partnerships with public entities for the advancement of their essential infrastructure. SP chooses to procure robustly engineered solutions for longest useful life of assets at lowest total cost of ownership for the benefit of its customers.

The company is committed to long-term partnerships providing outstanding experiences and ultimately improving the resilience, health, and safety of communities across America through innovation and best industry practices.

MISSION & VISION

Our mission is to convert essential infrastructure into a sustainable utility.

Our vision is permanently reliable and sustainable essential infrastructure for communities across America.

SERVICES

Infrastructure as a Service®
Capital Recovery Service™
Debt Recovery Service™
Emergency Recovery Service™
Electric Vehicles as a Service™

REGISTERED TRADEMARKS

Sustainability Partners®
Infrastructure as a Service®
Sustainability as a Service®
Infrastructure as a Utility®
P3 As A Utility®
P3U®

A PUBLIC BENEFIT COMPANY

Sustainability Partners, LLC • 3133 W. Frye Road, Ste. 101 • Chandler, Arizona 85226
www.s.partners • info@s.partners

RELIABLE, SAFE, & IMPROVING INFRASTRUCTURE



Transforming public finance and infrastructure with innovative funding, procurement, installation, and ongoing care



We are your long-term infrastructure partners providing services to benefit municipalities, universities, schools, hospitals, districts, ports, HOAs, and other durable entities. We partner with these important institutions to replace unreliable, unsafe, and costly infrastructure with modern solutions, robustly engineered with embedded long-term support and improvement.

Sustainability Partners ("SP") is a **Public Benefit Company** providing a usage-based model requiring zero upfront capital. We assume ownership responsibilities of infrastructure without interfering with your use.

Our funds are GASB qualified as NOT debt, unsecured, and based on related usage with only a month-to-month term. We can also bridge a gap, providing a required match to state or federal funds, or be a 100% source paying for the design, engineering, materials, installation, monitoring and maintenance.

When essential infrastructure assets age they become costly and unreliable. SP's robustly engineered design requirements, direct procurement, and uncompromising maintenance yield real total cost savings and lower monthly cash out.

SP is proven, fast, and we make infrastructure easy. Let us help you meet your reliability, deployment, and sustainability goals. We solve your needs for infrastructure and partner with you to keep it reliable, safe, and improving forever!

SP is a clear alternative to traditional approaches to infrastructure improvements (i.e., financing, bonding, PPPs, renting, EPCs, and Shared Savings arrangements).

- Month-to-month, public agency friendly contracts
- No termination penalties
- Asset use is entirely in your control
- Anytime option to take ownership of assets
- Fully compliant procurement options
- Usage-based billing aligned with your revenue sources
- Open book accounting of contracts, warranties, designs, documentation
- 24/7 monitoring + real-time alerts to deliver reliability and performance
- Focus on maintenance and upgrades

OUR SUITE OF SERVICES

RELIABLE
SAFE
IMPROVING

INFRASTRUCTURE AS A SERVICE®

We make your infrastructure reliable forever in a manner that protects institutions, the assets, and taxpayers.

SP converts infrastructure into a monthly usage-based utility-like service with zero upfront capital required. We fund, deploy, and maintain essential infrastructure all without debt and then once in use, bill monthly for usage.

Utilities — like gas, electric, and water — are essential and easy to engage and easy to terminate. SP's services deliver continuously and reliably 24/7 x 365 days, safely and efficiently, year after year.

SP protects you from unexpected repairs, the perpetual run-to-fail cycle of asset deterioration, as well as inadequate ongoing maintenance.

✓ YOUR EASY BUTTON
FOR INFRASTRUCTURE

CAPITAL RECOVERY SERVICE™

When capital constraints impair your choices and pursuit of mission critical initiatives, quickly recover the funds previously spent on your essential infrastructure with SP's CRS.

Using GASB 87 as a non-collateralized service in which SP owns assets, or with GASB 60, you retain complete ownership of assets.

Option 1: Infrastructure Utility Service

SP pays to convert currently owned infrastructure assets into a utility service. Select infrastructure for collaboration then SP will underwrite, delivering economic and execution options for your approval.

Using GASB 87, SP assumes ownership and keeps infrastructure reliable, safe, and improving with embedded long-term care. You simply receive monthly bill for usage.

Option 2: Funding with Revenue Share

SP provides a cash rights fee to customers, for use at their discretion, which SP is compensated via a percentage of a 3rd party revenue stream.

Using GASB 60, SP's CRS is a Service Concession Arrangement in which the rights fee SP pays is a deferred revenue transaction that is prorated as the customer performs the right-to-use obligation. Customers maintain ownership of assets while recuperating much needed funds.

✓ CASH IN HAND

DEBT RECOVERY SERVICE™

Eliminate unnecessary bank and legal fees, reporting, audits, cash lockups, restrictive liens, credit rating challenges, bank permissions, financial covenants, and collateral filings.

SP will convert your infrastructure debt to a bond free and self-improving infrastructure utility service — all at a lower monthly cost than your current debt payment and without the extra restraints.

Removing this debt immediately improves your financials and credit ratings, while also injecting reliability into your infrastructure (currently installed and/or new) as it is maintained and upgraded with a month-to-month, usage-based service agreement.

Remove debt from your balance sheet and keep infrastructure reliable, safe, and improving.

✓ ELIMINATE DEBT

EMERGENCY RECOVERY SERVICE™

When reserves and emergency funds are needed elsewhere, solve unexpected catastrophic failures of essential infrastructure with SP.

SP will quickly pay to have failed assets replaced and converted to a monthly utility service.

- 1 Execute SP's 10-page Master Utility Service Agreement with ERS addendum for design, engineering, sourcing, and vendor contracting for modern, reliable, and robust replacement.
- 2 SP funds and facilitates agreed upon work. When completed and approved by your staff, the ERS monthly retainer defined in the ERS addendum begins.
- 3 Upon asset failure, notify SP to implement an expedited replacement. Quickly a mutual plan is agreed to and your staff executes an SP generated Notice-to-Proceed.
- 4 Once replacement is approved and available for use, you receive monthly usage-based bill and the retainer is terminated.

✓ EMERGENCY RESPONSE PLAN



**SUSTAINABILITY
PARTNERS**



COLLABORATE

Identify infrastructure for collaboration



FACILITATE

Work together to develop solution and deliver economic + execution options for approval



FUND

Funding and project facilitation + ongoing maintenance and modernization



MONITOR

Infrastructure monitored continuously for reliability, performance, environmental impact



MONTHLY

Customer receives monthly utility bill for usage, capacity, and availability



MAINTAIN

SP keeps infrastructure reliable, safe, and improving

ELIGIBLE PARTNERS

- Airports, Ports, Train, Rail Stations
- Arenas & Stadiums
- Convention Centers
- Correctional Facilities
- Defense Housing & Facilities
- Federal Agencies
- Large HOAs
- Hospitals (Public & Private)
- Judicial Buildings
- K-12 Schools, Colleges, Universities
- Large Multi-Family Complexes
- Municipalities, Parishes, Counties, Towns
- Parks, Libraries & Museums
- Parking Garages
- Police & Fire Stations
- State Agencies
- Utilities (MOU & IOU)
- Wastewater & Water Treatment

ESSENTIAL SERVICES



Facility & Exterior Lighting



Boilers, Chillers, Cooling Towers, Air Handlers



HVAC, Building Envelope, Energy Efficiency



Plumbing – Controls, Conditioners, Pumps, Manifolds, Fixtures



Irrigation Systems – Controllers, Pipes, Pumps, Valves, Emitters



Roofs, Windows, Elevators, Escalators, People Movers, Kitchens



Sports Field Turf & Lighting



Electrical Distribution, Storage, Optimization & Generation



Micro Grids, Transformers Frequency Regulation



Rolling Stock (EVs, AVs, subway, buses), Charging Stations, Fuel Depots, Maintenance Facilities



Inter-modals, Rail, Switching Stations, Runways, & Taxiways



Controls, Sensors, Switches & Monitoring



Central Station to Operator Networks Security & Hardening Systems



Clean & Wastewater Systems

- Distribution
- Smart Meters
- Waste Treatment
- Monitoring
- Water Purification
- Desalinization



Customer Timeline

Your Step-by-Step Guide to Reliable, Safe, & Improving Infrastructure



1 Financial Statements & Budget

SP's team reviews at least three years of the Customer's most recent audited financial statements and current budget to determine viability of project.

2 Initial Estimate Letter

Our team will provide you with a high-level monthly cost estimate to help you decide next steps.

3 Master Utility Service Agreement Executed

This initiates a contractual relationship between SP and our Customer. The Master Utility Service Agreement ("M-USA") provides the general terms and conditions for any project. The M-USA is a straightforward ten-page agreement that describes the framework by which SP works with each Customer, regardless of the project type.

The M-USA is the primary controlling document and is followed by a separate "Service Addendum" which covers specifics of each project.

4 Service Addendum Executed

The Service Addendum sets forth estimated details of the Customer's project, infrastructure ("Units") involved, and estimated cost(s). This Service Addendum is to confirm alignment on the project scope and general costs. There is no financial obligation or cost to the Customer when signing the Service Addendum.

5 Gathering Information

SP's team gathers necessary documentation and conducts a utilization and credit analysis. For the analysis, SP reviews documentation related to any bond/debt covenants that could impact the Customer's ability to make the SP monthly usage payment ("USA Payment"), in addition to historical data related to the preferred usage metric in order to determine the usage rate.

As part of SP's cost-plus approach, we ensure the Units and the project as a whole are properly insured. This entails property and general liability coverage for the Units either through the Customer's existing insurance policies or SP will obtain a policy on behalf of the Customer. SP also verifies that vendors meet the necessary insurance requirements specified in the Master Goods and Services Agreement ("MGSA") to cover the project for design, engineering, installation, and ongoing maintenance.

Town Council Regular Session

6 Vendor Contracts & Pricing Finalized

Concurrent with gathering information, SP engages the appropriate vendor(s) for the project. Every vendor must execute the MGSA. Once it is signed, SP puts together a Project Addendum to the MGSA detailing the scope of work for the project, project cost, installation and procurement schedules, maintenance schedules, insurance requirements, and services provided.

7 Notice to Proceed & Service Addendum Executed

The Notice to Proceed ("NtP") is the document that sets the project commencement date. Once fully executed, the project can officially begin.

The NtP is accompanied by the applicable Service Addendum that identifies the infrastructure Units, usage rates, Minor Maintenance and Care ("MMC"), Major Maintenance / Renewal ("MMR") if applicable, and other project specific information for which the NtP is authorizing to proceed.

Fully executing the NtP creates a binding financial agreement for the specific project. It is not until this point that the Customer is financially obligated to pay the USA Payment when the Units are installed.

8 Equipment Purchase & Vendor Install Work Begins

Following execution of the NtP, purchase orders are issued, and design, engineering, procurement, and installation begins. SP meets frequently with both the Customer and the approved vendor(s) to maintain full transparency on the status of the project, and continually communicates progress from project inception to completion and thereafter.

9 Certificate of Acceptance Executed

The Certificate of Acceptance ("CoA") is signed by the Customer to accept delivery, installation, and performance of the Units provided in the Service Addendum. The CoA verifies that the Units have been fully and properly installed, tested, are fully operational and ready for use, as well as any training or receipt documentation required for operation. For some projects, there may only be one CoA while others may have several CoA's as the project proceeds and Units become available for use.

10 Customer Makes 1st Monthly Usage Payment

30 days after Units are available for use, SP sends Customer the first monthly invoice. SP continues to monitor and communicate with you and approved vendors to keep infrastructure reliable, safe, and improving for as long as our agreement is in place.

July 2, 2025

Master Utility Service Agreement

The parties to this Master Utility Service Agreement (“M-USA”) are the Town of Camp Verde, AZ (“**Customer**”) and Sustainability Partners LLC, a Delaware public benefit limited liability company (“**SP**”).

This M-USA sets forth the General Terms and Conditions attached as Exhibit 1 (the “**General Terms**”) that apply to all solutions and services to be provided to Customer as described in each subsequently fully executed documents that are substantially similar to the following:

Exhibit 2 (each a “**Service Addendum**” or “**SA**”) by the entity named in such SA (as applicable, the “**SP Entity**”);

Exhibit 3 (each a “**Notice to Proceed**” or “**NtP**”) that is associated with a specific part of or an entire SA;

Exhibit 4 (each a “**Certificate of Acceptance**” or “**CoA**”) that is associated with a specific part of or an entire NtP; and

Exhibit 5 (each an “**ACH Agreement**” or “**ACH**”) that is associated with every SP Entity of each NtP and must be executed where not prohibited under applicable laws, prior to the related NtP being effective.

This M-USA is entered into by and between the undersigned parties for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, as of _____, 2024.

Town of Camp Verde, AZ

Sustainability Partners LLC

By: _____
Name: Marie Moore
Title: Mayor of Town of Camp Verde
Phone: (928) 554-0001
E-Mail: Marie.Moore@campverde.az.gov
Address: 473 S Main St., Camp Verde, AZ 86322

By: _____
Name: Thomas Cain
Title: CEO
Phone: (480) 845-0400
E-Mail: tcain@s.partners
Date: _____, 2024

Exhibit 1
General Terms and Conditions

Sustainability as a **Service®**

These General Terms and Conditions (“**General Terms**”) apply to and are incorporated into each Agreement between the Parties. Capitalized terms not defined in these General Terms have the meanings given in the applicable Agreement and the Master Utility Service Agreement (“M-USA”) to which these General Terms are attached as Exhibit 1.

1. **The Sustainability Services.** Customer engages the SP Entity as an independent contractor to provide the following services (the “**Services**”) at the Location on the terms set forth in this Agreement for Unit(s):
 - 1.1. *SP Entity ownership.* If the SP Entity is funding the Unit(s), the SP Entity will acquire and cause the Unit(s) to be installed at the Location and retain all Unit(s) ownership. The SP Entity will pay the DTC in connection with the Installation of the Unit(s); and
 - 1.2. *Customer ownership.* If the Unit(s) are Customer funded, the Customer has and retains all Unit(s) ownership and operation rights provided there is no Payment Default; and
 - 1.3. *Maintenance.* Whether SP Entity ownership or Customer ownership, maintenance costs of Unit(s) shall be as provided for in Sections 7, 8, and 9 of this Agreement; and
 - 1.4. *Use.* Unless there is a Payment Default, the SP Entity allows Customer’s full use of the Unit(s) at the Location during the Initial Term and any and all subsequent Additional Terms (each being defined in the SA and collectively defined as the “Term”).
2. **USA Payments.**
 - 2.1. *In General.* Customer agrees that the USA Payment is for an Essential Utility Service. Customer will pay the USA Payments to the SP Entity as calculated in this Agreement.
 - 2.2. *Invoicing and Payment.* The SP Entity will electronically invoice Customer monthly, and invoiced amounts are due in full within 30 days of delivery by wire transfer or by such other payment method as Customer and the SP Entity shall hereafter agree. Where the Customer is non-investment grade credit, has had an SP Payment Default or the invoice includes IaaI or Rights Fee related amounts, the USA Payment shall be made prior to due date by ACH.
 - 2.3. *Late Fees.* If there is a Payment Default on any amount, such amount will accrue interest at the Delinquency Rate, and Customer will bear the reasonable costs and expenses (including attorneys’ fees and costs) incurred by the SP Entity in collecting such amounts.
 - 2.4. *Data Interruptions.* If data for calculation of a USA Payment is unavailable to the SP Entity, the SP Entity may estimate the payment associated with such Units based on historical Usage, usage of similar Units or other reasonable means; provided that (a) any such estimated amounts shall be clearly identified on the applicable invoice, and (b) if the relevant actual data becomes available within six months following the invoice date for the estimated payment, the SP Entity will reconcile on the next invoice the actual data with the estimated data and provide a true-up calculation to Customer.
 - 2.5. *Excess Usage.* Should the aggregate USA Payments exceed that required for SP Entity obligations, those funds will be credited to the Support Reserves.
 - 2.6. *Governmental Entity Provisions.* If Customer is a Governmental Entity and the USA Payment source is not revenue sharing, the following provisions shall apply:
 - a) *Utility Appropriations.* All authorization requests for appropriations and budgets which include Customer utilities shall also include sufficient funding specific to the SP Entity for all amounts due to the SP Entity and all amounts Customer reasonably anticipates will be due to the SP Entity prior to the next utility authorization request.
 - b) *Legislative Appropriation.* The SP Entity acknowledges that Customer’s payment of amounts due under this Agreement may be subject to the good faith appropriation by Customer’s applicable legislative body of the availability of funds following legislative appropriation.
 - c) Customer makes no representations, warranties, or covenants, express or implied, that the legislature will make appropriations sufficient for its Essential Utility Services. While the Customer (i) uses its best efforts in good faith to pass appropriations for Essential Utility Services, (ii) keeps the SP Entity fully informed of such efforts, and (iii) no other Customer Essential Utility Service receives a payment authorization for a higher percent of its amount due or an earlier delivery of its payment, the Customer’s unpaid and late USA Payments will not result in a Customer Payment Default.
 - d) *Invoicing and Payment.* If there is an applicable Prompt Payment Act under applicable Law, then, as applicable (i) in lieu of application of Section 2.2 above, the SP Entity will electronically invoice Customer monthly, and invoiced amounts are due and shall be paid in full in accordance with the provisions of the Prompt Payment Act or a Customer and SP Entity subsequently agree and (ii) in lieu of application of Section 2.3 above, payments not made when due shall entitle the SP Entity to the maximum penalties and other remedies as set forth in the Prompt Payment Act.
 - 2.7. *Priority of Payments.* For IaaU and Rights Fee agreements, the Customer agrees payments to SP entity will be treated pari-pasu in all respects with payments to the Customer’s other Essential Utility Services. Furthermore, the Customer represents that other than taxes, no existing, planned, or future encumbrances or obligations will take precedence for payment in front of these services and will provide timely documentation showing such upon SP entity request.
3. **Unit Procurement, Installation and Acceptance.**
 - 3.1. *Selection of the Installed Units.* Upon execution of a SA, Customer and the SP Entity shall cooperate in defining the specific design and specifications of the Installation together with information in support of SP underwriting where there is an intent for the SP Entity to fund the Units(s). Unit(s) for installation at the Location shall be selected by SP Entity and approved by Customer from an Approved MMC - MMR Provider listed in the applicable SA.
 - 3.2. *Selection of Sources.* Approved Providers for the USA Service shall be selected and contracted with by the SP Entity and approved by Customer unless otherwise specified in the applicable SA.
 - 3.3. *Competitive Bidding.* If Customer is a Governmental Entity, then to the extent that Customer or the SP Entity determines that a competitive bidding process is required under applicable Laws, the selection of the Unit(s), vendor(s), or contractor(s) for the Installation shall be in accordance with provisions of such applicable Laws and conducted jointly by the SP Entity and Customer including requirements that the general contractor use commercially reasonable efforts to allow qualified local and/or minority contractors have an opportunity to competitively bid on the SA. The awards will be based on lowest cost of usage from qualified bidder(s) or best value bidders(s) over the Unit’s expected useful life, consistent with the requirements and analysis provided by the SP Entity. To the extent applicable, this Section 3.3 shall govern over the terms of Sections 3.1 and 3.2 above.
 - 3.4. *Vendor Contracts.* A written agreement with an Approved Contractor for Installation work (an “**Installation Agreement**”) or with an Approved MMR/MMC/resiliency Provider for solutions and/or services covered by this Agreement (collectively these agreements are referred to as the “**Vendor Contracts**”) shall be executed by either the SP Entity or the Customer as determined by the related SA and subject to the other Party’s written approval of such Vendor Contracts. Each Party shall be an express beneficiary to the Vendor Contracts’ warranties, guaranties, and obligations. Each Party shall be independently entitled (without obligation) to enforcement of rights under the Vendor Contracts. All Vendor Contracts shall comply with any applicable Prevailing Wage Act to the extent required under applicable Laws. Neither SP nor an SP Entity will perform the work of a contractor, including, without limitation, building, construction, demolition, repair, maintenance, design, engineering, delivery, commissioning, or related work.
 - 3.5. *Underwriting.* Following selection of the Unit(s), Approved Provider(s) for the SA in accordance with the foregoing, the SP Entity shall make a good faith effort to contract for and underwrite the Vendor Contracts. Until the NtP for a SA is fully executed, neither Party shall have any financial liability or performance obligation to the other with respect to the terms of this Agreement for the associated SA.

Exhibit 1
General Terms and Conditions

Sustainability as a **Service®**

- 3.6. *Changed Expectations.* Should expectations of material terms from project contractors, service providers, vendors, Customer, or funding sources be changed from those on which the SA relied, then Customer may select one of the following options:
- a) the SP Entity will update the Agreement, including but not limited to Customer paying for any additional costs, by providing Customer for full execution an updated NtP(s), restated SA(s) or CO(s) appropriate to document the necessary changes;
 - b) Customer assumes responsibility for the changes (such as paying any additional costs directly) without any additional obligation of the SP Entity; or
 - c) terminate the Agreement and reimburse the SP Entity for all SA Actual Costs incurred or resulting from the termination, including those DTCs incurred from any Location restoration efforts.
- 3.7. Until such time that one of the options specified above is selected and finalized, further efforts towards the related Installation may be suspended by the SP Entity. *The Installation.* Following Customer's issuance of a NtP: (i) the SP Entity may proceed with issuing the Vendor Contracts and engage SP Services, the costs of which shall be included as DTCs; (ii) the SP Entity and the Customer shall work collaboratively to cause the applicable Vendor(s) to perform in accordance with their contract; and (iii) the Customer (through its staff, construction manager or project manager) will collaborate diligently and reasonably with the SP and SP Entity representatives on the Installation Agreements (including matters relating to the performance, conformity or timeliness of goods and services to be provided for the SA by Approved Vendors).
- 3.8. *Project Facilitation.* The SP Entity shall be able to communicate at all times directly with the Customer. Should Customer retain a third-party consultant, agent, or advisor for a SA, SP or the SP Entity may provide Notice requesting the third-party consultant, agent, or advisor be removed from involvement with an SA to facilitate effective project dynamics. The Parties shall confer in good faith within 10 business days of the Notice to resolve the removal Notice. If the Parties cannot agree to a resolution, then removal shall be accomplished by Customer within 20 business days of the Notice.
- 3.9. *Payment of the Direct Third-Party Costs.* Except as otherwise provided for in this Agreement, DTCs for SA work shall be paid in full by the Initial Funding Entity under this Agreement and shall be performed pursuant to the Vendor Contracts that comply with the terms of this Agreement. Subject to the terms of this Agreement, the Initial Funding Entity agrees to pay the DTC, except to the extent the DTC exceeds a specifically defined Installation Limit in the applicable SA. In the event there are Unit(s) Actual Costs such as pre-installation services that have been paid by the SP Entity and where both the Customer and the SP Entity reasonably expect the date of CoA to exceed the Unit(s) Completion Target date, the Customer will be charged a monthly fee of that month's Unit(s) Actual Costs times the Delinquency Rate until the Unit(s) CoA is executed or a new Completion Target date is mutually agreed to.
- 3.10. *Protection against Liens.* The SP Entity agrees, at Customer's direction, to withhold payment to any provider of materials or services in connection with providing or installing any equipment associated with a USA Service (as defined in SA - Exhibit 2) until such provider removes all liens, they have filed against Customer's property in relation to the USA Service. The portions of the USA Payments that represent this withholding shall be deferred until the liens are removed.
- 3.11. *Installation Payment Notices.* Each installation payment notice will (a) identify the amount to be paid by the Initial Funding Entity, (b) the date by which payment must be made, (c) payment instructions for electronic payment to the contracted party, and (d) be delivered at least 10 business days prior to the date by which the payment must be made.
- 3.12. *Inspection of Installation Work.* At its discretion and with reasonable prior notice to and coordination with Customer, the SP Entity may periodically inspect the Installation. If a contractor has not performed the Installation work in accordance with the Installation Agreement and in accordance with applicable industry standards, then (a) Customer and SP Entity will endeavor to cause the contractor to diligently cure such conditions, and (b) the SP Entity may suspend its obligations until the contractor has cured such conditions.
- 3.13. *Late Installation Payments.* If the Initial Funding Entity fails to pay any undisputed installation payment amount when due and Customer pays the contractor such installation payment, then amounts will accrue interest at Delinquency Rate, and the Initial Funding Entity will bear the reasonable costs and expenses (including attorneys' fees and costs) incurred by Customer in collecting such amounts.
- 3.14. *Certificate of Acceptance.* Notwithstanding anything to the contrary provided for or implied in this Agreement:
- a) *For Rights Fee or IaaS:* customer will be deemed to have executed the applicable CoA and start remitting USA Payments upon Customer receiving the funds or control of the funds through either a bank deposit, escrow account, irrevocable trust account or payment to a Customer directed third-party.
 - b) *For USA Service and all Other:* when Unit(s) have been installed and the Customer begins use of those Unit(s), the Customer will be deemed to have executed that applicable CoA and start remitting the USA Payments applicable to the Unit(s). Otherwise, as Unit(s) are installed, the Customer shall be provided with applicable and periodic (no more frequent than monthly) CoA's for execution. If within 5 business days of delivery, the Customer has neither executed a CoA nor provided the contractor and the SP Entity in writing the specific defects that are within the statement of work for the Unit(s) being covered by the CoA, which need to be cured prior to executing the CoA, the CoA will be deemed executed by the Customer.
 - c) *For Vendor cures:* should the contractor not promptly accomplish any cures satisfactory to the Customer and the SP Entity with the notice and grace periods provided for in the Vendor Contract, the SP Entity may in good faith initiate immediate binding arbitration from an independent arbitrator competent in the scope of work to clearly define any remaining work pursuant to the applicable Vendor Contract. Upon SP Entity identifying the arbitrator, both contractor and Customer will have three days to provide written reasonable objection to selection with specific reasons. The SP Entity may repeat this process with a new arbitrator until one is identified to which no Party objects. Upon the arbitrator declaring that all work covered by the statement of work has been substantially completed to the usual and customary industry standards, the Customer agrees the CoA is deemed executed.
- 3.15. *Installation Delays.* Except to the extent solely caused by either the SP Entity or Approved MMC Providers, if the CoA has not been executed and delivered by Customer on or before the Completion Target specified in the SA, the Customer will promptly pay an amount equal to the carrying charge percentage of the SA Actual Cost (the "**Carrying Charge**") and an additional Carrying Charge after each 30-day period thereafter during which such condition continues on SA Actual Cost. The Installation by contractors, engineers, architects, and vendors are solely responsible for the performance, conformity or timeliness of goods and services to be provided for the Installation.
4. **Unit Operation.**
- 4.1. *Customer Operation.* Except to the extent expressly prohibited under applicable Laws or to the extent responsibility for same is specifically otherwise allocated in Sections 7, 8, and 9, Customer (i) is solely responsible for the Unit(s) while in Customer's operation, use and/or possession and (ii) will indemnify, defend, and hold harmless the SP Entity from and against any and all Claims in any way relating to the Units(s) (including without limitation Customer's operation, use and/or possession of the Unit(s)).
 - 4.2. *Unit Location.* Customer will keep the Unit(s) at the Location, except to the extent the SP Entity approves otherwise. The Unit(s) shall be used solely in the conduct of Customer's business. To the extent permitted under applicable federal laws and laws of Venue Jurisdiction, Customer warrants that the Unit(s) will be used for commercial or business purposes and not for consumer, personal, home or family purposes.
 - 4.3. *Malfunctions; Defects; Changes to Environment.* Customer will promptly notify the SP Entity if Customer discovers a material malfunction, defect or interruption in the operation or condition of the Unit(s) or material change to an integral environmental resource, such as water, energy, gas, or air that

Exhibit 1
General Terms and Conditions

Sustainability as a Service®

may degrade the Unit's performance, maintenance, or Useful Life. Customer may continue operating the Unit(s) that Customer knows is not in good and working condition only to the extent approved (and conditioned) in writing by the SP Entity.

- 4.4. *Efficiency Programs/Features.* The SP Entity may incorporate demand response, performance/maintenance monitoring/updating, and similar initiatives into the operation of the Unit(s). Customer must provide Notice of approval, prior to implementation of an initiative where there is a reasonably expectation of material impact to Customer's operations. Such approval to not be unreasonably withheld.

5. **Customer Care at the Location.**

- 5.1. *In General.* The Unit(s) is/are entrusted in Customer's care while at the Location. While any Unit is at the Location, Customer shall be responsible for competently protecting such Unit from damage, modification, vandalism, interference, or destruction (excluding any damage, modification, or destruction solely and to the extent caused by the SP Entity or defect in the Unit itself), ensuring interconnected systems are performing reliably, safely, and effectively with related services not adversely impacting Expected Use defined in the SA.
- 5.2. *Obstructions; Interference.* Customer will keep all areas in and around the Unit(s) free from any obstruction or interference that may impair the Unit(s) performance, installation, access, maintenance, or removal. Except as otherwise provided by this Agreement or otherwise authorized by the SP Entity in writing, Customer will not allow any service, alteration, modification, interference, or other infringement upon the Unit(s).
- 5.3. *Insurance.* Should the Customer not obtain and maintain (as primary insurance for the SP Entity and Customer as co-insureds as their interests may appear in this Agreement), reasonable insurance coverage, including, liability insurance and insurance against loss or damage to the Unit(s), in such amounts and coverages, in such form and with such insurers as are reasonably satisfactory to the SP Entity and that will name the SP Entity, its successors and/or assigns, as loss payee and additional or co-insured with a certificate evidencing the same as to each policy, SP Entity shall have the right to obtain such insurance while the Unit(s) is/are at the Location and, to the extent not prohibited under applicable Laws, and add its pro-rated cost to the USA Payments due to the SP Entity. The applicable certificates of insurance will expressly provide that the Customer's policies may not be terminated or significantly modified without giving the SP Entity at least 30 days prior Notice.
- 5.4. *Connectivity.* When required for the project and in conformance with all Location security protocols, Customer will provide, at no cost to SP, continuous Internet access to the Unit(s) at the Location during the Term to enable SP to monitor and collect data to facilitate reliability, maintenance, performance, usage, and replacements, as well as supporting initiatives, such as demand response, benchmarking, and forecasting. SP Entity agrees to use diligent and reasonable efforts to comply with Notices regarding the protection of Customer's internal data and systems.
- 5.5. *Access.* During the Term of this Agreement (as defined in Section 10) and for 120 days thereafter, to the extent not prohibited under Law, together with conformance with all Location security protocols, the SP Entity and its agents, employees, affiliates, suppliers, contractors, subcontractors, lenders, and insurers may enter and access the Location to perform activities contemplated by this Agreement and, if necessary, to protect the SP Entity's interests in the Unit(s). Notwithstanding the foregoing, Customer may, upon at least three days prior Notice to the SP Entity identifying the relevant details, reject specific personnel who have previously failed to comply with codes of conduct or other similar policies applicable to Customer's personnel at the Location.

6. **Ownership & Reporting.**

- 6.1. *SP Entity Ownership.* To the fullest extent not prohibited by Law, the SP Entity owns and will continue to own all title and legal and beneficial ownership interests in the SP Entity funded Unit(s). All SP Entity funded Unit(s) and other assets of the SP Entity used in performing the Services will remain the sole property of the SP Entity, and will not be deemed attached to, a part of, or fixture to, the Location. All tax filings, reports and other documentation shall be filed in a timely and consistent manner. Customer is entrusted with possession of the SP Entity funded Unit(s), without the transfer to Customer of any ownership interest therein, only to use those Unit(s) at the Location during the Term. This Agreement will not be construed to transfer any ownership or control of SP Entity funded Units(s) nature or method of use. In the event that the Customer or the SP Entity makes an assignment into bankruptcy or becomes subject to the provisions of a Venue Jurisdiction Bankruptcy Trigger, the other Party shall be treated as a licensee of the Unit(s) under and pursuant to 11 U.S.C Section 365 when in the United States or similar legislation elsewhere. In the event of a further Liquidation Act, the other Party shall have an option of the Disposition of any unowned Units on an "AS-IS", "WHERE-IS", "WITH ALL FAULTS", and "WITHOUT WARRANTY OF ANY KIND" basis for a Disposition Fee of \$1.00.
- 6.2. *Ownership Notice Filings.* The SP Entity may file or record any documents or instruments, including registering the SP Entity's interest with the applicable Filing Methods to give third parties notice that the SP Entity is the owner of the SP Entity funded Unit(s). Only where the Customer owns the Unit(s), has an outstanding Iaal amount, there has been a Payment Default or there is a reasonable expectation the Customer may be deemed the Unit(s) owner without this Agreement being terminated, to the extent not prohibited by Law: (a) the Customer grants the SP Entity continuing security interests and liens sufficient to be reasonably collateralized for the Customer's Agreement obligations with the right to have filed any documents to aid in perfecting, maintaining, and/or protecting these interests and their priority; and (b) Customer must obtain SP Entity written consent prior to any collateral transfer, encumbrance or action that may reduce the collateral's value.
- 6.3. *Incentives.* Unless otherwise specified in the applicable SA, during the Term of this Agreement the Customer shall be responsible for obtaining and may receive all Incentives with respect to the Unit(s). Customer agrees to inform of SP Entity on a timely basis of all Incentive related communications that may affect obtaining such Incentives after the Term of this Agreement. SP Entity retains the economic benefits from activities independent of the Customer such as depreciation, financial restructuring, cash discounts, volume incentives, training credits, leverage, and investments.
- 6.4. *No Liens by Customer.* Customer will not directly or indirectly cause or create any Lien on or with respect to any asset where there is an associated USA Payment except as otherwise agreed in writing by the Parties, and, to the extent not prohibited under Laws, will indemnify the SP Entity against all costs and expenses (including attorneys' fees and costs) incurred by the SP Entity endeavoring to discharge, release or terminate such encumbrances or in litigating to quiet title as to or relating to any Liens.
- 6.5. *Reporting.* Customer shall accurately and timely documenting, collecting, maintaining, and file of all government reporting regarding Unit(s) related to safety, use, maintenance, warranty, emergency response, operators, permits, complaints, accidents, and performance with copies simultaneously sent to SP Entity.
- 6.6. Customer agrees that the SP Entity shall use Sustainability Partners Services, LLC as the Infrastructure Specialist for the Unit(s) Useful Life but may change with a CO.

7. **Major Maintenance / Renewal.**

- 7.1. *Unit Major Maintenance / Renewal ("MMR").* During the Term of this Agreement and prior to any Unit Disposition to Customer, should either Party provide Notice of having material concerns over any and/or all Units reliability, safety, performance, maintainability, or effectiveness a curative MMR event be deemed to have occurred (an "MMR Event"). If within a reasonable time after Notice of an MMR Event, SP does not provide an NtP for the event or if the Customer does not approve the provided NtP, the Agreement will be deemed to be in Performance Default. *Updated Terms.* Upon and following an MMR Event,
- Unit(s) listed in the NtP will be added to the USA Service and Unit(s) removed shall be excluded,
 - the applicable Install Date for such Renewed Unit(s) shall be the date of the MMR Event,

Exhibit 1
General Terms and Conditions

Sustainability as a Service®

- c) the Useful Life for Renewed Unit(s) shall be updated based on the date of MMR Event and the Renewed Unit(s) characteristics, and the material and labor portion of Unit(s) Actual Cost shall equal new cost plus where MMR Event occurs prior to old Useful Life then add ((old Useful Life - amount of Useful Life used at MMR Event) / old Useful Life) * old Unit(s) Actual Cost. Should annual USA Payments be less than required to cover SP Entity obligations, SP Entity may apply the Support Reserves to reduce the difference.

8. Minor Maintenance / Care.

- 8.1. *Minor Maintenance / Care (MMC)*. Customer shall be solely responsible to Operate the Unit(s). Notwithstanding the foregoing, the SP Entity shall have the right, but not an obligation, to cause the MMC to be performed, in collaboration with the Customer, to the extent SP Entity deems necessary or appropriate in its sole discretion to keep the Unit(s) in a State of Good Repair, the cost of which shall be included as Support Costs and reduce the Support Reserves accordingly.
- 8.2. *Approved MMC Provider*. Except as otherwise provided in this Agreement, Customer will restrict performance of the MMC to one of the Approved MMC-MMR Providers listed in the applicable SA. Customer may request a new Approved MMC-MMR Provider be added to the Approved MMC-MMR Provider list. If the SP Entity fails to respond to such a request within 10 business days, then such suggested Approved MMC Provider shall be deemed to have been added to the SA list of Approved MMC-MMR Providers. Customer and SP Entity agree that it is solely the selected vendors' and installers' responsibility for Unit performance.
- 8.3. *Unit Critical Repair*. Should a Unit that is an essential service, be inoperable and no Approved MMC-MMR Provider is available to affect an immediate repair, Customer shall use their best judgment in causing the Unit to be immediately repaired using the same standards as provided in Section 8.5(b) with such repair being paid for through the Support Reserve.
- 8.4. *MMC Agreements*. MMC will be performed pursuant to a written agreement between either SP Entity or Customer as determined by the related SA, and an Approved MMC Provider that has been approved by both Customer and SP Entity (a "**MMC Agreement**"), such approval not to be unreasonably withheld or delayed. If a Party fails to respond within 10 business days of receipt of a proposed MMC Agreement, that Party's approval will not be required for such MMC Agreement. The non-contracting Party shall be an express third-party beneficiary of the MMC Agreement and the Approved MMC Provider's warranties, guaranties, and obligations with respect to the Unit maintenance, and shall be independently entitled (without obligation) to enforcement thereof.
- 8.5. *Approved MMC Provider Replacement*. If Customer or the SP Entity determines that an Approved MMC-MMR Provider cannot reasonably be relied upon to perform Unit care consistent with adequate quality, reliability, or efficiency, or following a Material MMC Cost Increase, then
 - a) MMC will be performed by a different Approved MMC-MMR Provider identified on the SA, ,
 - b) Customer and the SP Entity will jointly endeavor to identify a replacement Approved MMC Provider capable of performing Unit care with the appropriate quality, reliability, and efficiency at the lowest applicable cost, and
 - c) the Parties will update the SA to reflect any such different Approved MMC-MMR Provider and the applicable Material MMC Cost Increase.
- 8.6. *Material MMC Cost Increases*. If Customer becomes aware of a Material MMC Cost Increase, Customer will promptly notify the SP Entity in writing, as promptly as reasonably possible, before contracting with the Approved MMC Provider for further Unit MMC.
- 8.7. *Inspection of Unit MMC*. At its discretion, with reasonable prior notice to and coordination with Customer, the SP Entity and Infrastructure Specialist shall have reasonable access to the Location at all times as may be necessary and/or appropriate to inspect the Unit MMC work performed or being performed. If the Approved MMC Provider has not performed the Unit MMC work in accordance with the MMC Agreement and in accordance with applicable industry standards, then:
 - a) Customer will cause the Approved MMC Provider to diligently cure such conditions, and
 - b) the SP Entity may suspend its obligations until the Approved MMC Provider has cured such conditions. Items removed by the Approved MMC Provider in connection with Unit care will be held by Customer for further instructions from the SP Entity regarding their inspection, collection and/or disposition.

9. Reserves and Costs.

- 9.1. *Resiliency Trigger*. When defined in the SA, is the trigger where the Customer approves SP to make a good faith effort to provide temporary substitutes reasonably equivalent to the existing Units(s) whose usage became unavailable and to add any DTCs the SP Entity incurs to the associated months USA Payment. If a non-Approved Resiliency Vendor is used, then the Customer may decline payment of those DTC in excess of what the reasonable costs would have been if an Approved Resiliency Vendor had been used unless SP has obtained Customer approval for such excess costs.
- 9.2. *Support Costs*. "**Support Costs**" means any Unit MMC and MMR to be paid by the SP Entity that are DTCs (and any applicable Customer Unit Replacement amounts, including replacement credit to the extent provided in the applicable Agreement). All other internal or other costs incurred by Customer are excluded from any payment obligation of this Agreement. Customer is responsible for the operation, service, and safe keeping of the Unit(s). Accordingly, Support Costs exclude, and Customer (and not the SP Entity) shall be responsible for, the costs of any Unit MMC or MMR Event, including those in any way due to, arising, or resulting from any improper operation, improper environmental controls, improper service, vandalism, Force Majeure Event, abuse, negligence, or misconduct by Customer or any third party, or a breach of this Agreement by Customer and said costs shall be paid forthwith and prior to any Remaining Useful Life determination. For any Unit MMC and MMR Event (including associated costs of diagnosis and correction) for which the SP Entity pays but is not responsible for paying as Support Costs, Customer will pay the SP and SP Entity's associated out-of-pocket costs and expenses. Additionally, Customer and the SP Entity are responsible for appropriate planning and coordination of MMC and MMR Event services.
- 9.3. *Creation of Support Reserves*. To support the reliability, durability and safety priorities established by the Parties, a portion of the USA Payments shall be applied to fund the Support Reserves, which shall be determined after the SA is executed and set forth in subsequent Agreement documents. The SP Entity may invest reserves created by this Agreement into instruments reasonably equivalent to those with AA+ rating, the net proceeds of which will be retained by the associated reserve.
- 9.4. *Payment of Support Costs*. The SP Entity shall pay Support Costs associated with the Unit(s) from the associated Support Reserve. If the Support Reserve is insufficient to fund certain Support Costs then the Customer shall either: (i) approve a CO provided by SP for paying the excess Support costs, (ii) pay for the excess Support costs, or (iii) terminate the Agreement. Unless specifically waived by the SP Entity, SP Entity's payment of Support Costs shall be conditioned upon:
 - a) such Support Cost payment being actually due to an Approved Provider,
 - b) the absence of any existing or pending disputes between the Parties,
 - c) compliance to SP Entities usual and customary processes for vendor procurement, authorization, verification, billing and payment.

Exhibit 1
General Terms and Conditions

Sustainability as a **Service®**

10. The Term.

- 10.1. *Commencement of Initial Term.* The Initial Term commences when Customer executes and delivers the applicable CoA, or the Unit(s) have otherwise been deemed accepted in accordance with Section 3.14. The Initial Term and any Additional Terms are set forth in the SA. If Customer is the Initial Funding Entity, the Initial Term shall be for the period equal to the Unit's remaining Useful Life.
- 10.2. *Renewal/Nonrenewal for Successive Terms.* The Initial Term will automatically extend for successive Additional Terms, unless Customer has given the SP Entity at least 30 days prior to the applicable Additional Term. So long as there have been no Payment Defaults within the past 12 months, the Customer Notice of nonrenewal serves as Notice for a Customer's termination for convenience of this Agreement.

11. Changes.

- 11.1. *Unused Contingencies.* In the event there are unused Installation contingencies reserves 90 days after a signed final CoA for a complete Installation, the SP Entity will lower the Customer's Unit(s) Usages Rates by the percentage those funds are calculated to the Unit(s) Actual Cost.
- 11.2. *Support Reserve Adjustments.* Once a year, Support Reserves and SPV services being credited by the USA Payment may change in an amount equal to applying the Rate Index from January of the calendar year in which the prior adjustment occurred (or if none, the year of the initial Install Date) through December of the year prior to when the Usage Rates are to be updated. Where % of USA Payment Eligible is undefined, 20% will be applied.
- 11.3. *Usage Rate Adjustments.* Prior to any change in Usage Rate(s) due to this Section, 11.3, (a) the effective date for any such change will not be earlier than 30 days following the Notice thereof and (b) Customer will have the right to terminate this Agreement upon Notice before the adjustment takes effect.
- a) *Compliance Costs.* In the event of any change in applicable Laws regarding the Unit(s), the Location or this Agreement, Customer will either (a) promptly pay the full amount of the SP Entity's costs of complying with such change, or (b) agree to an adjustment to the Usage Rates(s) determined by the SP Entity for which the proportional increase may not exceed the percentage represented by such compliance costs relative to the sum of the Unit's Actual Cost.
- b) *Customer Viability.* During a period where Customer's credit rating or letter opinion becomes speculative by a national credit rating service, the SP Entity may reasonably adjust the Unit's Usage Rates and/or Lowest Expected Use and shall be effective upon delivery of the first invoice calculating such change(s).
- c) *Usage Rate Reduction Payment.* At Customer's sole option, starting year 4 from the Install Date, the Customer may propose to make an additional payment once a year, (a "**Usage Rate Reduction Payment**") of no less than 10% and no more than 33% of Unit's Actual Cost. Following receipt of such a proposal for a Usage Rate Reduction Payment, the SP Entity shall provide Customer with updated Usage Rates (contingent on receipt of the Usage Rate Reduction Payment) determined by the SP Entity targeting the Return Limit.
- d) *Use Adjustments.* Upon annual Customer written request or an annualized Unit's Use over any 3 months of a 12-month period has been or is expected to be less than 87% of the Expected Use of Full Capacity over the remaining Useful Life, the SP Entity may adjust the Unit's Usage Rate, Availability and/or Lowest Expected Use to reflect changed expectations. Where Unit(s) are part of a Rights Fee and the reduction in Unit's Use or net revenue share is material, SP Entity may elect to terminate the Agreement with the Customer subject to Section 14.2.
- e) *Use Changes.* After NtP, should there be a material change to the use of a Location that was not noticed by the Customer to the SP Entity prior to NtP, such as early termination of a major lease or significant change to the Location's specific purpose, then the SP Entity shall be entitled to a Change Order pursuant to Section 3.6 reasonably adjusting the applicable SA to reflect such material change.
- f) *Rate Indexing.* When Agreement specifies to apply the Rate Index to Usage Rates, then at the beginning of each year following the Starting Year, the Unit(s) Usage Rates may be adjusted by the average annual Rate Index over the Years to Average.

12. Limitations on Liability.

- 12.1. NOTWITHSTANDING ANYTHING TO THE CONTRARY PROVIDED FOR OR IMPLIED IN ANY AGREEMENT OR UNDERSTANDING AMONG THE PARTIES, TO THE EXTENT NOT PROHIBITED UNDER APPLICABLE LAWS SP, THE SP ENTITY, AND ALL OF THEIR RELATED PARTIES:
- a) SHALL NOT BE HELD LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, LOSS OF BUSINESS PROFITS, BUSINESS INTERRUPTION OR HARM TO REPUTATION) ARISING FROM, OUT OF OR IN CONNECTION WITH THEIR PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT.
- b) AGGREGATE LIABILITY UNDER THIS AGREEMENT ARISING FROM, OUT OF OR IN CONNECTION WITH THE PERFORMANCE OR NON-PERFORMANCE OF THIS AGREEMENT SHALL NOT EXCEED LESSER OF (A) THE ACTUAL OUT-OF-POCKET REASONABLE COSTS INCURRED BY CUSTOMER DIRECTLY ARISING FROM THE FRAUD OR GROSS WILLFUL MISCONDUCT OF THE SP ENTITY AND (B) THE TOTAL USA PAYMENTS ACTUALLY PAID TO THE SP ENTITY UNDER THIS AGREEMENT DURING THE 12 MONTHS PRIOR TO THE DATE ON WHICH SUCH LIABILITY WAS CREATED. The Usage Rates set forth in this Agreement reflect, and are dependent upon, the foregoing limitations of liability.
- c) disclaim and make no representation or warranty, either express or implied, as to the fitness for a particular use or otherwise, quality, design, condition, capacity, suitability, accounting, merchantability or performance of the Unit or the services. Each Unit is provided "as is." Customer accordingly agrees not to assert any claim or offset whatsoever against the SP Entity based thereon.
- 12.2. Upon delivery of the Units at the Customer's Location, Customer will be solely responsible for compliance of the Units under applicable Laws, Customer standards and policies, or any other applicable requirements and hereby assumes and will bear the entire risk of loss and damage to the Unit(s) from any cause whatsoever, regardless of whether the loss is insured. In the event of loss or damage to the Unit(s), Customer, at the option of the SP Entity, will (a) repair or replace the same to restore the Unit(s) to good condition and working order; or (b) replace the same, with like property of the same or greater quality and functionality.
- 12.3. Notwithstanding anything to the contrary provided for or implied in this Agreement, the terms of this Section 12 shall survive any termination of this Agreement, regardless of cause or purpose.

13. Default; Remedies.

- 13.1. *Customer Payment Default.* Unless SP Entity receives a good faith Notice from Customer within 20 days of invoice receipt (i) describing in reasonable detail a dispute specific to the invoice amount and (ii) the undisputed portion has been paid in full, the entire invoice is deemed approved. An approved amount due but unpaid within 5 days of due date will be deemed (a "**Payment Default**") allowing the SP Entity to terminate this Agreement. Furthermore, Customer agrees to use best efforts to accomplish and/or support the safe implementation of any restrictions to use and/or access to Agreement's Unit(s) specified by SP during the period of non-payment or termination and to promptly reimburse the SP Entity for its related direct and indirect costs. Furthermore, Customer agrees it is their responsibility to minimize all direct or indirect harm related to a Payment Default.

Exhibit 1
General Terms and Conditions

Sustainability as a **Service®**

- 13.2. *Performance Default.* If a Party fails to substantially perform any other material obligation under this Agreement (a “**Performance Default**”) and fails to cure such Performance Default within 10 business days of Notice thereof, the non-defaulting Party may immediately terminate this Agreement.
- 13.3. Parties shall be entitled to seek specific performance or injunctive relief as a remedy for any Payment Default.
- 13.4. *Exclusive Remedies.* The remedies expressly provided in this Agreement are the sole and exclusive remedies of the Parties in connection with breaches of this Agreement, provided that the Parties will at all times maintain the right to not extend this Agreement at the end of the Initial Term or Additional Term, as applicable, and further provided that the foregoing remedies are in addition to any late fees and accrual of interest expressly provided elsewhere in this Agreement.

14. Obligations Following Termination.

- 14.1. *Disposition upon Termination.* Except to the extent otherwise required in this Section 14, upon a termination of this Agreement for any reason, Customer will immediately (a) if this Agreement expressly provides that Customer has a “Right of Return” (“**RoR**”), (where the Certificate of Acceptance has been fully executed and all USA Payments have been received by the SP Entity), to uninstall and deliver all Unit(s) and all property of the SP Entity in Customer’s possession or control, to locations identified by the SP Entity but no further than the Unit(s) manufacturers closest reconditioning center, at Customer’s sole expense, in undiminished performance or aesthetics from initial installation, using manufacture compliant packaging and documentation sufficient for individual resale, within 10 business days, or (b) have Disposition of Unit(s) according to selection in Addendum(s) to Customer within 45 business days as provided in Section 14.2, 14.3, or 14.4 below, as applicable and execute a General Release.
- 14.2. *Termination.* Upon a termination of this Agreement for any reason, Customer shall pay the aggregate of any Deferred USA Payments plus:
- a) *IaaU Addendums:* Dispositions of the SP Entity owned Unit(s) to the Customer shall be on an “AS-IS”, “WHERE-IS”, “WITH ALL FAULTS”, and “WITHOUT WARRANTY OF ANY KIND” basis from the SP Entity. Customer will receive rights to Unit warranties and Unit Maintenance agreements. Unless the SA provides a fixed Disposition Fee schedule, Customer shall pay a “Disposition Fee” for the Disposition of each Unit(s) for an amount of no less than \$1 as calculated in (i) and (ii) below:
- i. the Unit’s Actual Costs not covered by the Support Reserve multiplied by the fraction represented by the Unit’s (i) Remaining Useful Life divided by (ii) Remaining Useful Life plus its Qualified Usage for all Unit(s) that have a Useful Life;
- ii. in lieu of Section 14.2(a)(i), either Party may elect use of the Unit’s Actual Cost –Total Depreciation.
- b) *Rights Fees and IaaU Addendums:* Customer shall pay the aggregate of any Unredeemed Disbursements.
- 14.3. *Customer Default.* In connection with a termination by the SP Entity for an uncured Payment Default or Performance Default by Customer (and in lieu of any uninstallation and delivery of the Unit(s) otherwise contemplated by this Agreement), Disposition to Customer will occur for all SAs covered by this Agreement as provided in Section 14.2 above and the minimum Disposition Fee shall be sufficient to provide SP Entity members the Return Limit.
- 14.4. *Unit Disposition upon Other SP Entity Termination.* Subject to and without limiting any other provision providing for the Disposition of the Unit(s) on different terms, upon a termination of this Agreement by the SP Entity without cause, Customer will receive Disposition of any affected Unit(s) funded by the SP Entity (in lieu of any uninstallation, removal or collection of the Unit(s) otherwise contemplated by this Agreement) on an “AS-IS”, “WHERE-IS”, “WITH ALL FAULTS”, and “WITHOUT WARRANTY OF ANY KIND” basis for a Disposition Fee of \$1.00, if so elected in writing by the SP Entity in its sole discretion.
- 14.5. *Survival and Other Continuing Obligations.* For clarity, no termination of this Agreement will relieve Customer’s obligation to pay all USA Payments through the date of termination, incur and pay additional USA Payments if Usage continues, any other charge(s) that Customer has incurred under the Agreement, applicable Customer’s indemnification obligations under this Agreement, or the SP Entity’s obligation to pay amounts due to Customer prior to termination (together with all provisions of this Agreement that relate to the enforcement of rights and remedies) shall also expressly survive any termination of this Agreement until all of such obligations have been satisfied in full or there shall be a final non-appealable order of a court of competent jurisdiction (or, if applicable, the JAMS arbitration under Section 15.2) resolving any outstanding issues.
- 14.6. *Termination of Further Payment Obligations.* Except as otherwise expressly provided for in this Agreement, the respective obligations of the Parties shall cease and terminate upon any termination. Notwithstanding the foregoing no termination of this Agreement, the SP Entity will not be liable for payment of any installation, material, freight, restocking fees, cancellation charges, warranty, permits and maintenance cost or other costs not actually performed prior to such termination.
- 14.7. *Reserve Surplus.* To the extent the Support Reserve has a positive balance upon a termination of this Agreement, such amount shall first be applied to satisfy any unpaid obligations of Customer to the SP Entity and thereafter any remaining amount shall be distributed by the SP Entity to Customer.
- 14.8. *Offsets.* The Customer agrees the Disposition Fee may only be changed as a direct result of applying SP Entity confirmed Customer USA Payment overpayments or SP Entity members reaching the Return Limit.

15. Dispute Resolution; Governing Law.

- 15.1. *Governing Law; Jurisdiction.* The laws of the Dispute Resolution Location will govern the terms of this Agreement without giving effect to conflict of laws principles. Subject to Section 15.2 below, each Party consents to the Venue Jurisdiction. Each Party will bear its own costs for any disputes arising under this Agreement, provided that a prevailing Party shall be entitled to reasonable attorney’s fees, costs, and necessary disbursements in addition to any other relief to which such Party may be entitled.
- 15.2. *Arbitration.* For Customers that are not Governmental Entities any claim or dispute directly or indirectly arising from or relating to this Agreement or any related actions or omissions that are not claims of equitable relief or claims of provisional remedy shall be subject to arbitration in the Dispute Resolution Jurisdiction. The arbitration shall be administered by a JAMS Neutral and in accordance with JAMS comprehensive rules and procedures. Judgment on any award rendered in such arbitration shall be binding upon the Parties and may be entered in any court having jurisdiction. If the Parties agree, a mediator may be consulted prior to arbitration. THE PARTIES KNOWINGLY AND VOLUNTARILY WAIVE ANY AND ALL RIGHTS TO LITIGATE MATTERS IN COURT, INCLUDING ANY RIGHTS TO TRIAL BY JURY. This paragraph does not apply if Customer is a Governmental Entity, or to a claim for a provisional remedy or equitable relief.
- 15.3. *Unit Stewardship.* Upon Notice of termination, while there is an outstanding Disposition Fee or USA Payment that are due to the SP Entity, regardless of any outstanding dispute, the Customer agrees to safely prevent all usage of the involved Unit(s), minimize any related costs and disruptions, perform reasonable and customary MMC, enable SP’s Entity periodic verification and take sole responsibility for all resulting costs and adverse impacts.
16. *SP Entity Agent.* The Parties acknowledge and agree that, unless otherwise directed in writing by the SP Entity, the SP Entity has authorized SP to give and receive notices, invoice, and collect payments, make SP Entity decisions contemplated by this Agreement, give instructions contemplated by this Agreement, and take SP Entity actions contemplated by this Agreement.

Exhibit 1
General Terms and Conditions

Sustainability as a **Service®**

17. **Nature of Agreement.** The Parties do not intend this Agreement to convey control of the right to use the Units in an exchange or exchange-like transaction. The SP Entity determines the Unit's nature and manner of use.
18. **Representations.** Each Party warrants that this Agreement is valid, binding, and enforceable against it in accordance with its express terms. Customer represents and warrants that the Agreement has been duly authorized and executed and that Customer is fully empowered to perform its obligations under the Agreement in accordance with the terms herein and applicable Laws (including with any articles, charter or other organizational documents or authorities applicable to Customer). Following the full execution of the applicable NtP, each Party further warrants that the applicable SA and NtP are valid, binding, and enforceable against it in accordance with its express terms, and Customer warrants that the same have been duly authorized for execution and performance in accordance with applicable Laws and with any articles, charter or other organizational documents or authorities applicable to Customer. The same warranties shall apply to any Addendum, CO or CoA signed by the Customer thereafter. Each Party further warrants that no re-characterization or other change in meaning or effect from what is stated in the Agreement is permitted.
19. **Representation by Counsel.** Each Party acknowledges that it has had the opportunity to be represented by counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel, shall have no application and is expressly waived. Customer further acknowledges that SP, including any of its representatives, is not a financial or municipal advisor to the Customer.
20. **Closing & Estimating Costs.** Customer shall be solely responsible and liable for (either by direct payment or by reimbursement of amounts paid by the SP Entity) all Closing costs as listed in NtP. Upon Customer requesting a pre-termination Disposition Fee, Customer shall prepay the SP Entities estimated cost for providing the requested information which shall not exceed six times the prior year's average USA Payment.
21. **Intellectual Property.** As between the Parties, each Party shall solely retain all their copyrights, trade secrets, patents and other intellectual property rights owned, held, licensed, or developed. Nothing in the USA Service or any Services shall be deemed a "work for hire".
22. **Force Majeure.** Except as expressly otherwise provided, neither Party shall be liable to the other to the extent it is unable to perform its obligations under the Agreement due to a Force Majeure Event.
23. **Entire Agreement; Amendment.** This Agreement, including these General Terms and any other incorporated exhibits and riders, completely and exclusively constitutes the entire understanding of the Parties regarding its subject matter and supersedes all prior proposals, agreements, or other communications between the Parties, oral or written, regarding its subject matter. Except as otherwise specified in this Agreement, this Agreement may be modified only by a document signed by both Parties, and no obligation or duties shall be implied, because such implication would be contrary to the Party's intention to have their entire agreement expressed in writing.
24. **Agreement Transfer.** This Agreement may not be transferred, in whole or in part, by any Party without the other Party's written consent. In the event of a permitted transfer of this Agreement, references to the assigning Party shall be deemed to refer to the permitted transferee, except to the extent the applicable language or context require otherwise.
25. **Non-Profit Customer.** If Customer is a non-profit entity, Customer will either terminate the related Agreements or obtain SP Entity's prior approval to a Location change of ownership or a Customer change of control.
26. **Severability; Interpretation.** If any provision of this Agreement is found unenforceable or invalid, such unenforceability or invalidity will not render the Agreement unenforceable or invalid as a whole; provided that each provision that is so found to be unenforceable or invalid because of the amount or size of the burden or benefit shall be automatically reduced to the extent and by such amount such that the burden or benefit becomes enforceable and valid, and, in particular, the amount or size of any such burden or benefit provision found to be so invalid or unenforceable shall be read, notwithstanding any other provision of this Agreement, as if such provision read "to the maximum extent permitted by applicable law". The section headings in this Agreement are only for convenience of reference and are not to be considered in the interpretation of this Agreement's provisions.
27. **No Third-Party Beneficiaries.** Except as otherwise expressly provided herein, this Agreement and all associated rights are intended for the sole benefit of the Parties and will not imply or create any rights on the part of, or obligations to, any third-party. A Parties failure to exercise their rights does not mean the rights are waived for themselves or any other Party. Notwithstanding the foregoing, third parties are authorized to make independent procurement purchases from this Agreement pursuant to Customer's applicable procurement provisions, if any, and subject to the formation of an independent agreement between SP and a third party.
28. **Marketing.** Until Termination of all Agreements, SP may display SP's logo and name directly on the Units for identification purposes and use Customer's logo and name in connection with SP's advertising and marketing.
29. **Notice.** Any "Notice" shall be sent in writing to each Party's address and email address listed in this Agreement, or as subsequently updated by written notice.

Glossary. Capitalized terms not otherwise defined in this Agreement have the following corresponding meanings:

- “ACH”** means the method of SP Entity obtaining a Customer payment as authorized by Exhibit 5. Exhibit 5 shall be executed by the Parties as condition precedent to executing any related NtP.
- “Agreement”** means this written agreement between Customer and the SP Entity comprised of each combination of these General Terms, the applicable SA(s), NtP(s), CO(s), and Certificate(s) of Acceptance, each of which controls, supersedes and restates the prior as herein set forth.
- “Assignment”** means the transfer and acquisition of ownership.
- “Availability”** A charge dependent on the Unit being available for Customer use, excluding scheduled maintenance, where the Unit materially meets the vendor performance criteria. Availability equals cost of the Units’ associated Closing costs, reporting, monitoring plus Availability Rate * # of Availability Units.
- “Availability Rate”** A charge per Availability Unit, as determined in the SA.
- “Availability Unit”** specifies, as determined in the SA, what measurement the Availability Rate is pricing for the Unit (i.e., hour / day / month).
- “Approved Contractor”** means a qualified and licensed contractor identified as an “Approved Contractor” on the SA. Customer may add an Approved Contractor with the written consent of the SP Entity.
- “Approved MMC Provider(s)”** means a qualified and licensed contractor identified as an “Approved MMC Provider” on the SA. Customer may add an Approved MMC Provider with the written consent of the SP Entity.
- “Bankruptcy Trigger”** means in a bankruptcy proceeding under U.S. Bankruptcy Code when in the United States and when in Canada under the federal *Winding-Up and Restructuring Act*, R.S.C. 1985, c. W-11, the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “BIA”), the *Companies Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the “CCAA”), or any similar legislations.
- “Capacity Base”** means the greater of zero or the result of the Lowest Expected Use of Full Capacity times the month’s proration of the Unit’s yearly Full Capacity and then subtracting the current month’s Unit Use.
- “Change Order”** or **“CO”** means a fully executed written agreement between Customer and the SP Entity to modify the Agreement.
- “Claim”** means any claim, loss, liability (including negligence, tort, and strict liability), damages, penalty, equitable relief, judgment, suit and any legal proceeding, and all costs and expenses incurred or suffered in connection therewith (including reasonable attorneys’ fees and expert fees).
- “Closing costs”** means all taxes (other than income taxes), citations, fines, fees, permits, and other governmental, SPV or SP as listed in the NtP.
- “Connect Fee”** means the amount charged to Customer upon Trigger, as defined in the SA, for Unit(s) use.
- “Deferred Catchup”** means the amount of outstanding Deferred USA Payment amounts divided by remaining months of Useful Life as determined by SP Entity unless otherwise specified in the SA.
- “Deferred USA Payment”** means the amount of USA Payments the Customer is charged but payment is being deferred based on variables defined in the Payment Deferral Terms section of the Addendum.
- “Delinquency Rate”** means the lesser of (i) 1.5% per month on the entire amount owed based upon a 360-day year calculated for the actual number of days elapsed and compounded monthly in arrears or (ii) the highest rate otherwise permitted by Law.
- “Direct Third-Party Costs”** or **“DTC”** means direct third-party out-of-pocket SPV obligations from taxes, permits, insurance, SP Services, and IaaU related Vendor Contracts complying with the terms of this Agreement but excludes both Customer’s internal costs and SPV member costs.
- “Disposition”** means the selection in the SA of either a Sole Use License or an Assignment upon termination.
- “Dispute Resolution Location”** means Arizona unless Customer is a Governmental Entity, in which case will mean the state, province or territory where the Location is situated.
- “Estimated Useful Life”** means the estimated useful life of the Units as set forth under the heading “Estimated Useful Life” in the NtP.
- “Essential Utility Service”** means a service being delivered by infrastructure for Customers use such as: energy, water, transportation, sewer, facility, computing, lighting, HVAC, storage, grounds, or communications.
- “Filing Methods”** means the ownership statements or fixture filings as per the Uniform Commercial Code when in the United States and the Personal Property Act legislation when in Canada.
- “Force Majeure Event”** means any event, circumstance, series of events or set of circumstances beyond the reasonable control of, and caused without the fault or negligence of, the Party claiming, “Force Majeure Event,” such as acts of terrorism, war, riot, strike, explosion, fire, lightning, earthquake, floods, hurricanes, tropical storms, cyber-attack, natural disaster or the unavailability of electricity, gas or other utility services or suppliers on commercially reasonable terms.
- “General Release”** means that to the extent permitted under applicable federal laws and laws of Venue Jurisdiction, a general release of all claims and liabilities against the SP and the SP Entity that is satisfactory to the SP Entity (including a waiver of California Civil Code Section 1542 and any similar other law of any jurisdiction, if applicable), which if not waived, may adversely affect the effectiveness of a release of all claims and causes of action.
- “Governmental Entity”** means any federal, state, county, province, territory, municipality, or local governmental department or agency thereof.
- “IaaI”** means infrastructure as an investment by the SP Entity where the Customer uses the investment proceeds to acquire and own Unit(s) and the investment returns for the SP Entity are generated through the SA.
- “IaaU”** means infrastructure as a utility where the Unit(s) identified in the SA have their MMR and MMC managed by the SP Entity.
- “ICOP”** is an IaaU where the SP Entity investors funding the Unit(s) own certificates of participation in the Customer USA Payments and where upon termination the Unit(s) will be transferred to the Customer, as per Section 14, with no further USA Payment obligations.
- “Incentive”** means any government sourced and funded: incentive, promotion, credit, or subsidy which the Customer qualifies.
- “Including”** always means “including without limitation”.
- “Infrastructure Specialist”** or **“IS”** is the individual whose function is to facilitate the Units(s) staying reliable, safe, resilient, and improving through the life of the SA agreements. The IS may be involved in the design, engineering, monitoring, maintenance, upgrades, replacements, procurement, installation, commissioning, expansions, quotations, budgets, billing, credits, and payments to accomplish this. All Parties agree to the timely availability of involved staff, and/or agents, and third parties for the IS to pursue expedient resolutions for any of the Agreement’s stakeholder’s concerns.
- “Initial Funding Entity”** means source of funds for SA Actual Cost incurred prior to Certificate of Acceptance.
- “Installation”** means the installation of the Units at the Location(s) pursuant to the Installation Agreement complying with the terms of this Agreement.
- “Law”** means any applicable federal, state, provincial, territorial, local or other law, rule, regulation, ordinance, zoning requirement or other legal requirement.
- “Lien”** means any mortgage, pledge, lien, charge, security interest, encumbrance, or other claim of any nature.
- “Liquidation Act”** means in the United States Chapter 7 of the U.S. Bankruptcy Code and when in Canada the BIA.
- “Lowest Expected Use”** defaults to Expected Use when value is zero, N/A or undefined on the SA.
- “Material MMC Cost Increase”** means any increase in an Approved MMC Provider’s pricing or rates for performance of the relevant Unit care by more than 5% over the lesser of any 12-month period or the time since the last Material MMC Cost Increase.

Exhibit 1
General Terms and Conditions

Sustainability as a **Service®**

“Minor Maintenance / Care” and **“MMC”** means the performance of warranty services, maintenance, repairs, updates, and replacements with respect to the Unit(s) for purpose of (i) cleaning, maintaining aesthetics, or routine warranty service or care, (ii) restoring Unit(s) to a State of Good Repair, (iii) performing service recommended or necessary to maintain a Unit in good working order, or (iv) other similar purposes.

“Major Maintenance / Renewal” and **“MMR”** means a replacement, major overhaul, substitution, or material upgrade of the Unit(s) from time to time, subject to the terms of this Agreement, that is not performed for the purposes of MMC.

“Notice to Proceed” or **“NtP”** means a fully executed Exhibit 3. Terms of the NtP takes precedence over General Terms and SA.

“Operate” means to use and have stewardship over the Unit(s) and any interdependent systems (a) in accordance with the applicable owner’s manual, manufacturer guidelines or other similar document(s) provided in connection with the systems, (b) in compliance with all Laws relating to possession, operation or use of the Unit(s), and (c) in such a manner so as to ensure Unit(s) (i) remain eligible without exception for the applicable warranties, warranty agreements and insurance coverages, (ii) stay reliable, safe, and effective, and (iii) are in compliance at all times with the reasonable nature and manner of use as SP defines.

“Party” means Customer, SP, or the SP Entity, as applicable, and **“Parties”** means Customer, SP, and the SP Entity together.

“Prompt Payment Act” means laws that require the timely payment by Government Entities of valid and proper invoices.

“Qualified Usage” means any period by which SP Entity’s capital accounts used to fund the Unit decreases due to Unit USA Payments.

“Recommended” means recommended monthly reserves SP Entity has estimated to cover possible future MMR and MMC costs.

“Related Parties” means any officer, director, employee, partner, member, manager, contractor, or agent, or any affiliate or other person or entity whose relationship to a Party is such as to create any vicarious, joint, or derivative liability or obligation or such as to subject the Party to any claim from such person or entity for equitable or implied indemnity or contribution.

“Remaining Useful Life” means the remaining quantity of Useful Life available as determined by a third party selected by SP. Upon Notice to the Customer of SP’s elected determination, the Customer shall have 5 business days to veto the determination by providing in writing specific reasons that are reasonably uncurable, upon which SP Entity shall obtain a new determination.

“Renewed Units” means those Units that are the result of an MMR event.

“Return Limit” takes the 20% trimmed mean daily 1-year U.S. Treasury rate plus the non-zero amount stated as Real Return Limit in the associated SA or 7% when not defined, from the time of a Unit(s) NtP until termination to determine the maximum Unit(s) Disposition Fee that SP Entity members may receive as a rate of return on the Unit(s) Actual Cost from the net of Units(s) related: Usage Fees received, SPV Services paid and Disposition Fee. Upon a Unit(s) MMR installation event, the SP Entity will in good faith adjust the new Unit(s) Usage Rates to not plan on exceeding this limit.

“Rights Fee” means an upfront fee paid to Customer for SP Entity to receive limited but exclusive usage and data rights of the Unit(s). SP Entity usage right is for full control of Unit(s) access and recipient of associated revenues without disrupting Units existing public services should Customer be in USA Payment Default until cured. The SP Entity data right is for confidential, non-transferable, access and use (such as Environmental, Social, and Governance, “ESG”, analysis) of all performance data for the Unit(s). In consideration for this fee, Customer will pay the USA Payments defined by the involved SA(s). Unit(s) part of usage right are subject to all MMR and MMC obligations.

“Scope Contingency” means authorization of Customer signatory to approve changes to scope of Approved Providers and thus Usage Rates prior to Unit(s) CoA.

“SA Actual Costs” means the cumulative Unit(s) Actual Costs plus Unredeemed Disbursements.

“Sole Use License” means a license from SP Entity to Customer for their sole use and control of the Unit(s).

“SP Services” means services consistent with Title 48 CFR 31.201-3 that are provided by SP such as accounting, treasury, tax, audit, compliance, insurance, reporting, legal, asset monitoring, project management, admin, contract management, design, engineering, and Infrastructure Specialist.

“SPV Services” means the SPV cumulative DTC obligations that have not been reimbursed by either Customer, Support Reserves or Closing Costs.

“Start Date” means the date from which Customer’s NtP is fully executed.

“State of Good Repair” means Title 49 CFR § 625.17, a condition sufficient for the asset to operate reliably, safely and at performance targets specified in SA and where undefined, from Unit(s) manufacturer specifications.

“Supply Chain Contingency” means authorization of Customer signatory to approve changes to Approved Providers costs, and thus Usage Rates prior to Unit(s) CoA.

“Support Reserves” means amounts reserved by the SP Entity for the payment of Unit MMC and MMR Costs, increased by the portion of each USA Payment allocated to the Unit MMC Reserve and MMR Reserve as set forth on the SA and/or the NtP and decreased by the amount of each associated Support Cost paid by the SP Entity.

“Total Depreciation” means the summation of amounts resulting from using the Excel formula of DDB (Unit’s Actual Cost, 0, Useful Life, Useful Life - completed year #) where completed year # is a count of year #s where no Payment Default occurred from Unit(s) CoA to current.

“Unit’s Actual Cost” means those cumulative IaaU direct SPV incurred costs not sourced from a member owned or controlled entity unless approved by SP.

“Underwriting Contingency” means authorization of Customer signatory to approve changes to Unit(s) Useful Life, Expected Usage, Lowest Expected Use, Availability, and/or Full Capacity and thus Usage Rates prior to Unit(s) CoA.

“Units” is the description of USA service components. All references to performance or capacity applies solely to that which may be measured at time of CoA.

“Unit Use” is the quantity of Usage Units used plus the prorated Standard Deviation when specified in the SA.

“Unredeemed Disbursement” means a lump sum amount when combined with Closing costs, cash disbursements to the Customer for Rights Fee or IaaI, and the accumulated monthly cash flow to SP Entity members, yields a total member return of no less than the Return Limit.

“Useful Life” means the Unit(s) quantity of time or usage, as determined by the Estimated Useful Life that is specified in the NtP, which the Parties hereby agree are reasonable.

“Usage” means a Units’ Use, but annually limited by the specified Full Capacity / Year, multiplied by its Usage Rate.

“Usage Rate” is the cost of using a Unit per Usage Unit, as determined in the SA adjusted for any unused contingencies. This cost includes consideration the Customer considers is reasonable and satisfactory to compensate the Customer for Unit(s) being installed on their property for the purpose of generating USA Payments.

“Usage Unit” defines what is being measured to determine Unit Use of an individual Unit (i.e. Hour / Passenger / Gallon / MBTU / Kwh / Student Day / Occupancy / Connection / MGD / etc.)

“Venue Jurisdiction” means the State of Arizona unless Customer is a Governmental Entity, in which case the Venue Jurisdiction will mean the exclusive jurisdiction of the federal courts in the Dispute Resolution Location with each Party agreeing that the exclusive venue of such courts is convenient, proper and an integral part of the Agreement.

Exhibit 2
Service Addendum (“SA”)

Sustainability as a **Service®**

This Document: SA Ref #: _____ of the M-USA effective on: _____ for Customer: _____

This Agreement. Each unique combination of General Terms, SA, NtP, CoA, and ACH Agreement constitutes a standalone binding agreement between Customer and SP Entity. Capitalized terms not defined in this SA have the meanings given in the General Terms.

The “General Terms” referred to herein are those General Terms set forth in Exhibit 1 to the Master Utility Service Agreement (“M-USA”) dated as of _____ between Sustainability Partners, LLC (“SP”) and Customer, in the form attached thereto on the effective date of the M-USA, without giving effect to any amendments, waivers, or other modifications to the General Terms thereafter unless specifically set forth in this SA, the NtP(s), or CoA(s).

Type of SA (Rights Fee/ IaaU /IaaI): _____

If type is Rights Fee then revenue sharing source is: _____
If type is IaaU, this SA is a critical supplier of services agreement, limited to the design, engineering, permitting, repair, maintenance, remodeling, renovation, modernization, or construction of an existing facility at the Location and does not involve a change or increase in the size, type, or extent of the facility.

The “LOCATION”:				Venue Jurisdiction:	
\$ Amount:	N/A	Triggered by:	N/A	for (Rights Fee/IaaI/Connect Fee):	N/A

The “USA SERVICE”

Unit “Id #”	Quantity	Units	\$ Installation Limit / Each
* A *			
* B *			

The Term

“Initial Term”:	1	Month/Years	M	“Additional Term”:	1	Month/Years	M
-----------------	---	-------------	---	--------------------	---	-------------	---

*(If Customer is the Initial Funding Entity, the Initial Term is determined based on Section 10.1)

USA PAYMENT CALCULATION and DEFINITIONS

“USA Payment”	is the total of Unit(s) * (Usage + Capacity + Availability) + MMC/MMR Reserves + Deferred Catchup
“Capacity”	is Capacity Base * Usage Rate

Unit Id #	SP Initial Funding Entity?	Rights Fee?	Full Capacity / Year	How Usage Unit will be measured	Usage Unit	Usage Rate	Availability	
							Unit	Rate
* A *								
* B *								

OTHER APPLICABLE TERMS

“Expected Use” of Full Capacity (monthly):	=	%	“Lowest Expected Use” of Full Capacity (monthly):	=	%
--	---	---	---	---	---

Customer’s signatory is authorized to approve up to any of the following cost changes:					
Scope Contingency:	=	15%	Underwriting Contingency	=	10%
Supply Chain Contingency:	=	15%			

Exhibit 2
Service Addendum (“SA”)

Sustainability as a **Service®**

“Rate Index” (select one)	=	PPI	U.S. Core CPI - All Urban Consumers, U.S. City Average (CUUR0000SA0) U.S. PPI - Commercial machinery repair & maintenance (PCU81138113) User Defined:
% of USA Payment Eligible	=	33%	To be credited solely to Support Reserves and SPV Services
Apply to Rate Index to Usage Rate?	No	# of “Years to Average” for Adjustment:	10
		“Starting Year” after CoA =	1

INSTALLATION MATTERS

“Installation Limit”: \$	TBD	“Completion Target”:	TBD	Months	Monthly “Carrying Charge”:	0.85%
Usage Rates include contingencies of: \$		“Resiliency Trigger”	Hours/Days/Weeks:			Days

“APPROVED PROVIDERS”: Approving party to be SP Entity or Customer (S/C)

Approved Vendors:

Name	Select	Contract	Name	Select	Contract

Approved Installation Contractors:

Name	Select	Contract	Name	Select	Contract

Approved MMC – MMR Providers:

Name	Select	Contract	Name	Select	Contract

Approved Resiliency Providers:

Name	Select	Contract	Name	Select	Contract

PAYMENT DEFERRAL TERMS

Defer USA Payments by:	0%	Defer monthly Usage over:	N/A	# of months being deferred:	N/A
# of months to spread Deferred Catchup over:	N/A	Starting month # for Deferred Catchup:	N/A		

Disposition:	Upon termination perform Assignment of ownership or grant Sole Use License? (A/L)		L
Self-Install:	Has Customer opted to self-install the USA Service itself? Yes/No		No
Standard Deviation:	Add to the Units(s) Use the Unit’s prior 12 months Usage standard deviation? Yes/No		Yes
Right of Return	Does Customer have a RoR (per Section 14.1 of the General Terms)?		No
Real Return Limit %	7%	If RoR is Yes, then # of months after the USA Start Date the RoR applies to:	N/A
Closing Costs:	Direct bill Customer or fund by adjusting Usage Rates? Direct/Rates		Rates
SPV Services:	Direct bill Customer or add to monthly USA Payment? Direct/USA		USA
	Maximum monthly addition to USA Payment as a %:		5 %

Additional Terms: The following terms shall control over any conflicting terms in the Agreement:

Effective Date: _____, 2024

Customer:

SP Entity:

By: Sustainability Partners Services LLC, its Manager

By: _____
Name: _____
Title: _____

By: _____
Name: Adam T. Cain
Title: COO

Exhibit
Not for Signature

Exhibit 3
Notice to Proceed (“NtP”)

_____, 202__

This Document. NtP Ref #: _____ for SA Ref #: _____ of M-USA effective: _____

RE: **Notice to Proceed** for Customer: _____

The above referenced M-USA and Exhibits provide meanings for Capitalized terms not otherwise defined in this NtP.

Execution by the Parties of this NtP authorizes all Parties to proceed with the Unit(s) listed below being made available for Customer’s eventual execution of a related CoA according to the terms of the M-USA and the above-referenced Exhibits.

Confirmed Units for this NtP to be installed at the Location are:

NtP Units				
Unit “Id #”	Quantity	Description of USA service components	Usage Rate	Estimated Useful Life
* A *				

Customer has reviewed and approved the drawings, scopes, permits, reporting, schedules, and contracts to procure, install, commission, monitor and service the above NtP Unit(s) from the involved Approved Providers.

Customer approves acquisition of the NtP Unit(s) by the Initial Funding Entity to occur, and the Installation may begin, subject to the terms of the SA.

Monthly:

	SP Recommended	Actual				
MMC Reserve	\$ _____	\$ _____	Per (<u>M</u> onth/ <u>Y</u> ear)	M	Starting month # after Install Date	1
MMR Reserve	\$ _____	\$ _____	Per (<u>M</u> onth/ <u>Y</u> ear)	M	Starting month # after Install Date	1

Closing Costs: (those not included in SA Usage Rates being expressed as % of SA aggregate Actual Costs)

for IaaU type of SA							
taxes, fees and permits:	TBD	funding underwriting:	TBD	asset underwriting:	TBD	compliance:	TBD
legal:	TBD	formation:	TBD	origination:	TBD	SP Services:	TBD

for IaaS or Rights Fee type of SA							
funding underwriting	TBD	formation:	TBD	origination:	TBD	SP Services:	TBD

Exhibit Not for Signature

Effective Date: _____, 2024

This Notice to Proceed is hereby issued and accepted:

Customer:

Name: _____

Signature: _____

Name: _____

Title: _____

SP Entity:

Name: _____

By: Sustainability Partners Services LLC, its Manager

Signature: _____

Name: Adam T. Cain

Title: COO

Exhibit 4
Certificate of Acceptance (“CoA”)

_____, 202__

This Document: CoA Ref #: _____ for SA Ref #: _____ of M-USA effective: _____

RE: **Certificate of Acceptance** for Customer: _____

CoA Units				
Unit “Id #”	Quantity	Description of USA service components	Usage Rate	Starting Usage % (0% = New)
* A *				0%

Customer hereby accepts as complete the delivery, installation, commissioning, training, monitoring, reporting and performance of the CoA Unit(s) in all material respects.

“Install Date”: _____

Customer hereby confirms and acknowledges that the required insurance has been obtained as of the date set forth below.

Initial “Insurance Date”: _____

Effective Date: _____

The above referenced M-USA and Exhibits provide meanings for Capitalized terms not otherwise defined in this CoA.

Exhibit
Not for Signature

Customer:

By: _____

Name: _____

Title: _____

SP Entity:

By: Sustainability Partners Services LLC, its Manager

By: _____

Name: Adam T. Cain

Title: COO

Exhibit 5
ACH Agreement

This Document: ACH Agreement for Ref #: _____ of M-USA effective: _____ for the SP Entity: _____

RE: **ACH Agreement** for Customer: _____

Customer authorizes the SP Entity to use the Automated Clearing House network for all Customer payments.

The Customer hereby authorizes the SP Entity to initiate CCD (cash concentration and disbursement) debit or credit entries upon the SP Entity request via Automated Clearing House (ACH) to or from Customer Bank Account held at the depository financial institution named below (the "Depository"). Customer authorizes the SP Entity to debit the account from time to time to satisfy any USA Payment or Disposition Fee payable to the SP Entity in accordance with the Agreement and such amount may vary but shall never exceed the amount payable.

Parties acknowledges that the origination of ACH transactions to Customer account by the SP Entity must comply with the provisions of U.S. law.

Should an ACH transaction encounter an insufficient fund or ACH cancellation the Customer agrees to a 4% transaction fee on the USA Payment per instance.

Customer agrees that the SP Entity reserves the right to request that USA Payment be made by other generally accepted funds transfer mechanisms such as Federal Wire and SP Entity reserves all rights and remedies available under the Agreement.

ACH Instructions:

Bank Name _____ Branch _____

City _____ State _____ ZIP _____

Bank Account Title _____

Bank Account Type: Checking ____ Savings ____

Routing # _____ Bank Account # _____

******Please include an image of a voided check with this ACH Agreement for verification******

Please indicate if this is a new Agreement or a change of a previous Agreement: NEW X CHANGE ____ (By marking this as a change of an existing Agreement, Customer hereby gives Notice to terminate use of any previously given ACH instructions and authorize SP Entity to use the ACH instructions herein from the date of this Agreement until its termination.)

This authorization is to remain in full force and effect until SP Entity has received Notice from the Customer of its termination in such time and manner as to afford SP Entity and Depository a reasonable opportunity to act on such notification. Customer releases SP Entity and its affiliates, agents and representatives from all liability for their compliance with these instructions.

Customer understands that any fund transfer via an ACH system under this authorization is subject to the rules of the National Automated Clearing House Association applicable to the ACH system. It is not subject to the rules of the Electronic Funds Transfer Act, Regulation E issued by the Board of Governors of the Federal Reserve, or Uniform Commercial Code Article 4A.

Exhibit Not for Signature

Customer:

FEIN: _____

By: _____

Name: _____

Title: _____

Date: _____

SP Entity:

By: Sustainability Partners Services LLC, its Manager

By: _____

Name: Adam T. Cain

Title: COO

Date: _____



Meeting Date: July 2, 2025

Agenda Item Type:

- | | | |
|--|---|--|
| ☐ Consent Agenda | ☐ Informational Presentation | ☐ Discussion Item |
| ☒ Action/Decision Item | ☐ Executive Session Request | ☐ Other: |

Requesting Departments: Wastewater / Finance

Staff Resource: Utilities Director Jeff Low & Finance Director Michael Showers

Agenda Title: Discussion, consideration and possible approval of Resolution 2025-1186, approving and authorizing the execution and delivery of a financial assistance agreement with the Water Infrastructure Finance Authority of Arizona for the arsenic treatment and electrical infrastructure updates at the Mongini Well site.

Attached Documents:

- Resolution 2025-1186
- Draft WIFA Loan Document (dates are not updated at this time)
- Arsenic Treatment CIP Project Sheet

Estimated Presentation Time: 5 mins

Estimated Discussion Time: 10 mins

Reviewed By:

- | | | | | |
|--|---|--|---|---|
| ☒ Town Manager | ☒ Legal | ☐ Risk Management | ☒ Finance | ☒ Other: Wastewater |
|--|---|--|---|---|

Financial Review (if applicable):

- | | | | | |
|---|---|-----------------------------|------------------------------|---------------------------------|
| • Funding Source / GL Account Number: Water CIP Funds | | | | |
| • Approved in the FY26 Budget? | ☒ Yes | ☐ No | ☐ N/A | ☐ Other: |
| • Is this an approved CIP Project? | ☒ Yes | ☐ No | ☐ N/A | ☐ Other: |

Background Information:

Council approved staff's application to the Water Infrastructure Financing Authority (WIFA) under the Authority's Drinking Water Supply Development Revolving Fund on October, 2nd, 2024. That application has been approved and is ready for final contract approval before the WIFA Board at an upcoming meeting. This resolution must be accepted by the Town Council for that program item to move forward, approving the funding of the \$3.6M Arsenic Treatment project with \$2.0M grant funds (forgivable principle) and up to \$1.6M of loan funds from WIFA.

Connection to the [FY25-FY30 Strategic Plan](#) :

This project supports the Community Infrastructure section of the Strategic Plan.



Town Council Agenda Information Memorandum

Question(s) before the Council:

- Does Council approve staff to move forward and secure the \$1.6M WIFA loan agreement with an additional \$2.0M of Forgivable Principle?

Proposed Motion:

Move to **APPROVE** Resolution 2025-1186, approving and authorizing the execution and delivery of a financial assistance agreement with the Water Infrastructure Finance Authority of Arizona for the arsenic treatment and electrical infrastructure updates at the Mongini Well site.

Move to **APPROVE** Resolution 2025-1186, approving and authorizing the execution and delivery of a financial assistance agreement with the Water Infrastructure Finance Authority of Arizona for the arsenic treatment and electrical infrastructure updates at the Mongini Well site **with the following changes...**



RESOLUTION NO. 2025-1186

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CAMP VERDE, YAVAPAI COUNTY, ARIZONA, APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FINANCIAL ASSISTANCE AGREEMENT WITH THE WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA FROM ITS DRINKING WATER SUPPLY DEVELOPMENT REVOLVING FUND PROGRAM; DELEGATING THE DETERMINATION OF CERTAIN MATTERS RELATING THERETO TO THE MANAGER AND THE FINANCE DIRECTOR OF THE TOWN; PROVIDING FOR THE TRANSFER OF CERTAIN MONEYS AND MAKING CERTAIN COVENANTS AND AGREEMENTS WITH RESPECT THERETO; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY SUCH LOAN AGREEMENT AND THIS RESOLUTION.

WHEREAS, the Mayor and Common Council of the Town of Camp Verde, Arizona (the "Town"), have heretofore applied to the Water Infrastructure Finance Authority of Arizona (the "Authority") for financial assistance in the form of a grant (the "Grant") and a loan (the "Loan" and, together with the Grant, the "Financial Assistance") from the Authority's Drinking Water Supply Development Revolving Fund Program (the "Program") to provide funds for the Town to replace an inoperative well with a new and larger well that will also incorporate necessary arsenic treatment and modernize electrical infrastructure to provide power capacity for the operation of such well as well as for payment of the Town's proportionate share of expenses of administering the Program and any bonds issued by the Authority with respect thereto (the "Project"); and

WHEREAS, the terms and conditions under which the Financial Assistance will be made and the obligations of the Town with respect to the Financial Assistance will be set forth in a financial assistance agreement to be executed and delivered by the Town and the Authority (the "Financial Assistance Agreement"), attached to which is a loan agreement to be executed and delivered with respect to the Loan (the "Loan Agreement"); and

WHEREAS, the Loan and the loan repayments payable by the Town pursuant to the Loan Agreement (the "Loan Repayments") will be secured by a pledge of the Source of Repayment (as defined in the Loan Agreement); and

WHEREAS, the Mayor and Common Council of the Town have determined that it will be beneficial to the citizens of the Town to enter into and to perform the Financial Assistance Agreement, whereby the Town will receive a grant of \$2,000,000 from the Authority and will borrow not to exceed \$1,600,000 from the Authority; and

WHEREAS, the Loan shall be repaid before or on August 1, 2050, and the Loan shall

bear interest at a rate not to exceed five percent (5%) per annum; and

WHEREAS, there has been placed on file with the Clerk of the Town and presented at the meeting at which this Resolution was adopted the proposed form of the Financial Assistance Agreement (which includes the proposed form of the Loan Agreement).

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the Town of Camp Verde, Arizona that:

Section 1. The form, terms and provisions of the Financial Assistance Agreement, in the form of such document (including the exhibits thereto) presented at the meeting at which this Resolution was adopted are hereby approved, with such insertions, omissions and changes, not inconsistent with the application of the Town to the Authority or the requirements of the Authority, as shall be approved by the Manager and/or the Finance Director of the Town, the execution of such document being conclusive evidence of such approval, and the Mayor or any other member of the Common Council of the Town, the Manager, the Finance Director, the Utilities Director and the Clerk of the Town are hereby authorized and directed, as applicable, for and on behalf of the Town, to execute and attest and deliver, respectively, the Financial Assistance Agreement (including the exhibits thereto).

Section 2. For the payment of the principal of and interest on the Loan, the Town shall pay the Loan Repayments provided for in the Loan Agreement. The Town shall also pay all other amounts required to be paid by the Town pursuant to the provisions of the Financial Assistance Agreement.

Section 3. The obligation of the Town to pay the Loan Repayments provided for in the Loan Agreement as well as to make the other payments provided for in the Loan Agreement is limited to payment from the Source of Repayment which is pledged therefor pursuant to the Loan Agreement, and the obligations of the Town pursuant to the Loan Agreement shall not constitute or give rise to a general obligation of the Town or any claim against its *ad valorem* property taxing powers, or constitute an indebtedness within the meaning of any statutory or constitutional debt limitation applicable to the Town.

Section 4. The appropriate officials and officers of the Town are hereby authorized and directed to take all action necessary or reasonably required to carry out, give effect to and to consummate the transactions contemplated by the Financial Assistance Agreement, and by this Resolution, including, without limitation, the execution and delivery of any closing and other documents reasonably required to be delivered in connection therewith.

Section 5. If any section, paragraph, subdivision, sentence, clause or phrase of this Resolution is for any reason held to be illegal or unenforceable, such decision will not affect the validity of the remaining portions of this Resolution. The Mayor and Common Council of the Town hereby declare that it would have adopted this Resolution and each

and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the execution and delivery of the Financial Assistance Agreement pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution may be held illegal, invalid or unenforceable. All ordinances, resolutions or parts thereof, inconsistent herewith, are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as reviving any ordinance or resolution or any part thereof.

Section 6. All actions of the officers and agents of the Town including the Mayor and Common Council of the Town which conform to the purposes and intent of this Resolution and which further the execution and delivery of the Financial Assistance Agreement as contemplated by this Resolution, whether heretofore or hereafter taken, are hereby ratified, confirmed and approved. The proper officers and agents of the Town are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the Town as may be necessary to carry out the terms and intent of this Resolution.

Section 7. All acts and conditions necessary to be performed by the Town or to have been met precedent to and in the execution and delivery of the Financial Assistance Agreement (including the exhibits thereto) in order to make it a legal, valid and binding obligation of the Town will at the time of delivery of the Financial Assistance Agreement have been performed and have been met, in regular and due form as required by law, and no statutory, charter or constitutional limitation of indebtedness or taxation will have been exceeded in the execution and delivery of the Financial Assistance Agreement.

Section 8. All formal actions of the Mayor and Common Council of the Town concerning and relating to the passage of this Resolution were taken in an open meeting of the Mayor and Common Council of the Town, and all deliberations of the Mayor and Common Council of the Town and of any committees that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements.

Section 9. After the execution and delivery of the Financial Assistance Agreement and upon receipt of the Financial Assistance from the Authority, this Resolution shall be and remain irrevocable until the Loan and the Loan Agreement and the interest thereon shall have been fully paid, cancelled and discharged.

PASSED, AND APPROVED BY A MAJORITY VOTE OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CAMP VERDE, ARIZONA THIS 2ND DAY OF JULY, 2025.

Marie Moore, Mayor

ATTEST:

Leah Rhodes, Town Clerk

APPROVED AS TO FORM:

Trish Stuhan, Town Attorney
Pierce Coleman, PLLC

AGREEMENT: 942012-25

PROJECT #: WSD 051-2025

WATER SUPPLY DEVELOPMENT REVOLVING FUND

FINANCIAL ASSISTANCE AGREEMENT

BETWEEN

Town of Camp Verde

AND

The Water Infrastructure Finance Authority of Arizona

THIS FINANCIAL ASSISTANCE AGREEMENT (the “**Agreement**”) is made effective as of the date of signature of the last signatory hereto (the “**Effective Date**”), by and between the Water Infrastructure Finance Authority of Arizona (the “**Authority**”), a body corporate and politic, and Town of Camp Verde (the “**Local Entity**”). The Authority and the Local Entity may individually be referred to as “**Party**” or collectively as the “**Parties.**”

RECITALS

WHEREAS, the State of Arizona established the Water Supply Development Revolving Fund (“**WSDRF**”) under Title 49, Chapter 8, Article 3 of the Arizona Revised Statutes. A.R.S. §§ 49-1270 – 1282, to be administered by the Authority, and

WHEREAS, pursuant to A.R.S. § 49-1270(1), the following entities are eligible for financial assistance from the WSDRF: (1) A water provider that distributes or sells water outside of the boundaries on an initial active management area in which part of the Central Arizona Project aqueduct is located; and (2) Any city, town, county, district, commission, authority, or other public entity that is organized and that exists under the statutory laws of Arizona or under a voter-approved charter or initiative of Arizona that is located outside of the boundaries of an initial active management area in which part of the Central Arizona Project aqueduct is located; (each an “**Eligible Entity**”, and collectively “**Eligible Entities**”)

WHEREAS, the Authority is authorized to issue financial assistance in the form of grants and loans from the WSDRF to Eligible Entities for water supply development projects, outside of the boundaries of Active Management areas located in Maricopa, Pima or Pinal Counties that are expected to meet the unique water supply needs of small, rural communities, and

WHEREAS, WSDRF financial assistance may be issued for any of the purposes specified in A.R.S. § 49-1273(A), and

WHEREAS, the Local Entity is an Eligible Entity and has applied for financial assistance, pursuant to the Application attached to this Agreement as Exhibit A [*WSDRF Financial Assistance Application*]; and

WHEREAS, by the Board resolution attached to this Agreement as Exhibit B [*Water Supply Development (WSD) Financial Assistance Resolution*], the Authority has determined the Local Entity is eligible for financial assistance from the WSDRF and has reviewed and approved the Local Entity’s Application in accordance with the requirements of A.R.S. §§ 49-1270 – 1282.

Water Supply Development Revolving Fund

NOW THEREFORE, in consideration of the mutual promises and covenants set forth below, the Authority and Local Entity agree as follows:

ARTICLE I - Definitions

The following terms as used in this Financial Assistance Agreement shall, unless the context clearly requires otherwise, have the following meaning:

- 1.1. “Application” means the Local Entity’s application for financial assistance from the Water Supply Development Revolving Fund, attached to this Agreement as Exhibit A [*WSDRF Financial Assistance Application*] and incorporated herein.
- 1.2. “Authority” or “WIFA” means the Water Infrastructure Finance Authority of Arizona.
- 1.3. “Authorized Officer” means the Director of the Authority, or any other person or persons designated by the Director to act on behalf of the Authority, with respect to this Agreement.
- 1.4. “Financial Assistance” means the specific financial assistance amount awarded to the Local Entity as described in this Agreement.
- 1.5. “Scope of Work” means the water supply development project described in Exhibit A [*WSDRF Financial Assistance Application*] as approved, amended, or modified in Exhibit B [*Water Supply Development (WSD) Financial Assistance Resolution*], attached to this Agreement and incorporated herein.
- 1.6. “Water Supply Development” has the same meaning as prescribed in A.R.S. § 49-1201.
- 1.7. Any capitalized terms used and not defined herein shall have the meanings ascribed to such terms in the Exhibits.

ARTICLE II – Financial Assistance

- 2.1. Financial Assistance. The Authority hereby agrees to provide the Local Entity with an award in the amount of Three Million Six Hundred Thousand Dollars (\$ 3,600,000.00) (the “**Financial Assistance**”), of which 44.4% is provided as a loan and 55.6% is provided as a grant, subject to the terms and conditions set forth in this Agreement and availability of funds. The Financial Assistance consists of:
 - ☐ A loan, subject to the terms and conditions set forth in Exhibit C, in the amount of: One Million Six Hundred Thousand Dollars (\$ 1,600,000)
 - ☐ A grant in the amount of: Two Million Dollars (\$ 2,000,000)
- 2.2. Financial Assistance Availability. The Authority shall make the Financial Assistance available to the Local Entity upon execution of this Agreement by the parties. Subject to the Local Entity’s compliance with all terms and conditions of this Agreement, and the continued non-existence of a breach or default, or any event, circumstance, act, or omission which with the giving of notice, the passage of time, or both would constitute a breach, default or give rise to the termination of this Agreement, the Authority agrees to disburse the Financial Assistance to the Local Entity in accordance with the provisions of Article III [*Disbursement and Funding*].

Water Supply Development Revolving Fund

- 2.3. Acceptance of Financial Assistance. The Local Entity hereby accepts the Financial Assistance under the terms and conditions of this Agreement, and agrees to execute and return this Agreement to the Authority within thirty (30) calendar days of receipt unless the Local Entity receives a written waiver of this requirement by the Authority.
- 2.4. Purpose and Use of Financial Assistance. The Local Entity agrees to undertake and complete the Scope of Work in a timely manner, and to receive and expend the Financial Assistance in accordance with this Agreement. The Local Entity agrees to utilize the Financial Assistance only for the purpose of implementing the Water Supply Development project activities to complete the Scope of Work. Any expenditure deviating from the Scope of Work shall require the Authority's prior written approval. Supporting documents and attachments from the Application are incorporated herein by reference. If content in the Application differs from or conflicts with terms presented elsewhere in this Agreement, this Agreement takes precedence.
- 2.5. Prior Costs Incurred. The Financial Assistance may be used for costs incurred prior to the Effective Date of this Agreement provided the costs were incurred no earlier than twelve (12) months prior to the date the Local Entity submitted its WSDRF Financial Assistance Application. *See Exhibit A [WSDRF Financial Assistance Application].*
- 2.6. Time of Performance. The Local Entity must submit an initial reimbursement request no later than twelve (12) months after the Effective Date of this agreement and must submit reimbursement requests for the entire balance of the Financial Assistance no later than three (3) years after the Effective Date of this Agreement, unless otherwise approved in writing by the Authority's Director.
- 2.7. Term of Agreement. This Agreement remains in effect until all reporting requirements described in this Agreement have been fulfilled by the Local Entity and accepted by the Authority (the "**Term**").
- 2.8. Local Entity Obligations. This Agreement constitutes the valid and binding obligations of the Local Entity, enforceable in accordance with its terms. The obligation and utilization of the Financial Assistance provided through this Agreement are subject to the proper observation of the Agreement and any requirements incorporated by reference.
- 2.8.1. Assignments. Unless otherwise approved in writing by the Authority, the Local Entity agrees not to transfer, assign, or pledge any right or interest in any payment or advance due pursuant to this Agreement, or any of the other benefits thereof. An assignment by the Local Entity shall not relieve the Local Entity from primary liability for any of its obligations under this Agreement. The Local Entity shall continue to remain primarily liable for the performance and observance under the terms of this Agreement, unless the Authority specifically releases the Local Entity in writing. Any such assignment made or attempted by the Local Entity without the prior written consent of the Authority shall be void and of no effect.
- 2.8.2. Compliance with Applicable Laws. The Local Entity shall perform all activities under this Agreement in accordance with all applicable (whether present or future) laws, ordinances, rules, regulations, requirements and orders of any governmental or administrative authority having or claiming jurisdiction over the Local Entity's activities. The Parties further agree to cooperate in all ways reasonable and necessary to comply with the applicable statutes, including amending this Agreement as needed in the future and making any refunds or payments that might be required to bring the Parties into full compliance with applicable law.

Water Supply Development Revolving Fund

2.9. Technical Terms and Conditions

2.9.1. Budget.

Uses by Budget Item	Amount Budgeted
Legal/Debt Authorization.....	\$ 0
Financial Advisor.....	\$ 75,000
Planning.....	\$
Design & Engineering	\$ 200,000
Equipment/Materials.....	\$ 1,625,000
Construction/Installation.....	\$ 1,625,000
Project Management	\$ 65,000
Administration.....	\$ 10,000
Water Rights Acquisition.....	\$ 0
Total Budget.....	\$ 3,600,000

2.9.2. Estimated Observation and Disbursement Schedule

2.9.2.1. Initial Observation: Upon Local Entity notification of construction commencement;

2.9.2.2. Additional Observations: At least one site observation within each 12-month period; and

2.9.2.3. Final Observation: 80% construction budget disbursement.

2.9.3. Additional Observations: An Authority representative may perform additional observations based on information provided in the projects status reports included in each disbursement requisition form.

2.9.4. Withholding Percentage: 10% (released after deliverables received).

2.9.5. Requirements Prior to Construction. Submittal of Construction Bids. The Local Entity shall submit to the Authority for review and approval prior to execution:

2.9.5.1. Engineering contracts related to the project;

2.9.5.2. Bid documents related to the project; and

2.9.5.3. Construction contracts related to the project.

2.9.6. User Charges. The Local Entity has established (or, if the system is not yet in operation, the Local Entity will, at or before the time the system commences operation, establish) a system of user charges which, with other funds lawfully available, will at all times be sufficient to pay the costs of operation and maintenance of the system, including renewals and replacements of the system. The Local Entity also agrees that such system of user

Water Supply Development Revolving Fund

charges will be established and maintained in compliance with any applicable requirements of state and federal law as long as the Local Entity owes amounts under this Financial Assistance Agreement. The Local Entity at its sole option may pay the costs of operation, maintenance, repair, replacement, extensions and additions to the System from any funds lawfully available to it for such purpose.

- 2.9.7. Interest in Project Site. As a condition of the Financial Assistance, the Local Entity will demonstrate to the satisfaction of the Authority that the Local Entity has or will have a fee simple or such other estate or interest in the site of the project, including necessary easements and rights-of-way, as the Authority finds sufficient to assure undisturbed use and possession for the purpose of construction and operation of the project for the estimated life of the project.
- 2.9.8. Acknowledgement of Funding Source. The Local Entity shall erect a construction sign or other appropriate signage displaying information on the project and funding source. The Authority shall provide specifications for such signs. Unless otherwise agreed upon in writing between the Parties, the Local Entity agrees that any publications, studies, or reports which are made possible by or derived, in whole or in part, from this Agreement, and any news articles, brochures, seminars, or other promotional materials or media or events through which the Local Entity publicizes the Scope of Work funded in whole or in part by this Agreement will acknowledge the Authority's support in the following manner: "Funding provided by the Water Infrastructure Finance Authority of Arizona."
- 2.9.9. Changes in Project Scope. The Local Entity shall submit to the Authority, for review and approval prior to execution, any change to the plans and specifications, construction contracts, eligible project costs, or any other change which will affect the performance standards or purpose of the project.
- 2.9.10. Completion of Project and Provision of Moneys Therefor. The Local Entity covenants and agrees (a) to exercise its best efforts in accordance with prudent utility construction practice to complete the project and (b) to the extent permitted by law, to provide from its own fiscal resources all moneys, in excess of the total amount of grant and/or loan proceeds it receives hereunder and under any subsequent grant and/or loan from the Authority, required to complete the project.
- 2.9.11. Inspections; Information. The Local Entity shall permit the Authority and any party designated by the Authority to examine, visit and inspect, at any and all reasonable times, the property, if any, constituting the project, and to inspect and make copies of any accounts, books and records, including (without limitation) its records regarding receipts, disbursements, contracts, investments and any other matters relating thereto and to its financial standing, and shall supply such reports and information as the Authority may reasonably require in connection therewith.
- 2.9.12. Adjustments for Ineligible Costs. The Local Entity shall promptly reimburse the Authority for any portion of the Financial Assistance which is determined to have been used for costs that are not eligible for funding, unless such matter is curable in some other manner by the Local Entity to the satisfaction of the Authority. Such reimbursement shall be promptly repaid to the Authority upon written request of the Authority. Any such reimbursed

Water Supply Development Revolving Fund

principal amount will be applied to reduce the outstanding principal amount of the Financial Assistance.

2.9.13. Archaeological Artifacts. In the event that archaeological artifacts or historical resources are discovered during construction excavation of the project, the Local Entity shall stop or cause to be stopped construction activities and will notify the State Historic Preservation Office and the Authority of such discovery.

2.9.14. Requirements Prior to Releasing Withholdings.

2.9.14.1. Plan of Operation. After construction is 50% complete and prior to the release of the withholding, the Local Entity will submit to the Authority a plan of operation which provides a concise, sequential description of an implementation schedule for those activities necessary to assure efficient and reliable start-up and continual operation of the Project.

2.9.14.2. Final Approval. Prior to the release of the withholding, the Local Entity will submit to the Authority (a) as-built drawings by a professional engineer that document all changes from the original plans and specifications (b) copies of all testing results performed by or under the supervision of a professional engineer as required by the specifications, and (c) Arizona Department of Environmental Quality (ADEQ) approval of construction or an engineer's Certificate of Completion certifying that all construction was completed in accordance with the plans and specifications or that any changes made are in conformance with the Arizona Revised Statutes and ADEQ rules, permits and guidelines and are documented in the as-built drawings. Based on a review of the information submitted, the Authority reserves the right, prior to the release of the withholding, to request modifications to the Project, the system, or the materials submitted pursuant to this Section.

2.10. Fund Availability. Any action or disbursement by the Authority under this Agreement requiring the expenditure of funds by the Authority to the Local Entity is conditioned upon the availability of funds appropriated, assigned, and allocated to the Authority by the State for the payment of such obligation. If funds are not appropriated, assigned, allocated, and available by the State or if the appropriation is changed by the legislature or the Governor's Office resulting in funds no longer being available for the continuance of this Agreement, this Agreement may be terminated by the Parties at the end of the period for which funds from the WSDRF are available. No liability shall accrue to the Parties in the event this provision is exercised, and the Authority shall not be obligated or liable for any future payments or for any damages as a result of termination under this paragraph. [Notwithstanding the foregoing, this provision does not alleviate the Local Entity from the repayment provisions outlined in Exhibit C of this Agreement for any outstanding amounts due under the loan.]

ARTICLE III - Disbursement and Funding

3.1. Costs Incurred Basis. The Authority shall disburse the Financial Assistance, upon presentation of accurate and complete claims to the Authority. Except as hereinafter provided, disbursements shall be made only:

Water Supply Development Revolving Fund

- 3.1.1. For costs incurred in accordance with this Agreement. For purposes of this Agreement, “costs incurred” are determined using accrual accounting standards. Accrual accounting requires that transactions are recognized when they are incurred, regardless of when they are paid;
 - 3.1.2. When a request for disbursement is submitted in substantially the form provided by the Authority and is accompanied by the necessary certifications and documentation as required by the Authority; and
 - 3.1.3. When an Authorized Officer of the Authority has determined that such disbursement is proper.
- 3.2. Request for Disbursement. The Local Entity shall submit requests for disbursement to the Authority using forms provided by the Authority. The Authority shall not distribute the Financial Assistance to the Local Entity until the Authority has received and processed a request for disbursement. The Authority shall verify the request and claimed expenses against the reports required in this Agreement. A request for disbursement must contain:
 - 3.2.1. An itemized accounting of expenses incurred;
 - 3.2.2. Receipts, vendor invoices, and other documentation of costs incurred;
 - 3.2.3. Certification that the disbursement amount requested is a proper cost as evidenced by attached invoices;
 - 3.2.4. Certification that the signatory is duly authorized to submit the disbursement request; and
 - 3.2.5. Any additional documents or information deemed necessary by the Authority.
- 3.3. Method of Disbursement. The Authority may disburse the Financial Assistance by check, electronic means, warrant, or other transfer medium basis within sixty (60) calendar days of the Authority’s receipt of a properly completed request for disbursement in a form acceptable to the Authority, and subject to funding availability. An Authorized Officer of the Authority shall approve disbursements directly to the Local Entity and shall provide the Local Entity with a copy of the approval and the date approved.
- 3.4. Affirmation of Representations and Warranties. Each request for disbursement, or the receipt of the Financial Assistance funds requested by the Local Entity, shall constitute Local Entity’s affirmation that all representations and warranties of the Local Entity as described in this Agreement or any Exhibit therein, are true and correct as of the date thereof and throughout the Term of the Agreement, unless the Local Entity notifies the Authority to the contrary in writing prior to the request for disbursement or release of the disbursement.
- 3.5. Withholding Disbursements. The Authority may elect in its sole discretion to withhold payment of the Financial Assistance in whole or in part if the Local Entity breaches any provision of this Agreement or any Exhibit therein.
- 3.6. Required Notice. The Local Entity shall provide the Authority with immediate written notification:
 - 3.6.1. Of any inability to expend the Financial Assistance in accordance with the Scope of Work; and

Water Supply Development Revolving Fund

- 3.6.2. Prior to any expenditure of the Financial Assistance deviating from the Scope of Work.
- 3.7. Inspections – Expenses and Operations. The Authority shall have the option to undertake an inspection of the Local Entity's expenses and operations at any time to verify the information included in and with any and/or all requests for disbursements under this Agreement.
- 3.8. Disbursement Funding Source. Financial Assistance will be disbursed based on the percentage of grant and/or loan funds to the total Financial Assistance amount identified in Section 2.1 [*Financial Assistance*].
- 3.9. Disallowed Costs. Prepayment of expenses for work not yet performed or for work performed more than twelve (12) months prior to the date the Local Entity submitted its WSDRF Financial Assistance Application (Exhibit A [*WSDRF Financial Assistance Application*]) are not permissible.

ARTICLE IV - Representations and Warranties

- 4.1. Eligible Entity. The Local Entity hereby represents and warrants that it is an Eligible Entity as defined under A.R.S. § 49-1270(1) and that the Local Entity is authorized to accept the Financial Assistance from the Authority.
- 4.2. Conflicts of Interest. The Parties each represent that, as of the date of execution of this Agreement, they are not aware of any facts or circumstances which would give rise to a cancellation right in favor of any Party pursuant to A.R.S. § 38-511. The Local Entity represents and warrants that there exists no actual or potential conflict of interest between the Local Entity's performance under this Agreement and the Local Entity's engagement or involvement in any other personal or professional activities. In the event such conflict or potential conflict arises during the Term of this Agreement, or any extension thereof, the Local Entity shall immediately notify the Authority in writing.
- 4.3. Adverse Proceedings. The Local Entity represents and warrants that there are no proceedings pending or, so far as the Local Entity knows, threatened, before any court or administrative agency that will materially adversely affect the Local Entity's ability to fully perform the Scope of Work. During the Term of this Agreement, should proceedings arise that will materially adversely affect the Local Entity's ability to fully perform the Scope of Work, the Local Entity shall promptly notify the Authority in writing.
- 4.4. Authority to Sign. The Local Entity represents and warrants that the Local Entity and the person signing on behalf of the Local Entity have the full power and authority to enter into and execute this Agreement, to legally bind the Local Entity and to perform and comply with the terms and conditions set forth herein.
- 4.5. Debarment, Suspension, U.S. Government Restricted Party Lists. The Local Entity warrants that it is not, and its contractors or subcontractors are not, on the State of Arizona's Procurement Debarred and Suspended Firms list, U.S. government's Denied Parties List, the Unverified List, the Entities List, or the Specifically Designated Nationals and Blocked Parties List, and neither the Local Entity nor any contractors or subcontractors are presently debarred, suspended, proposed for debarment or otherwise declared ineligible for award of state or federal contracts or participation in state or federal assistance programs or activities.
- 4.6. Indemnification of the Authority. The Local Entity agrees, to the extent permitted by law, to indemnify, hold harmless, and, on demand, defend the Authority and its directors, officers,

Water Supply Development Revolving Fund

employees, agents, auditors, counsel, investment committee members and representatives for, from, and against any and all damages, losses, liabilities, costs, and expenses (including, without limitation, costs and expenses of litigation and reasonable attorneys' fees) arising from any claim or demand in respect of this Agreement, and arising at any time, whether before or after payment and performance of the Obligations. The obligations of the Local Entity and the rights of the Authority under this Section 4.6 [*Indemnification of the Authority*] shall survive payment and performance of the Obligations and shall remain in full force and effect without termination.

- 4.7. Liability. Failure on the part of the Authority in any instance or under any circumstance to observe or perform fully any obligation assumed by or imposed upon the Authority by this Agreement or by law shall not make the Authority liable in damages to the Local Entity or relieve the Local Entity from fully performing any other obligation required of it under this Agreement; provided, however, that the Local Entity may have and pursue any and all other remedies provided by law for compelling performance by the Authority of such obligation assumed by or imposed upon the Authority. Neither the Authority nor its board or committees, the State of Arizona, its elected and appointed officials, its agents, commissions, officers, directors, employees, volunteers or affiliates shall in any event be liable for damages, if any, for the nonperformance of any obligation or agreement of any kind whatsoever set forth in this Agreement.
- 4.8. Permits. The Local Entity shall obtain all approvals and permits necessary to construct, operate, and maintain the Project required by any governmental entity having jurisdiction including, but not limited to, the United States of America, the State of Arizona, applicable county, and their agencies and subdivisions. The Local Entity represents and warrants that during the development, construction, operation, maintenance, and reclamation of the Project, the Local Entity shall comply with all existing applicable air and water pollution control standards and regulations, and with all existing applicable statutes, ordinances, master plans, and regulations of any governmental entity having jurisdiction including, but not limited to, the United States of America, the State of Arizona, the County of the project location, and their agencies and subdivisions including, but not limited to, the following:
- 4.8.1. All applicable land use regulations;
- 4.8.2. All applicable zoning stipulations and conditions including, but not limited to, landscaping and dust control requirements; and
- 4.8.3. All applicable air permitting, water use, discharge and/or disposal requirements of the Arizona Department of Water Resources, the County, and the Arizona Department of Environmental Quality.

ARTICLE V – Records and Reports

- 5.1. Accounting. The Local Entity shall maintain for the purposes of this Agreement an accounting system or procedures and practices that conforms to generally accepted accounting procedure unless otherwise approved by the Authority.
- 5.2. Financial Records. The Local Entity shall maintain satisfactory financial accounts, books, records, documents, and other evidence sufficient to properly reflect the amount, receipt, and expenditure of the Financial Assistance. Records shall be maintained by the Local Entity for a period of five years after the Financial Assistance funds have been expended or returned to the Authority, whichever is later, or pursuant to such other time period as required under any tax compliance

Water Supply Development Revolving Fund

certificate entered into in connection with this Agreement. Failure to maintain proper financial records required under this Agreement as required is cause for termination of this Agreement or withholding of future disbursements.

- 5.3. Retention. Pursuant to A.R.S. §§ 35-214 and -215, the Local Entity shall retain all records relating to this Agreement for a period of five years from the date of final payment to the Local Entity or as required by applicable law, whichever is longer, or pursuant to such other time period as required under any tax compliance certificate entered into in connection with this Agreement.
- 5.4. Reporting Requirements. The Local Entity shall provide reports of all activities related to this Agreement both as identified in the Agreement and as requested by the Authority. The Local Entity shall also provide to the Authority any additional written information requested by the Authority in a timely manner and within reasonable deadlines as shall be set by the Authority.
- 5.4.1. All financial reports required under this Agreement shall be prepared in accordance with GAAP standards or otherwise approved by WIFA, and shall be in form and substance satisfactory to the Authority.
- 5.4.2. If there is any amount of the Financial Assistance remaining after the Scope of Work is completed, the Local Entity shall report the remaining balance to the Authority and the Authority may de-obligate the remaining Financial Assistance balance pursuant to Section 6.5 [*De-obligation*].
- 5.4.3. Failure to provide reports required under this Agreement as required is cause for termination of this Agreement or withholding of future disbursements.
- 5.5. Audits and Inspections. The Authority shall have the right of access to records of the Local Entity in order to conduct audits or other investigations. Upon request, the Authority's authorized representatives shall be provided with access and shall have the right to examine all documents, financial records, facilities, and activities related to the Local Entity's performance of this Agreement and to the receipt and expenditure of the Financial Assistance. The Local Entity agrees to rectify issues identified in audits within the Authority's prescribed time periods. Failure to comply with the request for audit or inspection, or a lack of documentation and records, is cause for termination of this Agreement or withholding of future disbursements.
- 5.6. Audit Exceptions. If audit exceptions are made relating to this Agreement, the Local Entity shall reimburse all costs incurred by the State of Arizona and the Authority associated with defending against the audit exception or performing an audit or follow-up audit including but not limited to: audit fees, court costs, attorney's fees, travel costs, penalty assessments, and all other costs of whatever nature. Immediately upon notification from the Authority, the Local Entity shall reimburse the amount of the audit exception and any other related costs directly to the Authority as specified by the Authority in the notification.
- 5.7. Final Report – Audit. The Local Entity shall provide a final report (the “**Final Report**”) in a form acceptable to the Authority.
- 5.7.1. The Final Report shall be submitted to the Authority within thirty (30) calendar days of one of the following occurrences: (1) the Financial Assistance funds have been expended; (2) the Scope of Work has been completed; or (3) the Agreement has otherwise been terminated.

Water Supply Development Revolving Fund

- 5.7.2. The Final Report shall contain the information deemed necessary by the Authority.
- 5.7.3. Following the receipt and approval of the Final Report, the Authority will notify the Local Entity in writing that the Agreement is administratively closed.
- 5.7.4. After the project is administratively closed, the Local Entity shall submit all required audits to the Authority. All audits for fiscal years in which the Local Entity received Financial Assistance funds from the Authority must be received, reviewed, and found to be satisfactory by the Authority.
- 5.7.5. In the event that the Authority determines that any project costs described in a post-funding audit are unjustified or describe ineligible activities, the Local Entity shall refund such monies back to the Authority.

ARTICLE VI - Enforcement & Remedies

- 6.1. **Breach.** The Parties agree that all conditions set forth herein are material to this and the occurrence of any of the following events is a material breach by the Local Entity under this Agreement:
 - 6.1.1. Any certification, statement, representation, or warranty contained in this Agreement or report required under this Agreement, the Application, or any other document related to the Financial Assistance which the Authority determines at any time to be incorrect or misleading in any material respect either on the date when made or on the date when reaffirmed.
 - 6.1.2. The Local Entity's failure to comply with each and every term, covenant, condition, and/or agreement contained in this Agreement.
 - 6.1.3. The Local Entity's failure to make sufficient progress on the Scope of Work, in good faith and in manner acceptable to the Authority in accordance with Section 2.6 [*Time of Performance*] of this Agreement.
 - 6.1.4. The Local Entity's use of the Financial Assistance proceeds for any purpose other than as authorized under the provisions of this Agreement.
 - 6.1.5. The Local Entity fails to comply with any law, ordinance, code, order, rule, or regulation of any governmental or administrative authority having jurisdiction over the Scope of Work within thirty (30) calendar days after notice in writing of such failure to comply has been given to the Local Entity from such governmental or administrative authority.
- 6.2. **Notice of Breach; Cure Period.** Upon the occurrence of a breach, the Authority shall issue a written notice of breach, identifying the nature of the breach and providing thirty (30) calendar days (or a lesser or additional time as may be agreed to by the Parties) in which the Local Entity shall have an opportunity to cure the breach. Time allowed for cure does not diminish or eliminate the Local Entity's liability for damages.
- 6.3. **Default.** If the Local Entity fails to cure a breach within the period specified in the written notice, the Local Entity is in default of its obligations, and the Authority may exercise any or all of the following remedies:

Water Supply Development Revolving Fund

- 6.3.1. Withhold applicable payment until the default is remedied;
- 6.3.2. Terminate this Agreement, in whole or in part;
- 6.3.3. Recapture Financial Assistance funds provided to the Local Entity under this Agreement, in whole or in part;
- 6.3.4. Suspend or de-obligate the Local Entity's authority to receive any undisbursed proceeds of the Financial Assistance; and/or
- 6.3.5. Proceed at any time, or from time to time, to protect and enforce all rights and remedies available to the Authority, including demanding repayment of Financial Assistance funds, by suit or other appropriate proceedings, whether for specific performance of any covenant, term, or condition set forth in this Agreement, or for damages or other relief, or proceed to take any action authorized or permitted under applicable law, regulation, or in equity.
- 6.4. Good Faith. The Parties will attempt in good faith to resolve all disputes, disagreements, or claims relating to this Agreement.
- 6.5. De-obligation. The Authority may de-obligate Financial Assistance funds under this Agreement upon written notice to the Local Entity. The Authority may de-obligate and reduce Financial Assistance funds under the following circumstances:
 - 6.5.1. The Local Entity has completed performance under the Scope of Work without using all of the Financial Assistance provided by the Authority under this Agreement;
 - 6.5.2. The Local Entity, with the consent of the Authority, cancelled or changed an activity required under the Scope of Work for reasons other than nonperformance;
 - 6.5.3. This Agreement has otherwise been terminated in whole or in part; or
 - 6.5.4. Mutual consent by the Parties.
- 6.6. Disallowed Costs. An expenditure that is reimbursed under this Agreement and that does not comply with this Agreement shall constitute a disallowed cost and be subject to recapture by the Authority and repayment to the Authority. Within fourteen (14) calendar days of the date of the Authority's written notice to the Local Entity, unless a longer period is approved by the Authority in writing, the Local Entity shall repay the Authority any portion of the Financial Assistance paid by the Authority which the Authority has in its sole discretion determined constitutes a disallowed cost.
- 6.7. Repayment. The Local Entity agrees to repay the grant portion of the Financial Assistance in whole or in part if the Authority determines that the Local Entity has failed to use the Financial Assistance in compliance with the terms of this Agreement or the requirements of applicable laws and regulations. The Authority may specify, in writing, the terms of the repayment or alternative terms in lieu of repayment, however, in no such case shall repayment or alternative terms be accomplished later than one hundred eighty (180) calendar days following the written determination of non-compliance by the Authority. This Section does not apply to a Local Entity's failure to make sufficient progress on the Scope of Work of this Agreement, provided the Local Entity made good faith efforts to complete the Scope of Work within the time for performance. Notwithstanding the

Water Supply Development Revolving Fund

foregoing, any loan portion of the Financial Assistance must be repaid as outlined in Exhibit C of this Agreement.

- 6.8. Remedies Cumulative and Concurrent. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other remedies provided for in this Agreement, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or under this Agreement, or now or hereafter existing at law or in equity by statute. Every right, power, and remedy given to the Authority shall be concurrent and may be pursued separately, successively, or together against the Local Entity, and every right, power, and remedy given the Authority may be exercised from time to time as often as may be deemed expedient by the Authority.
- 6.9. Strict Performance. No delay or omission of the Authority to exercise any right, power, or remedy accruing upon the happening of a Default shall impair any such right, power, or remedy, or shall be construed to be a waiver of any such Default or any acquiescence therein. No delay or omission on the part of the Authority to exercise any option granted to the Authority under this Agreement, in any one or more instances, shall constitute a waiver of any such Default and each such option shall remain continuously in full force and effect.
- 6.10. Attorneys' Fees and Costs. In the event of the Local Entity's breach of this Agreement, the Local Entity agrees to pay any and all costs and expenses, including attorneys' fees, incurred by the Authority in connection with the enforcement of this Agreement. If the Authority terminates this Agreement for cause, any costs incurred shall be the Local Entity's responsibility.

ARTICLE VII – Miscellaneous

- 7.1. Amendments and Modifications. This Agreement may be amended by mutual agreement in writing between the Local Entity and the Authority. Any request to amend this Agreement by the Local Entity must be in writing and state the amendment request and reason for the request. The Local Entity shall make requests in a timely manner and in no event less than thirty (30) calendar days before the effective date of the proposed amendment. Not more than twenty (20) days from the date on which the Authority shall have received any such notice from the Local Entity pursuant to the preceding sentence, the Authority shall notify the Local Entity of the initial consent or nonconsent of the Authority to such amendment, which consent shall be given at the sole and absolute discretion of the Authority.
- 7.2. Agreement Interpretation.
- 7.2.1. Captions and Headings. The captions and headings contained in this Agreement are included for convenience of reference only and are not intended to limit or enlarge the terms of this Agreement.
- 7.2.2. Choice of Law. The substantive laws of Arizona shall govern the interpretation, validity, performance and enforcement of this Agreement. A tribal government, by executing this Agreement, hereby waives any defense it may have of tribal sovereign immunity for the limited purpose of providing for the enforcement of this Agreement in accordance with its terms.
- 7.2.3. Date Calculation. If the last day of any time stated herein shall fall on a Saturday, Sunday, or legal holiday in the State of Arizona, then the duration of such time shall be extended so

Water Supply Development Revolving Fund

that it shall end on the next succeeding day which is not a Saturday, Sunday, or legal holiday.

7.2.4. Implied Agreement Terms. Each provision of law and any terms required by law to be in this Agreement are a part of this Agreement as if fully stated in it.

7.2.5. Order of Precedence. In the event of a conflict in the provisions of the Agreement, as accepted by the Local Entity and the Authority, and as they may be amended from time to time, the following shall prevail in the order set forth below:

- Agreement Amendments; then
- Agreement.

7.2.6. Relationship of Parties. Neither Party to this Agreement shall be deemed to be the employee or agent of the other Party to the Agreement.

7.2.7. Severability. If any provision of this Agreement or the application thereof is held invalid, that invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provision or application, and to this end the provisions of this Agreement are severable.

7.2.8. Third-Party Rights. Nothing in this Agreement is intended to create any third-party beneficiary rights; and the Local Entity and the Authority expressly state that this Agreement does not create any third-party rights of enforcement.

7.2.9. Waivers. No term or provision hereof will be considered waived by either Party, and no breach is excused or consented to by either Party, unless such waiver or consent is in writing and signed on behalf of the Party against whom the waiver is asserted. No express or implied consent by either Party to, waiver of, or failure of a Party to enforce its rights with respect to a breach by the other Party shall constitute consent to or, waiver of any subsequent or other breach by the other Party. Neither the failure nor the delay of the Authority to exercise any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege.

7.3. Agreement Administration and Operation.

7.3.1. Procurement. Procurement of labor, services, supplies, materials, and equipment shall be conducted according to applicable, state, and local statutes.

7.3.2. Notices. All notices required or permitted under this Agreement, including technical correspondence, invoices, and reports from the Local Entity, or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered, mailed by registered or certified mail, or emailed to the Local Entity or the Authority at the following addresses:

Water Infrastructure Finance Authority of Arizona

3300 N Central Avenue, Suite 1050
Phoenix, Arizona 85007
Telephone: (602) 364-1310
WSDRF@azwifa.gov

Local Entity Project Manager

Jeff Low
Utilities Director
395 S Main Street,
Camp Verde, Arizona 86322
Phone: (928) 554-0825
Email: jeff.low@campverde.az.gov

Either Party may designate any further or different addresses to which subsequent notices or other communications shall be sent, by notice in writing given to the other Party.

- 7.4. Arbitration. The Parties to this Agreement agree to resolve all disputes arising out of or relating to this Agreement through arbitration, to the extent required by A.R.S. § 12-1518, except as may be required by other applicable statutes.
- 7.5. Electronic Signatures.
- 7.5.1. A.R.S. §§ 44-7041 to -7043 authorizes the use of electronic records and electronic signatures. To the extent possible, the Parties shall utilize electronic signatures for all documents required or permitted under this Agreement. If electronic signatures are utilized, the electronic signature must satisfy all applicable requirements of A.R.S. § 18-106, including that:
- 7.5.1.1. Each electronic signature shall be unique to the person using it;
- 7.5.1.2. Each electronic signature shall be capable of reliable verification and
- 7.5.1.3. The process of using an electronic signature shall not allow an electronically signed record to be altered without invalidating the signature, or the record shall maintain, within the data set, evidence that the record was deleted or altered after signature.
- 7.6. Insurance. The Local Entity shall maintain or cause to be maintained in force, insurance policies with responsible insurers or self-insurance programs or through membership in a risk retention pool, including, but not limited to, the Arizona Municipal Risk Retention Pool (in accordance with the Local Entity's customary practices) providing against risk of direct physical loss, damage or destruction of the Project and the System, at least to the extent that similar insurance is usually carried by utilities constructing, operating and maintaining system facilities of the nature of the System, including liability coverage, all to the extent available at reasonable cost.
- 7.7. Certifications Required by State Law.

Water Supply Development Revolving Fund

- 7.7.1. Prohibition Against Boycott of Israel. If the Local Entity is a Company as defined in A.R.S. § 35-393, the Grantee certifies that it is not currently engaged in a boycott of Israel, as described in A.R.S. § 35-393, and will refrain from any such boycott for the duration of this Agreement.
- 7.7.2. Prohibition Against Use of Forced Labor. The Local Entity further certifies that it shall comply with A.R.S. § 35-394, regarding use of the forced labor of ethnic Uyghurs, as applicable.
- 7.7.3. Immigration Laws. The Local Entity certifies and warrants that it is in compliance with A.R.S. § 41-4401 and further acknowledges that any contractor or subcontractor who is contracted by the Local Entity to perform work related to this Agreement shall warrant its compliance with all federal immigration laws and regulations that relate to its employees and its compliance with A.R.S. § 23-214(A). Any breach of this warranty shall be deemed a material breach of this Agreement that is subject to penalties up to and including termination of this Agreement. The Authority retains the legal right to inspect the employment records of any employee of any contractor or subcontractor who performs work related to this Agreement to ensure that the contractor or subcontractor is complying with the warranty in this paragraph and that the contractor agrees to make all employment records of said employee available during normal working hours to facilitate such an inspection.
- 7.7.4. Non-Discrimination. The Local Entity certifies and warrants that it shall comply with the provisions of State Executive Order 2009-9. In performing this Agreement, the Local Entity shall not, and shall ensure that any and all contractors, subcontractors, employees, agents, volunteers, officers, officials, directors, volunteers, and affiliates, also shall not discriminate, harass, or allow harassment against any person on the basis of sex, race, color, ancestry, religious cred, national origin, physical disability, mental disability, medical condition, age, marital status, or any other basis prohibited under law. The Local Entity shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.
- 7.8. Reversion of Remaining Funds. Upon expiration or termination of this Agreement, the Local Entity shall transfer to the Authority any unexpended funds provided to the Local Entity by the Authority under this Agreement.
- 7.9. Permits/Licenses/Authorizations. It shall be the Local Entity's responsibility to obtain all permits, licenses, or authorizations required from government authorities prior to initiation of the Scope of Work or required to be obtained by the time of completion of the Scope of Work to be eligible for reimbursement funds under this Agreement.
- 7.10. No Implied Duties. This Agreement does not create a duty or responsibility unless the intention to do so is clearly and unambiguously stated in this Agreement. This Agreement shall not relieve the Parties of any obligation or responsibility imposed on it by law. This Agreement does not imply authority to perform any tasks or accept any responsibility not expressly stated in this Agreement.
- 7.11. No Obligation of State General Appropriations Funds. Nothing herein shall be construed as obligating state general appropriation funds for payment of any debt or liability or any nature arising hereunder.

Water Supply Development Revolving Fund

- 7.12. Survival. Those articles, sections, and subsections of this Agreement which by their nature are intended to survive, including, but not limited to, the Local Entity's Representations and Warranties and Indemnification, shall survive the completion of the Scope of Work and the expiration or earlier termination of this Agreement.
- 7.13. Exhibits. The terms and conditions of this Agreement include the terms and conditions set forth in the Exhibits, which are part of this Agreement.
- 7.14. Entire Agreement. This Agreement and any attached Exhibits shall constitute the entire agreement of the Parties relating to the Financial Assistance and supersedes all prior and contemporaneous agreements, understandings, and inducements, whether express or implied, oral, or written.

Exhibit A WSDRF Financial Assistance Application
Exhibit B Water Supply Development (WSD) Financial Assistance Resolution
Exhibit C WSDRF Loan Terms and Conditions (*if applicable*)

DRAFT

Water Supply Development Revolving Fund

ARTICLE VIII - Certification & Signatures

The Local Entity hereby accepts this Agreement according to the above terms and conditions. I hereby certify that I represent a legal entity with authority to enter into this Agreement.

I further certify that the Scope of Work complies with all applicable state and local laws and regulations, and that I am authorized to enter into and sign a binding Agreement with the Authority

By: _____ Date: _____
Signature

Print Name and Title

For: _____ Tax ID No.: _____
Entity Name

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers or officials, all as of the date first above written.

Signature
Chelsea McGuire
Printed Name
Director, Water Infrastructure Finance Authority
Title
Date

Signature
Marie Moore
Printed Name
Mayor, Town of Camp Verde
Title
Date

**Water Supply Development
Revolving Fund
Project Finance Application
Town of Camp Verde
WSD-051-2025
(Part 2 of 2)**



WATER INFRASTRUCTURE
FINANCE AUTHORITY OF ARIZONA



Arizona's Source for Water and Wastewater Financing

Section 2: Applicant Information

1.1 Name of Applicant: Town of Camp Verde

1.2 Mailing Address and/or Principal Place of Business:

Camp Verde Utilities Department
395 South Main Street
Camp Verde, AZ 86322

1.3 Designated Contact Person *(for all matters relating to the submission of this application)*

Name: Jeff Low

Title: Utilities Director

Telephone: (928)554-0825

Mailing Address: 395 S. Main Street, Camp Verde, Arizona 86322

E-Mail Address: jeff.low@campverde.az.gov

1.4 Authorized Representative *(individual authorized by applicant to execute assistance agreements)*

Name: Dee Jenkins

Title: Mayor

Telephone: 928-925-8735

Mailing Address: 395 S. Main Street, Camp Verde, Arizona 86322

E-Mail Address: dee.jenkins@campverde.az.gov

1.5 Officers of the Organization

Members Name	Title	Term of Position	Time in Position
Baker, Jackie	Council Member	Elected 2006-2024	18 years
Escoffier, Wendy	Council Member	Elected 2022-2026	2 years
Godwin, Robin	Council Member	Re-Elected 2022-2026	15 years
Jenkins, Dee	Mayor	Re-Elected Mayor 2022-2024	8 years
McPhail, Cris	Council Member	Elected 2020-2024	4 years
Moore, Marie	Vice Mayor	Elected 2022-2024	2 years
Murdock, Jessie	Council Member	Appointed to Council April 18, 2012	12 years

1.6 Professional Services

A. Project Engineer: Bruce Connolly, PE, Interim Town Engineer

Mailing Address: 395 S. Main Street, Camp Verde, Arizona 86322

E-Mail Address: bruce.connolly@campverde.az.gov

Website Address: <https://www.campverde.az.gov/departments/utilities>

Telephone: (928)554-0825

B. Financial Advisor: Mark Reader, Jack Leeper and Jillian Johnson - Stifel, Nicolaus & Company,

Mailing Address: 2801 East Camelback Road, Suite 300, Phoenix, AZ 85016

E-Mail Address: mreader@stifel.com / jleeper@stifel.com / johnsonjill@stifel.com

Website Address: <https://stifelinstitutional.com/capabilities/public-finance/>

Telephone: (602) 794-4011 / (602) 794-4052 / (602) 794-4009

C. Legal Counsel: Trish Stuhan - Pierce Coleman, PLLC

Mailing Address: 7730 E. Greenway Road, Suite 105 Scottsdale, AZ 85260

E-Mail Address: Trish@piercecoleman.com

Website Address: www.piercecoleman.com

Telephone: (602) 218-6877

D. Bond Counsel: Michael Cafiso, Esq. and Paul Gales, Esq. - Greenberg Traurig, LLP

Mailing Address: 2375 E. Camelback Road, Suite 800 Phoenix, AZ 85016

E-Mail Address: cafisom@gtlaw.com / galesp@gtlaw.com

Website Address: <https://www.gtlaw.com/en/>

Telephone: (602) 445-8452 / (602) 445-8404

Section 3: Project Information

Enter detailed information on each individual project financed by the WIFA and its environmental benefits. Describe the proposed project providing enough information to allow an uninformed person to understand the scope and location of the project.

3.1 Project Name: Town of Camp Verde Well Replacement and Arsenic Treatment

3.2 County and local jurisdictions where the project will be located:

Camp Verde, Yavapai County Arizona

3.3 Groundwater Basin where the project will be located (see link for [Arizona's Groundwater Basins](#)):

Verde River

3.4 Projected lifespan of the project/infrastructure (please include how you calculated this timeframe):

50 – 100 years

3.5 Project Milestones:

A. Estimated Project Schedule

Include Month and Year – Estimated dates are acceptable. Please submit all approval documentation

Task	Scheduled Date
Planning, Design and Specifications Completion	6/30/2025
Approval to Construct	7/15/2025
Advertisement for Bids	7/1/2025
Construction Commencement	9/1/2025
Construction Completion	9/1/2026
Initiate Operation	9/14/2026

B. Work Completed to Date:

Summarize what has been completed to date with the planning, design, and/or construction for the project: This project has been scoped by professional engineer, budgets verified and is ready for bid/procurement. The Town of Camp Verde passed this as a capital project in its most recent fiscal year budget. No construction work has been completed to date nor purchases related to these activities.

Arsenic Treatment for both Mongini Well Sites and Verde River Estates are at 90% design.

Has an engineer been selected for this project? ☒ Yes ☐ No

Selection of Engineer: NCS Engineers for only site Arsenic Treatment, a separate engineering design is needed for the replacement well project, for which the Town of Camp Verde is targeting ADC Water and Wastewater.

Engineering services completed to date:

For Arsenic Treatment, 12/31/2024 and TBD for Well Replacement Design

Has an engineering cost estimate been submitted for this project? ☒ Yes ☐ No

If yes, provide the Engineer's Opinion of Probable Cost; If no, provide an itemized table that includes estimated costs.

Only 60% cost for Mongini Well Arsenic Treatment.

Have you selected a Contractor(s)? ☐ Yes ☒ No

If "Yes," summarize the bidding process and provide ALL bid tabulation information. If "No," on what date will the Contractors be selected?

TBD contingent upon WIFA funding.

Date anticipated bids are expected: 9/1/2025

C. Licenses and Permits

List local, state, and federal licenses and permits required for the proposed project.

(typical permits include ATC/AOC/NOI)

Licenses/Permits	Date Expected/Approved
ADWR Notice of Intent	1/15/2025
ATC Permit ADEQ for Arsenic/Well	1/15/2025
AOC Final ADEQ Arsenic/Well	5/1/2026
Click or tap here to enter text.	Click or tap to enter a date.

Submit electronic copies of the following (if applicable):

- *Capital Improvement Plan*
- *Project Feasibility Studies*
- *Preliminary Engineering Report, Design Concept Report*
- *Plans and Specifications*
- *Related Technical Data*
- *Bid Documents*
- *Cost Estimates*

3.6 Describe the water supply challenges this project will address in detail:

The Camp Verde Well Replacement and Arsenic Treatment Project addresses critical water supply issues for the Mongini and Verde River Estates water systems, which serve approximately 2,050 and 50 connections, respectively. Currently, Well No. 1 in the Mongini system is out of service due to its angled

drilling and high arsenic levels, leaving the town reliant on two other wells that operate at maximum capacity during peak demand. This project will abandon Well No. 1 and replace it with a larger-diameter well, integrated with an arsenic treatment system to address rising arsenic levels, which have reached 12-13 ppm, exceeding the 10 ppm regulatory limit. The new well will restore redundancy and ensure compliance with ADEQ Bulletin 10, which requires the system to operate with its largest well offline. Additionally, the project will modernize the water infrastructure with new electric service, backup generators, and upsized transformers, improving operational efficiency and resilience. These upgrades are essential as the system's projected maximum water demand by 2050 is estimated to reach 1,380,000 gallons per day, ensuring the town's water supply can support future growth and protect public health.

3.7 Describe the proposed solution(s) in detail including the following information:

- the proposed facility improvements;
- construction activities; and
- expected project benefits

The Camp Verde Well Replacement Project aims to establish a more resilient and reliable water supply system by replacing the town's unusable Well No. 1, which has high arsenic levels and was drilled at an angle. The project includes drilling a new, larger-diameter well with corrosion-resistant materials, such as stainless steel casings, to ensure long-term durability in groundwater conditions. The new well will be integrated with an arsenic treatment system to address elevated arsenic levels, which have exceeded 12-13 ppm, ensuring compliance with regulatory standards. Additionally, the electrical infrastructure will be modernized with new electric service, upsized transformers, and three 200-amp service panels, providing the necessary power capacity for the well's operation. A backup generator will be installed to guarantee continuous functionality during power outages, further enhancing system reliability. These upgrades will ensure the establishment of a safe, compliant, and sustainable water supply for the growing needs of the Town of Camp Verde.

3.8 Community Description

A. Describe the location of the Community/System:

Town of Camp Verde Mongini Well Site
5000 S. Genesis Way
Camp Verde, Arizona 86322

Town of Camp Verde - Verde River Estates Production Facility
3411 S. Verde River Drive
Camp Verde, Arizona 86322

B. Population of the Community (Served and Un-served):

Mongini, 2050 service connections approximately 5500 population

New River Estates, 50 service connections, approximately 135 population

Total Town population 12,049 (2022) with 6,414 residence unserved.

C. Describe the population demographics (i.e. year-round retired, family, seasonal, etc.):

Mainly, younger low income families. The average age of Camp Verde's population is 40.7 years.

D. Describe community attractions and features that relate to water/wastewater infrastructure projects:

The Town water system services 2,050 service connections, and 1,215 wastewater connections. Main service areas include I-17 and State Highway 260 corridors, downtown main street area and mostly residential areas.

E. Describe the principal economic activities and the principal employers of the area served:

Government, schools, local grocery store, and some industry, including Frametec.

F. Is the service area where the project is occurring within a federally recognized Colonia? *If yes, please include the name of the Colonia.*

No.

3.9 Project Funding Sources & Uses

A. Needs Categories

Select the category(ies) that applies to this project and report the estimated amount of each.

Need Category	Estimated Dollar Amount
Planning & Design	\$ 200000
Conveyance or Delivery of Water	\$ 1500000
Storage or Recovery of Water	\$ 1500000
Reclamation and Reuse	\$ 0
Replenishment of Groundwater	\$ 0
Active or Passive Stormwater Recharge	\$ 0
Water Conservation	\$ 400000
Acquisition of Water Rights/Contracts	\$ 0

B. Budget Table

Use the following table to accurately represent how funds will be utilized. Do not edit the line items or add additional lines. This budget table will be used for disbursement requests once grant and/or loan agreement is executed.

Uses by Budget Item	WIFA Funding	Local Funding	Other: Click or tap here to enter text.	Total By Use
Legal/Debt Authorization	\$ 0	\$ 0	\$ 0	\$ 0
Financial Advisor	\$ 75000	\$ 0	\$ 0	\$ 75000
Planning	\$ 0	\$ 183200	\$ 0	\$ 183200
Design & Engineering	\$ 200000	\$ 0	\$ 150000	\$ 350000
Equipment/Materials	\$ 1625000	\$ 0	\$ 1000000	\$ 2625000
Construction/Installation	\$ 1625000	\$ 0	\$ 1000000	\$ 2625000
Project Management	\$ 65000	\$ 20000	\$ 0	\$ 85000
Administration	\$ 10000	\$ 25000	\$ 0	\$ 35000
Water Rights Acquisition	\$ 0	\$ 0	\$ 0	\$ 0
Total by Source	\$ 3600000	\$ 228200	\$ 2150000	
Total for Project				\$ 5,978,200

Note: For loans, the borrower is responsible for obtaining a legal opinion for the loan closing documents. Associated costs may be included in the loan.

C. Project Costs Expended to Date: \$ 333300.00

Will you seek reimbursement for Project Costs Expended to Date? ☐ Yes ☒ No

If "Yes," identify the costs and explain why WIFA should reimburse these costs.

Click or tap here to enter text.

Section 4: Technical Capability Addendum

Technical Capability represents the ability of system personnel to implement and utilize the past, present, and future technology of the system in compliance with all regulatory and infrastructure design requirements. Technical Capability measures the ability of system personnel to identify and correct problems with infrastructure, operations, and maintenance.

1. Service Area

A. Describe water provider's service area: 2050 service connections in the main Town water system, the service area is approximately 25 square lines, with 53.5 linear miles of water mains.

Physical Address of project (if available): 5000 S. Genesis Way, Camp Verde, Arizona 86322

Latitude/Longitude of project (decimal degrees): 34.563637, -111.854317

B. Number of Connections

Type of Connection	Current	Prior Year	2 Years Prior	3 Years Prior	4 Years Prior
Residential	1828	1828	1794	1777	1750
Commercial	197	196	195	192	192
Industrial	25	24	24	23	23
Other	0	0	0	0	0
Total	2050	2048	2013	1992	1965

2. Current Facilities

A. Flow Information (if applicable)

Capacity/Usage	Present	Projected
Average Daily	691000 GPD	New Well Required 460 GPM
Peak Daily	1380000 GPD	Maximum Peak Demand 560 GPM
Design Capacity	See Master Plan	See Master Plan

B. Is the system in compliance with Local, State, and Federal health and environmental requirements? ☒ Yes ☐ No *If "No" what actions are being taken to achieve compliance?*

Currently in compliance based on sampling from two years ago, arsenic levels have increased since then to 10 – 15 ppb.

C. Existing Facilities: Provide information pertaining to all project-applicable facilities including groundwater wells (*with registration number*), water storage tanks, distribution lines, booster stations, etc.

Item	Year Constructed	Year Installed	Condition
Mongini Well 1, and 2	1999	1999	Well 1 unusable
Mongini Well 3	2006	2006	Currently in use
Verde River Estates Well	1961	1961	In use, high arsenic in Verde River Floodplain
Mongini 1.3M Gallon Storage Tank	1997	1997	In Use good condition
Mongini 2.7M Gallon Tank	2001	2001	Needs to be recoated inside and out.

Click or tap here to enter text.

3. Water Supply *(Attach additional pages if necessary to respond to any of the sections below)*

A. What is the physical source of water supply for the system?

- ☒ Groundwater only *(complete Section 3.B below)*
- ☐ Surface water only *(complete Section 3.C below)*
- ☐ Colorado River water only *(complete Section 3.D below)*
- ☐ Other *(complete Section 3.E below)*
- ☐ Combination of various sources *(complete all applicable sections below)*

B. If the system is supplied in whole or in part with groundwater:

1. Is the system located within an Active Management Area (AMA)? ☐ Yes ☒ No
2. If the system is not located within an AMA, is the system in compliance with all applicable limitations on the transportation of groundwater outside of AMAs? (A.R.S. §§ 45-541 to -547) ☒ Yes ☐ No *(please explain)* Click or tap here to enter text.
3. If the system is located within an AMA:
 - a. In which AMA is it located? No
 - b. Does the system have a Designation of Assured Water Supply (DAWS) from the Arizona Department of Water Resources (ADWR)? (A.R.S. § 45-576)
 - ☒ Yes ☐ No
 - (1) If yes:
 - (a) What is the DAWS number? 91-000610.0000 and 91-000649.0000
 - (b) When was the DAWS issued? 2016
 - (c) When does the DAWS expire? Now, in the process or renewal.
 - (d) Is the DAWS currently in the process of renewal or review?
 - ☒ Yes *(please explain)* ☐ No
 - Submitted application in April, 2024. Town is in need of a new groundwater ModFlow model and has been working with our consultant MatrixNewWorld to start the process.
 - c. Is the system in compliance with all applicable conservation restrictions under the Groundwater Code?
 - ☒ Yes ☐ No *(please explain)*
 - Not aware of any restrictions in our area.
 - d. What is the legal basis for the system's right to withdraw groundwater?
 - ☒ Service area right
 - ☐ Type 1 grandfathered right
 - ☐ Type 2 grandfathered right
 - ☐ Groundwater withdrawal permit
 - ☐ Multiple bases
 - ☐ Other *(please explain)* Click or tap here to enter text.

- e. Please provide the right numbers for any groundwater rights held by or for the system.

DWR 41-700446.0001

- f. Has the system been the subject of a groundwater enforcement action of any kind within the past five years? ☐ Yes (*please explain*) ☒ No

[Click or tap here to enter text.](#)

C. If the system is supplied in whole or in part with surface water:

1. From what physical source is the water supply for the system diverted or withdrawn (e.g., river, lake, spring, well withdrawing appropriable sub-flow)?

N/A

2. What is the legal basis for the system's right to withdraw surface water?

N/A

3. What is the quantity of each of the system's surface water rights?

N/A

4. Has the system filed a Statement of Claim with ADWR? (A.R.S. §§ 45-181 to -190)

☐ Yes ☒ No

5. Please provide the numbers of any Statements of Claim (36-____).

N/A

6. Have the system's surface water rights been confirmed by an existing court decree (e.g., 1935 Globe Equity Decree, 1910 Kent Decree)? ☐ Yes ☒ No

- a. If yes, please provide the name of the court, the name of the decree, the date the decree was entered, and any additional information necessary to identify the decreed rights for the system.

[Click or tap here to enter text.](#)

7. Is the system located in an area that is subject to a pending general stream adjudication? (A.R.S. §§ 45-251 to -264) ☐ Yes ☒ No

[Click or tap here to enter text.](#)

8. If the system is located in an area that is subject to a general stream adjudication:

- a. In which Adjudication area is the system located? N/A

☐ Gila River General Stream Adjudication

☐ Little Colorado River General Stream Adjudication

- b. Has the system filed a Statement of Claimant in the general stream adjudication? (A.R.S. § 45-254) ☐ Yes ☒ No

- c. Please provide the numbers of any Statements of Claimant (39-____).

[Click or tap here to enter text.](#)

- d. Has a contested case been initiated in the general stream adjudication relating to the system's water rights claims? ☐ Yes ☒ No

[Click or tap here to enter text.](#)

- e. Please provide the case numbers of any contested cases relating to the system's water rights claims.

N/A

9. Has the system been the subject of a surface water enforcement action of any kind within the past five years? ☐ Yes (*please explain*) ☒ No

Click or tap here to enter text.

D. If the system is supplied in whole or in part with Colorado River water:

1. Is that water supply delivered through the Central Arizona Project?
☐ Yes (*Complete Section 3.D.2 below*)
☒ No (*Complete Section 3.D.3 below*)
2. If the Colorado River water is delivered through the Central Arizona Project:
 - a. Does the system have a CAP subcontract with the Central Arizona Water Conservation District? ☐ Yes ☒ No
 - b. If the system has a CAP subcontract, please provide the following information regarding that subcontract:
 - (1) Date executed: Click or tap to enter a date.
 - (2) Expiration date: Click or tap to enter a date.
 - (3) Quantity of water contracted for: Click or tap here to enter text.
 - (4) Priority of right (e.g., M&I, non-Indian agriculture):
Click or tap here to enter text.
 - c. If the system does not have a CAP subcontract, please describe the legal basis for the system's right to receive CAP water.
Click or tap here to enter text.
3. If the Colorado River water is not delivered through the Central Arizona Project:
 - a. Does the system have a contract with the Secretary of the Interior for delivery of Colorado River water? ☐ Yes ☒ No
 - b. If the system has a contract with the Secretary for Colorado River water, please provide the following information regarding that contract:
 - (1) Date executed: Click or tap to enter a date.
 - (2) Expiration date: Click or tap to enter a date.
 - (3) Quantity of water contracted for: Click or tap here to enter text.
 - (4) Priority of right (e.g., M&I, non-Indian agriculture):
Click or tap here to enter text.
 - c. If the system does not have a contract to receive Colorado River water, please describe the legal basis for the system's right to receive Colorado River water.
Click or tap here to enter text.

E. If the physical source of supply for the system is, in whole or in part, a source other than groundwater, surface water, or Colorado River water:

1. Describe the physical source of that water supply:
N/A

2. Describe the basis for the system’s legal right to use that water supply:
N/A

F. Please provide any additional information relating to the water rights of the system (groundwater, surface water, Colorado River water, or other) that might assist WIFA in reviewing the Project Finance Application.

Click or tap here to enter text.

4. **System Operators** - Name the certified system operators. (Note, Town Purchased Private Water Company in May, 2022)

Name	Title	Certification Grade	Total Years Experience	Time in Position
Rick Tackitt	Water Division Manager	2 Treatment, 3 Water Distribution	40	2.5
Charles Jewell	Water Forman	2 Treatment, 4 Water Distribution	23	2.5
Kristopher Stephens	Water Operator II	1 Treatment, 1 Distribution	10	2.5
Bryce Menge	Wastewater Operator II	1 Treatment, 1 Distribution	2	0

5. Operation and Technical Impact:

Please explain any significant operating or technical impacts as the result of the proposed project.

The Town of Camp Verde expects only positive operation and technical impact, no major changes in staffing or contractor expenses are expected.

7. Average Annual Operation and Maintenance Costs as Applicable to this Project

Category	Current Cost (\$)	Projected Cost (\$)
Operations	50000	75000
Maintenance	130000	150000
Chemicals/Media	30000	70000
Replacement(s)	20000	20000
Utilities	\$110,000	\$130,000

Section 5: Managerial Capability Addendum

Managerial Capability represents the ability of the management structure of the system to conduct its affairs in a manner, which enables the system to maintain compliance with all regulatory and infrastructure design requirements. Managerial Capability depends on staffing, organization, accountability, legal policy, administration, and effective linkages.

- 1. Does the organization have by-laws (private organizations), rate ordinances, and connection ordinances in place?**

- ☐ By-laws
☒ Rate ordinances
☒ Connection ordinances

Please submit a copy for each checked box.

- 2. Does the organization have an established accounting/bookkeeping system?**

- ☒ Yes ☐ No

Please explain your current accounting/bookkeeping system.

The Town's Finance Department currently manages the wastewater utility enterprise system with a standard accounting software system.

Are the terms of the officers of the organization (company board or elected officials) staggered? ☒ Yes ☐ No ☐ N/A *(If No or N/A, please explain below)*

Mayor 2 year elected term. Council 4 year elected term with 3 members staggered.

- 3. Has any past or present officer of the organization been recalled or is any recall action pending?** ☒ Yes ☐ No *(If Yes, please explain below)*

Over the years, the Town has experienced, from time to time, recall efforts against Town Council members. There are currently no recall efforts underway.

- 4. Who will manage the proposed design or construction project?**

- ☐ System manager
☐ Officer of the organization
☒ Other: [Click or tap here to enter text.](#)

Please explain their role and experience.

The design project is being completed by NCS Engineers and a consultant to be determined for the well site, the construction project will be managed by the Town CIP Manager, Martin Smith and the new consultant engineer.

- 5. Does the individual who will manage the project have experience in managing similar design or construction projects?**

- ☒ Yes ☐ No

If Yes, describe experience below. If No, explain intended actions to mitigate this lack of experience.

The Town's Utility Director, Jeff Low, has significant relevant experience managing the Town's utility systems and projects of similar scope and nature as the proposed project.

Mr. Low is also supported by a seasoned team of Utilities Department staff including Martin Smith, who have over a decade of experience managing Capital Projects.

6. Who oversees day-to-day management of the system?

- ☒ System manager (Rick Tackitt, Water Division Manager)
☐ Officer of the organization
☐ Other: Click or tap here to enter text.

7. Does the individual with day-to-day management responsibility have experience in managing this or similar systems?

☐ Yes ☐ No

If Yes, describe experience below. If No, explain intended actions to mitigate this lack of experience.

Yes, Mr. Tackitt has managed the water system for 4 decades.

8. Will there be significant management impacts as the result of the proposed design or construction project or any technology associated with the project? (For example: additional costs or staffing requirements)

☐ Yes ☒ No

Explain response below.

Click or tap here to enter text.

9. Is there any current or past litigation?

☐ Yes ☒ No

If Yes, is there an actual or potential managerial impact on the applicant because of this litigation? Click or tap here to enter text.

☐ Yes ☐ No

Explain response below.

Click or tap here to enter text.

Section 6: Legal Capability Addendum

1. **Date of Debt Authorization – or Expected Date of Authorization** (if applicable):
12/18/2024
2. **Enclose the applicable debt authorization materials with the application:**
 - ☐ **Voter Authorized**
 - ☐ Official Election Resolution
 - ☐ Official Election Ballot
 - ☐ Official Publicity Pamphlet, if applicable
 - ☐ Certified Canvas of Election Results
 - ☐ **Special Districts**
 - ☐ Resolution of Intention
 - ☐ Official Petition
 - ☐ Roster of Petitioners
 - ☐ Summary of Assessment Proceedings
 - ☐ Related Documents
 - ☐ Official Election Resolution
 - ☐ Official Election Ballot
 - ☐ Official Publicity Pamphlet, if applicable
 - ☐ Certified Canvas of Election Results
 - ☒ **Governmental Entity** meeting the population requirement under A.R.S. § 9-571
 - ☒ Official Debt Authorization Resolution, which includes a certification of population
3. **Congressional District(s)** - Which congressional district(s) is your system located in?
Congressional District 2.
4. **Legislative District(s)** - Which legislative district(s) is your system located in?
The Town of Camp Verde is located in District 1
5. **Additional Information** – Are there any legal reasons that would prevent you from signing a grant agreement or loan agreement?
Explain response below.
No

Section 7: Financial Capability Addendum

Financial Capability is the capability of the system to acquire and manage sufficient financial resources to maintain compliance with lending requirements, regulatory concerns, managerial concerns, and with technical requirements. Standard loan terms are 20 years or the useful life of the funded infrastructure - subject to approval. Complete this section if a portion of the financial assistance will be provided as a loan.

- 1. Source of Repayment: Water User Fees and Capacity fees.**
- 2. Enclose the Financial Statements and/or Annual Reports for the current year and previous three years.**

[Please see the following page of the Town's website from which the Budgets, Quarterly Reports and Audits are accessible: <https://www.campverde.az.gov/departments/finance.>]

- 3. Enclose the following Monthly Financial Data for the Source of Repayment:**
 - ☒ Monthly Revenue Data for the most recent 12 months.
 - ☒ Monthly Operating Expenditure Data for the most recent 12 months.
- 4. Explain if any unusual, atypical or one-time expenses were incurred in the past three years that impacted the net operating revenues of the system:**

N/A

- 5. Enclose the following operating budgets:**
 - ☒ Current fiscal year budget.
 - ☒ Proposed or approved budget for the next fiscal year.
- 6. Enclose the Rate Ordinance. Explain if a rate increase is planned or was recently approved to cover the costs of the additional debt?** *Please note that if new rates are necessary to meet the debt service coverage, the rate structure must be approved prior to action of the WIFA Board.*

[Attached is the rate ordinance for the fees for Town Water and Wastewater Services. The Town of Camp Verde adopted fees for water and wastewater services in Resolution 2023-1122. The Town also issued a Notice of Intent for a proposed increase in water and wastewater rates, fees, or service charges, which became effective January 1, 2024. Please see the following page on the Town's website for more information regarding the Town's Water and Wastewater Rate Studies & Plans: <https://www.campverde.az.gov/departments/utilities/rate-studies-plans.>]

- 7. Summarize what action is taken against delinquent ratepayers? Are other measures legally available?**

The Town policy currently is to turn off service for non-payment within a 30-day time period, with services tied to the water system as well. A \$50 turn on fees, plus the delinquent balance must be paid to run the water back on.
- 8. Enclose copies of loan agreements, official statements and any other documentation for any indebtedness payable by the same Source of Repayment detailed in item one above.**

[Please find enclosed documentation regarding debts with WIFA for the TOCV.]

- 9. Is the applicant now or at any time in the past 10 years been in default as to principal, interest, or any other requirement on any debt obligation?** ☐ Yes ☒ No

If “Yes,” describe the circumstances leading to the default and describe the status of the default.

Click or tap here to enter text.

- 10. Have any agreements or legal proceeding relating to any debt obligation been declared invalid or unenforceable?** ☐ Yes ☒ No

If “Yes”, describe the circumstances leading to the declaration and describe the status of the invalid or unenforceable agreement or legal proceeding.

Click or tap here to enter text.

***Water Supply Development (WSD) Financial Assistance
Resolution 2025-024 Town of Camp Verde
Water Infrastructure Finance Authority of Arizona***

Section 1: Resolution

WHEREAS, the Water Infrastructure Finance Authority of Arizona (the “*Authority*”) has received from the Town of Camp Verde (the “*Local Entity*”) a request (the “*Financial Assistance Application*”) for the Water Supply Development Revolving Fund (the “*Fund*”); and

WHEREAS, the Authority has determined that the Local Entity has met the requirements of Arizona Revised Statutes §§ 49-1270-1275; and the rules promulgated thereunder (the “*Rules*”); and

WHEREAS, the terms and conditions under which Fund will be made and the obligations of the Local Entity will be set forth in a financial assistance agreement (the “*Financial Assistance Agreement*”) to be executed by the Local Entity and the Authority.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AUTHORITY AS FOLLOWS:

The Board approves the Financial Assistance Application.

The Director of the Authority is hereby authorized and directed to execute a Financial Assistance Agreement with the Local Entity, in accordance with the applicable laws, the Rules, the Financial Assistance application, and the Project Summary detailed in Section 2 of this WSD Financial Assistance Resolution, to evidence the financial assistance amount detailed in Section 3 of this Resolution.

The Director and other Authority officials, as appropriate, are authorized and directed to sign any document and take such actions as necessary and appropriate to consummate the transactions contemplated by this Resolution.

This Resolution shall take effect immediately and shall terminate one year from the date of Board Action.

PASSED AND ADOPTED by the Board of Directors for the Water Infrastructure Finance authority of Arizona on December 18, 2024.

The Chairman of the Board of Directors certifies that the above is a true and correct copy of the resolution that was duly adopted at a public meeting of the Water Infrastructure Finance Authority on the date referenced above.

By: 

Jonathan Lines (Dec 18, 2024 15:57 MST)
Chairman

***Water Supply Development (WSD) Financial Assistance
Resolution 2025-024 Town of Camp Verde
Water Infrastructure Finance Authority of Arizona***

Section 2: Project Summary

2.1 Project Number

WSD-051-2025

2.2 Project Description(s)

The Camp Verde Well Replacement Project includes replacing an inoperative well with a new and larger well that will also incorporate the necessary arsenic treatment. Additionally, the electrical infrastructure will be modernized with new equipment, providing the necessary power capacity for the well's operation.

2.3 Previous Board Actions

No previous Board actions for this project.

2.4 Water Supply Development Committee Review Date

November 20, 2024

Section 3: Financial Assistance Amount

Total Financial Assistance Amount: \$3,600,000

Grant Amount: \$2,000,000

Loan Amount: \$1,600,000

Financial Assistance Index: 75%

Requirements Prior to Financial Assistance Execution:

Require Legal Opinion: Yes

Other: No Requirements

Primary Repayment Source: Water System Revenue

Loan Term: 23 Years

Loan Category: Qualified, Not Pledged

Policy Exceptions: None

EXHIBIT C**WSDRF Loan Terms and Conditions**

As a condition of receiving the Financial Assistance described in Article II of the Agreement, the Authority and the Local Entity agree as follows:

Town of Camp Verde and

Water Infrastructure Finance Authority of Arizona

Loan Agreement

This Loan Agreement (this “*Loan Agreement*”) is made and entered into as of **TBD** by and between the Water Infrastructure Finance Authority of Arizona (the “*Authority*”), and Town of Camp Verde (the “*Local Borrower*”), an Eligible Entity under the Authority Act.

The Authority and the Local Borrower agree as follows:

Article 1 Definitions

Section 1.1 Definitions. The following terms as used in this Loan Agreement shall, unless the context clearly requires otherwise, have the following meaning (terms not otherwise defined herein shall have the meanings ascribed to them in Article 13 [*Source of Repayment: System Revenues*] to the Loan Agreement):

“*AMT Obligation*” means a Tax-Exempt Obligation the interest on which is an item of tax preference for purposes of the alternative minimum tax imposed on individuals under the Code.

“*Annual Loan Review Form*” means the loan compliance questionnaire circulated by the Authority to all borrowers as part of the Authority’s annual loan portfolio review.

“*Authority*” means the Water Infrastructure Finance Authority of Arizona, a body corporate and politic of the State of Arizona duly created and validly existing under and by virtue of the Authority Act.

“*Authority Act*” means Title 49, Chapter 8 (Section 49-1201 *et seq.*) of the Arizona Revised Statutes (“A.R.S.”).

“*Authority Bonds*” means any bonds of the Authority issued to finance the State’s water supply development revolving fund established pursuant to A.R.S. § 49-1270 *et seq.*

“*Authorized Officer*” means, (i) with respect to the Local Borrower, the person whose name is set forth in this Loan Agreement or such other person or persons authorized by the Local Borrower to act as an authorized officer of the Local Borrower to perform any act or execute any document relating to the Loan or this Loan Agreement whose name is furnished in writing to the Authority and the Trustee; and (ii) with respect to the Authority, the Chairman, Vice Chairman, Director, or any other person or persons designated

Water Supply Development Revolving Fund

by the Board to act on behalf of the Authority with respect to this Loan Agreement; the designation of such person or persons shall be evidenced by a written certificate containing a specimen signature of such person or persons and signed on behalf of the Authority by its Chairman or Vice Chairman.

“Bond Closing” means the date of initial delivery of and payment for the Authority Bonds.

“Bond Documents” means and includes the Master Trust Indenture, any supplemental indenture and any comparable or related document pursuant to which the Authority Bonds are issued, and all further amendments and supplements thereto adopted in accordance with the provisions thereof.

“Bond Reserves” means reserves, if any, established by the Bond Documents for the Authority Bonds to secure timely payment of amounts due on the Authority Bonds even if one or more local borrowers do not make timely payments on their loans.

“Business Day” means any day other than a Saturday, Sunday or legal holiday or a day on which banking institutions, in the city in which the designated office of the Authority (being Phoenix, Arizona) is located, are closed.

“Code” means the Internal Revenue Code of 1986, the Regulations (whether temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable. Unless otherwise indicated, reference to a section includes any applicable successor section or provision and such applicable Regulations, rulings, announcements, notices, procedures and determinations pertinent to that section.

“Combined Interest and Fee Rate” means periodic interest and fee payments made by the Local Borrower, see Section 5.1 [*Financial Assistance Terms and Conditions*] of this Loan Agreement.

“Construction Period” means the period from the date of the Loan Closing until the date of the final disbursement of proceeds of the Loan pursuant to this Loan Agreement, but in no event later than the third anniversary of the Loan Closing.

“Cost” means those costs that are eligible to be funded from draws and are reasonable, necessary and allocable to the Project and are permitted by generally accepted government auditing standards to be costs of the Project.

“Credit Enhancer” means the entity so designated in the Bond Documents, if any, or any successor thereto, that from time to time has issued an outstanding municipal bond insurance policy or similar payment guarantee relating to the Authority Bonds.

“Debt Management Fee” means the fee component of the combined interest and fee payments made by the Local Borrower, see Section 5.1 [*Financial Assistance Terms and Conditions*] of this Loan Agreement.

“Department” means the Department of Environmental Quality of the State of Arizona.

“Eligible Entity” means the following entities, as defined in A.R.S. § 49-1270(1), that are eligible for financial assistance from the WSDRF: (1) A water provider that distributes or sells water outside of the boundaries on an initial active management area in which part of the Central Arizona Project aqueduct is located; and (2) Any city, town, county, district, commission, authority, or other public entity that is organized and that exists under the statutory laws of Arizona or under a voter-approved charter or initiative

Water Supply Development Revolving Fund

of Arizona that is located outside of the boundaries of an initial active management area in which part of the Central Arizona Project aqueduct is located.

“Eligible Project Costs” means, whether incurred before or after the date of this Loan Agreement, such portion of the Costs as is disbursed by the Authority for the benefit of the Local Borrower. The Local Borrower and the Authority acknowledge that the actual Eligible Project Costs for the Project have not been determined as of the effective date of this Loan Agreement. The final Eligible Project Costs shall be established after all disbursements have been made.

“Event of Default” means any occurrence or event specified in Section 10.1 [*Events of Default*] of this Loan Agreement.

“Fund” shall mean the fund or funds into which the Local Borrower shall deposit the Revenues of the System.

“Loan” means (a) during the Construction Period, the commitment to lend to the Local Borrower the Estimated Eligible Project Costs set forth in this Loan Agreement (as it may be amended or revised from time to time), and (b) thereafter, the amount of money equal to the Eligible Project Costs which is actually loaned to the Local Borrower pursuant to this Loan Agreement.

“Loan Agreement” or “Agreement” means this Loan Agreement as it may be supplemented, modified or amended from time to time in accordance with the terms hereof.

“Loan Closing” means the date of execution and delivery of this Loan Agreement.

“Loan Repayment Date” means the payment dates commencing and ending on the dates set forth in this Loan Agreement.

“Loan Repayments” means the payments payable by the Local Borrower pursuant to this Loan Agreement.

“Local Borrower” means the Local Entity receiving loan proceeds pursuant to a Water Supply Development Revolving Fund Financial Assistance Agreement and that is a party to and is described in the first paragraph of this Loan Agreement.

“Master Trust Indenture” means and includes any indenture or other document entered into by the Authority to issue and deliver authority bonds, as supplemented, and any comparable or related document, pursuant to which the Authority issues Authority Bonds.

“Project” is the project described in Section 3.1 [*Description of Project*] of this Loan Agreement, all or a portion of the Cost of which is financed from the proceeds of the Loan.

“Repayment Period” means the period over which the principal amount of the Loan will be repaid which period begins and ends on the dates set forth in this Loan Agreement.

“Repayment Principal Amount” means the amount the Authority agrees to loan to the Local Borrower pursuant to this Loan Agreement or such lesser amount of actual Eligible Project Costs as represents the aggregate amount of the Loan actually made pursuant to this Loan Agreement.

“Reserve Fund Surety” means a surety bond, insurance policy, letter of credit or similar arrangement representing the irrevocable obligation of the issuer thereof to pay to or at the direction of the Local

Water Supply Development Revolving Fund

Borrower an amount up to the Reserve Requirement as set forth in Section 5.1 [*Financial Assistance Terms and Conditions*] of this Loan Agreement.

“Source of Repayment” means the “source of repayment” set forth in this Loan Agreement as defined in Article 13.

“State” means the State of Arizona.

“System” means the “System” as defined in Section 3.2 [*Description of System*] of this Loan Agreement.

“Tax-Exempt Obligation” means any obligation or issue of obligations (including bonds, notes and lease obligations treated for federal income tax purposes as evidences of indebtedness) the interest on which is excluded from gross income for federal income tax purposes within the meaning of Section 150 of the Code, and includes any obligation or any investment treated as a “tax-exempt bond” for the applicable purpose of Section 148 of the Code

“Trustee” means the Trustee appointed by the Authority pursuant to the Bond Documents and its successor or successors and any other corporation which may at any time be substituted in its place as Trustee pursuant to the Bond Documents.

Article 2 Description of the Loan

Section 2.1 Name and Address of Local Borrower

Town of Camp Verde
Attention: Jeff Low, Utilities Director
395 S. Main Street,
Camp Verde, Arizona 86322
Telephone: (928) 554-0825

Section 2.2 Authorized Officer(s) of Local Borrower

Town of Camp Verde
Attention: Marie Moore, Mayor
395 S. Main Street,
Camp Verde, Arizona 86322
Telephone: (928) 925-8735

Section 2.3 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the Local Borrower at the address specified in Section 1.1 [*Definitions*] of this Loan Agreement and to the Authority at the following address:

Water Infrastructure Finance Authority of Arizona
3300 N Central Avenue, Suite 1050
Phoenix, Arizona 85007
Telephone: (602) 364-1310

Water Supply Development Revolving Fund

Any of the parties may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent, by notice in writing given to the others.

Section 2.4 Rules of Interpretation. For all purposes of this Loan Agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (a) Words of one gender include the corresponding words of other genders; words of neuter include both genders; and words in the singular include words in the plural and vice versa.
- (b) Words indicating persons, parties, or entities (and the like) include firms, associations, partnerships (including limited partnerships), limited liability companies (and the like), corporations, trusts and other legal entities, including public and governmental bodies, as well as natural persons.
- (c) References to a statute refer to the statute, as amended, and any successor statute, and to all regulations promulgated under or implementing the statute or successor statute, as in effect at the relevant time.
- (d) References to a governmental or quasi-governmental entity or representatives thereof also refer to an entity that succeeds to the functions of the governmental or quasi-governmental entity and representatives thereof.
- (e) Headings preceding sections of text and any table of contents are solely for convenience of reference and are not part of this Loan Agreement and are not to affect its meaning, interpretation or effect.
- (f) Actions permitted under this Loan Agreement may be taken at any time and from time to time in the actor's sole discretion.
- (g) The word "including" means "including, but not limited to" and the word "include" means "includes, among others."
- (h) The terms "hereby," "hereof," "herein," and "hereunder" (and the like) refer to this Loan Agreement.
- (i) Indications of time of day mean local time in Phoenix, Arizona.
- (j) This Loan Agreement shall be governed by and construed in accordance with the applicable law of the State of Arizona, except for its conflict of law rules and except as preempted by federal.

Section 2.5 Loan Information Required Prior to Closing. Prior to Loan Closing, the Local Borrower must deliver to the Authority the Opinion of Local Borrower Counsel in the form attached as Loan Exhibit B to this Loan Agreement and the Tax Compliance Certificate of Local Borrower in the form attached as Loan Exhibit C to this Loan Agreement, signed and dated the date of Loan Closing.

Article 3 Description of The Project

Section 3.1 Description of Project. The Project is described in Exhibit A to the Financial Assistance Agreement [*WSDRF Financial Assistance Application*] as approved, amended, or modified in Exhibit B to the Financial Assistance Agreement [*Water Supply Development (WSD) Financial Assistance Resolution*].

Water Supply Development Revolving Fund

Section 3.2 Description of System. The term “System” means and includes all of the properties and facilities of the complete Waterworks plant and system of the Local Borrower, whether lying within or without the boundaries of the Local Borrower, as now existing and as they may hereafter be improved or extended, all improvements, additions and extensions thereto or replacements thereof hereafter constructed or acquired by purchase, contract or otherwise and all contracts, rights, agreements, leases and franchises of every nature owned by the Local Borrower and used or useful or held for use in the operation of said plant and system or any part or portion thereof.

Article 4 Loan to Local Borrower; Amounts Payable

Section 4.1 The Loan. The Authority shall loan and disburse to the Local Borrower in accordance with this Article 4 an amount listed in Section 5.1 [*Financial Assistance Terms and Conditions*] of this Loan Agreement (the “Loan”), and the Local Borrower shall borrow and accept from the Authority, the Loan in the principal amount determined pursuant to this Article 4; provided, however, that (i) the Authority shall be under no obligation to disburse any amount of the Loan if an Event of Default has occurred and is continuing under this Loan Agreement, and (ii) the amount to be disbursed shall be lawfully available for disbursement. The Local Borrower shall use the proceeds of the Loan strictly in accordance with the requirements of this Loan Agreement.

Section 4.2 Disbursements of Loan Proceeds. The Authority may disburse funds by check, electronic means or by other transfer medium. Except as hereinafter provided, disbursements shall be made only when (i) the request for disbursements is in substantially the form provided by the Authority and is accompanied by the necessary certifications and documentation and (ii) an Authorized Officer of the Authority has determined that such disbursement is proper. An Authorized Officer of the Authority shall approve disbursements directly to the persons or entities entitled to payment or to the Local Borrower in the case of reimbursement for costs of services already paid, and shall provide the Local Borrower with a copy of the approval and the date approved. Disbursements may be made only for Eligible Project Costs.

Section 4.3 Amounts Payable. The Local Borrower shall pay to the Authority the amounts shown in Section 5.1 of this Loan Agreement on or before the dates shown in Section 5.1 of this Loan Agreement, as the same may be adjusted as provided in this WSDRF Loan Standard Terms and Conditions, to reflect any revisions to the principal repayment schedule of the Loan. Such payments shall be made by electronic funds transfer or by direct debit to the Authority.

Article 5 Loan to Local Borrower; Financial Terms

Section 5.1 Financial Assistance Terms and Conditions. The following terms and conditions apply to the portion of the Financial Assistance provided in the form of this Loan.

Exhibit A of Loan Agreement

Section 1: Financial Assistance Terms and Conditions Town of Camp Verde 23-Jun-25

Loan Number.....	942012-25
Closing Date.....	TBD
First Payment Period.....	02/01/29
Financial Assistance Terms and Conditions	
Original Loan Amount as of the Closing Date.....	\$ 3,600,000.00
Forgivable Principal Amount.....	\$ 2,000,000.00
Intended Repayment Amount.....	\$ 1,600,000.00
Loan Term.....	23
Combined Interest & Fee Rate	1.830%
Total # of Payment Periods within Loan Term.....	46
* Combined Interest and Fee Rate (CIFR) allocation: Fee = 1.5% (150 basis points); Interest = CIFR minus Fee.	
Principal Repayments	
Period Principal Repayments Begin.....	8
First Principal Repayment Date.....	08/01/29
Final Principal Repayment Date.....	07/01/48
Combined Interest and Fee Payment Dates	
First Combined Interest and Fee Payment Date.....	07/01/01
Final Combined Interest and Fee Payment Date.....	07/01/48
Debt Service Reserve Fund Requirements	
Total Reserve Amount.....	None
Annual Amount.....	None
Reserve Funded by (Date).....	Not Applicable
Repair and Replacement Fund Requirement	
Begin Funding on (Date).....	Not Applicable
Annual Amount.....	None
Semi-Annual Deposit.....	None
Annual Payment	
Years 1 through 3.....	\$ -
Year 4.....	\$ 84,224.27
Years 5 through 10.....	\$ 96,586.94
Years 11 through 22.....	\$ 96,586.94
Year 23.....	\$ 88,604.66

Section 2: Loan Repayment Schedule Town of Camp Verde 23-Jun-25						
Year Period		Semi-Annual Payment Dates	Combined Interest and Fee Rate	Semi-Annual Combined Interest and Fee Payment	Annual Principal Repayment	Total Annual Payment
1	1	01/01/25	1.83%	0.00	0.00	0.00
1	2	07/01/25	1.83%	0.00	0.00	0.00
2	3	01/01/26	1.83%	0.00	0.00	0.00
2	4	07/01/26	1.83%	0.00	0.00	0.00
3	5	01/01/27	1.83%	0.00	0.00	0.00
3	6	07/01/27	1.83%	0.00	0.00	0.00
4	7	01/01/29	1.830%	0.00	0.00	0.00
4	8	07/01/29	1.830%	16,917.33	67,306.94	84,224.27
5	9	01/01/30	1.830%	14,024.14		
5	10	07/01/30	1.830%	14,024.14	68,538.66	96,586.94
6	11	01/01/31	1.830%	13,397.01		
6	12	07/01/31	1.830%	13,397.01	69,792.92	96,586.94
7	13	01/01/32	1.830%	12,758.41		
7	14	07/01/32	1.830%	12,758.41	71,070.12	96,586.94
8	15	01/01/33	1.830%	12,108.12		
8	16	07/01/33	1.830%	12,108.12	72,370.70	96,586.94
9	17	01/01/34	1.830%	11,445.92		
9	18	07/01/34	1.830%	11,445.92	73,695.10	96,586.94
10	19	01/01/35	1.830%	10,771.61		
10	20	07/01/35	1.830%	10,771.61	75,043.72	96,586.94
11	21	01/01/36	1.830%	10,084.96		
11	22	07/01/36	1.830%	10,084.96	76,417.02	96,586.94
12	23	01/01/37	1.830%	9,385.75		
12	24	07/01/37	1.830%	9,385.75	77,815.44	96,586.94
13	25	01/01/38	1.830%	8,673.74		
13	26	07/01/38	1.830%	8,673.74	79,239.46	96,586.94
14	27	01/01/39	1.830%	7,948.69		
14	28	07/01/39	1.830%	7,948.69	80,689.56	96,586.94
15	29	01/01/40	1.830%	7,210.38		
15	30	07/01/40	1.830%	7,210.38	82,166.18	96,586.94
16	31	01/01/41	1.830%	6,458.57		
16	32	07/01/41	1.830%	6,458.57	83,669.80	96,586.94
17	33	01/01/42	1.830%	5,692.98		
17	34	07/01/42	1.830%	5,692.98	85,200.98	96,586.94
18	35	01/01/43	1.830%	4,913.40		
18	36	07/01/43	1.830%	4,913.40	86,760.14	96,586.94
19	37	01/01/44	1.830%	4,119.54		
19	38	07/01/44	1.830%	4,119.54	88,347.86	96,586.94
20	39	01/01/45	1.830%	3,311.16		
20	40	07/01/45	1.830%	3,311.16	89,964.62	96,586.94
21	41	01/01/46	1.830%	2,487.98		
21	42	07/01/46	1.830%	2,487.98	91,610.98	96,586.94
22	43	01/01/47	1.830%	1,649.74		
22	44	07/01/47	1.830%	1,649.74	93,287.46	96,586.94
23	45	01/01/48	1.830%	796.16		
23	46	07/01/48	1.830%	796.16	87,012.34	88,604.66
				311,393.85	1,600,000.00	1,911,393.85

Section 5.2 Technical Terms and Conditions. The technical terms and conditions in Section 2.9 [*Technical Terms and Conditions*] of the Financial Assistance Agreement apply to this Loan.

Article 6 Covenants of the Local Borrower Relating to the System and the Project.

Section 6.1 Operation and Maintenance of System. The Local Borrower covenants and agrees that it shall, in accordance with prudent utility practice, (a) at all times operate the properties of the System and any business in connection therewith in an efficient manner, (b) maintain the System in good repair, working order and operating condition, and (c) from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments and improvements with respect to the System so that at all times the operations carried on in connection therewith shall be properly and advantageously conducted from revenues of the System or, if the Local Borrower so elects, from any other source of funds lawfully available.

Section 6.2 Additions and Modifications. The Local Borrower may make any additions, renewals, replacements, modifications or improvements to the System which it deems desirable and which do not materially reduce the operational integrity of any part of the System. All such renewals, replacements, additions, modifications and improvements shall become a part of the System.

Section 6.3 Disposition of Project and System.

(a) The Local Borrower shall not sell, lease, abandon or otherwise dispose of all or substantially all or any substantial portion of the Project or the System except upon compliance with the provisions of this Section; provided, however that the requirements of this Section shall not apply to transactions which are capital leases within the meaning of generally accepted accounting principles to finance expansion or improvement of the System and under which the Local Borrower maintains a purchaser's interest or other beneficial ownership, use, possession and control of the System so long as no default exists.

(b) The Local Borrower may sell, lease, abandon or otherwise dispose of all or substantially all or any substantial portion of the Project or the System if the Local Borrower shall give at least ninety (90) days prior written notice to the Authority of the proposed transaction, and the Authority gives its written consent which shall not be unreasonably withheld.

(c) Notwithstanding the provisions of subsection (b) above, the Local Borrower may sell, lease or otherwise dispose of, any of the property comprising part of the System without prior notice to or the consent of the Authority, other than the Project, in either of the following circumstances:

(i) If the Local Borrower determines that such property is not necessary, useful or profitable to the operation of the System; or

(ii) If the value of such property sold, leased or otherwise disposed of in any one year is equal to not more than 5% of the value of the fixed assets of the System.

Section 6.4 Cost of Project. The Local Borrower certifies that the estimated Eligible Project Costs as listed in Section 2.9 [*Technical Terms and Conditions*] of the Financial Assistance Agreement is a reasonable and accurate estimation of the Eligible Project Costs and, upon the direction of the Authority the Local Borrower will supply the Authority with a certificate from its engineer stating that such estimated Eligible Project Costs is a reasonable and accurate estimation.

Article 7 Additional Covenants of the Local Borrower

Section 7.1 Unconditional Obligations. The obligation of the Local Borrower to make the Loan Repayments and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part described herein are payable solely from the Source of Repayment described in this Loan Agreement and shall be absolute and unconditional and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever, while any payments hereunder remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project or the System, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision of either or in the rules or regulations of any governmental authority, any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Project or this Loan Agreement, or any rights of set-off, recoupment, abatement or counterclaim that the Local Borrower might otherwise have against the Authority or any other party or parties; provided, however, that payments under this Loan Agreement shall not constitute a waiver of any such rights. The Local Borrower shall not be obligated to make any payments required to be made by any other local borrowers under separate loan agreements or local borrower bonds. Notwithstanding any other provision of this Section 7.1 [*Unconditional Obligations*], or this Loan Agreement, neither the Authority, nor any assignee of the Authority shall have the right or ability to compel the repayment of this Loan Agreement from any source other than the Source of Repayment.

Section 7.2 Performance Under Loan Agreement. The Local Borrower covenants and agrees (a) to maintain the System in good repair and operating condition; (b) to cooperate with the Authority to the extent it may lawfully do so, in the observance and performance of the respective duties, covenants, obligations and agreements of such Local Borrower and the Authority under this Loan Agreement; and (c) to comply with the covenants set forth in this Loan Agreement.

Section 7.3 Disclaimer of Warranties. The Local Borrower acknowledges and agrees that (i) the Authority makes no warranty or representation, either express or implied as to the value, design, condition, merchantability or fitness for particular purpose or fitness for any use of the System or the Project or any portions thereof or any other warranty or representation with respect thereto; (ii) in no event shall the Authority or its respective agents be liable or responsible for any direct, incidental, indirect, special or consequential damages in connection with or arising out of this Loan Agreement or the Project or the existence, furnishing, functioning or use of the System or the Project; and (iii) are not intended to and shall not be construed as a waiver of any defense or limitation on damages provided for under and pursuant to the laws of the United States or of the State.

Section 7.4 Loan Repayments; Prepayments; Providing for Payment of the Loan.

(a) Loan Repayments.

(i) The Local Borrower shall pay to the Authority the amounts set forth in the Loan Repayment Schedule contained in Section 5.1 [*Financial Assistance Terms and Conditions*] of this Loan Agreement on or before the due dates shown in Section 5.1 of this Loan Agreement.

(ii) Each payment made as a Loan Repayment as described in subsection (i) shall be applied first to the combined interest and fee payment then due and payable on the Loan and then to the principal amount of the Loan.

Water Supply Development Revolving Fund

(iii) In addition to the other payments required by this Section, the Local Borrower shall pay a late charge for any payment that is received by the Authority later than the tenth day following its due date, in an amount equal to six percent per annum of the amount of the late payment from its due date to the date it is actually paid; provided, however, that the combined interest and fee rate payable on the Loan including such late charge shall not be in excess of the maximum rate permitted by law or any proceedings or resolution authorizing the execution of this Loan Agreement.

(iv) Upon the final disbursement, if the Loan amount is less than the estimated Eligible Project Costs, the amount of each Principal Installment due as set forth in the Loan Repayment Schedule contained in Section 5.1 [*Financial Assistance Terms and Conditions*] of this Loan Agreement shall be adjusted to achieve substantially level debt service, and the Authority shall compute the adjusted combined interest and fee amounts to reflect the adjusted principal amounts and shall enter the results in a revised Loan Repayment Schedule delivered to the Local Borrower.

(b) Prepayments. The Loan is not subject to prepayment prior to the tenth anniversary of the final loan draw. The Local Borrower may prepay the Principal Repayment Amount of the Loan in whole or in part in advance of the due dates on or after the tenth anniversary of the final loan draw without penalty upon written notice delivered to the Authority at least sixty (60) days prior to the prepayment date. If the Local Borrower prepays the Repayment Principal Amount in part, the amount of each Principal Installment due as set forth in the Loan Repayment Schedule contained in Section 5.1 [*Financial Assistance Terms and Conditions*] of this Loan Agreement shall be adjusted to achieve substantially level debt service. Upon such adjustment, the Authority shall compute the adjusted combined interest and fees amounts to reflect the adjusted principal amounts and shall enter the results in the Loan Repayment Schedule with notice to the Local Borrower.

(c) Providing for Payment of the Loan. The Local Borrower may at any time provide for the payment and discharge of the Loan, as provided in this subsection. The Loan shall be deemed to have been paid and discharged if:

(i) the Local Borrower has delivered to the Authority proof satisfactory to the Authority that the Local Borrower has deposited with a financial institution acceptable to the Authority, in trust for and irrevocably committed to payments on the Loan, cash or non-callable direct obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of Treasury of the United States of America) and obligations of any agency or instrumentality of the United States of America the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, which are of such maturities and interest payment dates, and bear such interest, as will be sufficient together with any moneys also deposited, without further investment or reinvestment of either the principal amount or the interest earnings (which earnings are to be held likewise in trust and so committed), to pay all the amounts due under the Loan, as set forth in the Loan Repayment Schedule contained in Section 5.1 [*Financial Assistance Terms and Conditions*] of this Loan Agreement, as evidenced in a report of an independent firm of nationally recognized certified public accountants addressed to and delivered to the Authority; and

(ii) the Authority has received a bond counsel opinion (as described in Section 11.2(b) and (c) below) to the effect that the deposit of funds and the investment of such deposit, as described in the preceding paragraph, will not, by itself, adversely affect the exclusion from gross income of interest on the Loan or any Authority Bonds for federal income tax purposes.

Water Supply Development Revolving Fund

Section 7.5 Source of Repayment of Local Borrower's Obligations and Pledge. The Local Borrower irrevocably pledges the Source of Repayment described in this Loan Agreement for the punctual payment of all amounts due under the Loan Agreement. The Authority and the Local Borrower agree that the amounts payable by the Local Borrower under this Loan Agreement are payable solely from the Source of Repayment described in this Loan Agreement and are not payable from any other source whatsoever, unless the Local Borrower chooses to pay, and pays, any amount due hereunder from any other source lawfully available to it.

Section 7.6 No Liens. Except for:

- (a) the debt service on any future bonds, notes or other evidence of indebtedness of the Local Borrower issued or contractual obligations incurred in accordance with this Loan Agreement payable from the funds pledged to the payment of this Loan Agreement which are on parity with the lien and charge on the funds so pledged to pay this Loan Agreement; and
- (b) as provided in Article 13 [*Source of Repayment: System Revenues*] of this Loan Agreement, the debt service on currently outstanding bonds, notes or evidences of indebtedness or contractual obligations of the Local Borrower, if any, payable from the Source of Repayment described in Article 13 [*Source of Repayment: System Revenues*] of this Loan Agreement which the Local Borrower has disclosed to the Authority in writing, the funds so pledged as described in this Loan Agreement after the payment of all costs of operating and maintaining the System, are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto which are prior to, or of equal rank with, the obligation of the Local Borrower to pay this Loan Agreement, and all corporate or other action on the part of the Local Borrower to that end has been and will be duly and validly taken.

Article 8 Representations of Local Borrower

The Local Borrower represents for the benefit of the Authority that the representations contained in this Loan Agreement are true at the time of execution and delivery of this Loan Agreement and, other than with respect to events outside of Local Borrower's control, will be true in all material respects at all times during the term of this Loan Agreement.

Section 8.1 Organization and Authority.

- (a) The Local Borrower is an Eligible Entity as defined in the Authority Act.
- (b) The Local Borrower has full legal right and authority and has, or will obtain as and when required, all necessary licenses and permits required to acquire, own, operate and maintain the Project and the System, to carry on its activities relating thereto, to execute and deliver this Loan Agreement, to undertake and complete the Project, to pledge the Source of Repayment, and to carry out and consummate all transactions contemplated by this Loan Agreement. The Project is a project which the Local Borrower may undertake pursuant to State law and for which the Local Borrower is authorized by law to borrow money.
- (c) The proceedings of the Local Borrower's governing body approving this Loan Agreement and authorizing its execution, issuance and delivery on behalf of the Local Borrower, and authorizing the Local Borrower to undertake and complete the Project have been duly and lawfully adopted in accordance with the laws of the State.
- (d) This Loan Agreement has been duly authorized, executed and delivered by an Authorized Officer of the Local Borrower; and, assuming that the Authority has all the requisite power and authority to

Water Supply Development Revolving Fund

authorize, execute and deliver, and has duly authorized, executed and delivered this Loan Agreement, this Loan Agreement constitutes a legal and valid obligation of the Local Borrower enforceable in accordance with its terms, and the information contained under “Description of the Loan” in this Loan Agreement is true and accurate in all material respects.

Section 8.2 Full Disclosure.

(a) To the best of the Local Borrower’s knowledge, there is no fact that the Local Borrower has not disclosed to the Authority in writing that materially adversely affects the properties, activities, prospects or condition (financial or otherwise) of the Local Borrower or the System, or the ability of the Local Borrower to make all Loan Repayments due hereunder and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

(b) The information relating to the Local Borrower (including without limitation the financial and statistical data contained therein) submitted to the Authority by the Local Borrower in connection with the Authority’s approval of the Loan was at the time of the Authority’s approval of the Loan and at all times subsequent thereto up to and including the Loan Closing, will be (if necessary by amendment provided by the Local Borrower) true and correct and will not contain an untrue statement of material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading in any adverse respect. To the extent permitted by law, and notwithstanding any other provision of this Loan Agreement, the Local Borrower will indemnify, save and hold harmless the Authority, and each of the Authority’s agents, for, from and against any and all claims, damages, liability and court awards including costs, expenses and reasonable attorneys’ fees incurred as a result of any omission or misstatement of material fact in the information submitted to the Authority by the Local Borrower in connection with the Authority’s approval of the Loan, as it may have been supplemented and amended by the Local Borrower.

Section 8.3 Pending Litigation. There are no proceedings pending, or to the knowledge of the Local Borrower, threatened, against or affecting the Local Borrower, in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Local Borrower or the System, or the ability of the Local Borrower to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement that have not been disclosed in writing to the Authority in the Local Borrower’s application for the Loan or otherwise.

Section 8.4 Compliance with Existing Laws and Agreements. The authorization, execution and delivery of this Loan Agreement by the Local Borrower, the observance and performance by the Local Borrower of its duties, covenants, obligations and agreements hereunder and the consummation of the transactions provided for in this Loan Agreement, the compliance by the Local Borrower with the provisions of this Loan Agreement and the undertaking and completion of the Project will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Local Borrower pursuant to any existing ordinance or resolution, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument (other than the lien and charge of this Loan Agreement and any ordinance or resolution or indenture which authorized outstanding obligations of the Local Borrower which are on a parity with this Loan Agreement as to a lien on, or a source and security for, payment thereon from the source of payment that is pledged to the Loan Repayments) to which the Local Borrower is a party or by which the Local Borrower, the System or any of its property or assets may be bound, nor will such action result in any violation of the provisions of the charter or other document pursuant to which the Local Borrower was established or any laws, ordinances, resolutions, governmental rules, regulations or court orders to which the Local Borrower, the System or its properties or operations are subject.

Water Supply Development Revolving Fund

Section 8.5 No Defaults. No event has occurred, and no condition exists that, upon authorization, execution and delivery of this Loan Agreement or receipt of the amount of the Loan, would constitute an Event of Default hereunder. The Local Borrower is not in violation of, and has not received notice of any claimed violation of, any term of any agreement or other instrument to which it is a party or by which it may be bound, which violation would materially adversely affect the properties, activities, prospects or condition (financial or otherwise) of the Local Borrower or the ability of the Local Borrower to make all Loan Repayments or otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Agreement.

Section 8.6 Governmental Consent. The Local Borrower has or will have obtained prior to the date of the Loan Closing all permits and approvals required to date by any governmental body or officer (and reasonably expects to receive all permits required in the future by any governmental agency) for the making, observance and performance by the Local Borrower of its duties, obligations and agreements under this Loan Agreement or for the undertaking or completion of the Project and the financing thereof, and the Local Borrower has complied with all applicable provisions of law requiring any notification, declaration, filing or registration with any governmental body or officer in connection with the making, observance and performance by the Local Borrower of its duties, covenants, obligations and agreements under this Loan Agreement or with the undertaking or completion of the Project and the financing thereof; and the Local Borrower has complied with all applicable provisions of law requiring any notification, declaration, filing or registration with any governmental body or officer in connection with the making, observance and performance by the Local Borrower of its duties, covenants, obligations and agreements under this Loan Agreement or with the undertaking or completion of the Project and the financing thereof. No consent, approval or authorization of, or filing, registration or qualification with, any governmental body or officer, other than those already obtained or reasonably expected to be obtained, is required on the part of the Local Borrower as a condition to the authorization, execution and delivery of this Loan Agreement, the undertaking or completion of the Project or the consummation of any transaction herein contemplated.

Section 8.7 Compliance with Law. The Local Borrower:

- (a) is in compliance with all laws, ordinances, governmental rules and regulations to which it is subject and the failure to comply with which would materially adversely affect the ability of the Local Borrower to conduct its activities or undertake or complete the Project or the condition (financial or otherwise) of the Local Borrower or the System; and
- (b) has obtained, or will obtain as and when required, all licenses, permits, franchises or other governmental authorizations necessary for the ownership of its property or for the conduct of its activities which, if not obtained, would materially adversely affect the ability of the Local Borrower to undertake or complete the Project or the condition (financial or otherwise) of the Local Borrower or the System.

Article 9 Assignment

Section 9.1 Assignment and Transfer by Authority. The Local Borrower hereby approves and consents to any assignment or transfer of this Loan Agreement that the Authority deems to be necessary in connection with the Water Supply Development Revolving Fund program of the Authority.

Section 9.2 Assignment by Local Borrower. This Loan Agreement may not be assigned by the Local Borrower for any reason, except in accordance with Section 2.8 [*Local Entity Obligations*] of the Financial Assistance Agreement.

Article 10 Defaults and Remedies

Water Supply Development Revolving Fund

Section 10.1 Events of Default. In addition to the default and remedies described in Article VI of the Financial Assistance Agreement, if any of the following events occurs, it is hereby defined as and declared to be and to constitute an “*Event of Default*”:

- (a) failure by the Local Borrower to pay, or cause to be paid, when due any Loan Repayment;
- (b) failure by the Local Borrower to make, or cause to be made, any required payments of principal, redemption premium, if any, and interest on any bonds, notes or other obligations of the Local Borrower for borrowed money (other than the Loan), after giving effect to the applicable grace period, the payments of which are secured by the Source of Repayment described in this Loan Agreement;
- (c) failure by the Local Borrower to perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Loan Agreement, other than as referred to in paragraphs (a) and (b) of this Section, which failure shall continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Local Borrower by the Authority, unless the Authority agrees in writing to an extension of such time prior to its expiration, provided, however, that if the failure stated in such notice is correctable but cannot be corrected within the applicable period the Authority may not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Local Borrower and diligently pursued until the Event of Default is corrected;
- (d) the institution of any proceeding, with the acquiescence of the Local Borrower, for the purpose of effecting a composition between the Local Borrower and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are payable from the Source of Repayment described in this Loan Agreement;
- (e) a determination by the Authority that any material representation made by or on behalf of the Local Borrower contained in this Loan Agreement, or in any instrument furnished in compliance with or with reference to this Loan Agreement, is false or misleading in any material respect; and
- (f) the filing of a petition by or against the Local Borrower under any federal or state bankruptcy or insolvency law or other similar law in effect on the date of this Loan Agreement or thereafter enacted, unless in the case of any such petition filed against the Local Borrower such petition shall be dismissed within thirty (30) days after such filing and such dismissal shall be final and not subject to appeal; or the Local Borrower becoming insolvent or bankrupt or making an assignment for the benefit of its creditors; or the appointment of a custodian (including, without limitation, a receiver, liquidator or trustee of the Local Borrower or any of its property including the System) by court order, or possession of the Local Borrower or its property or assets is taken if such order remains in effect or such possession continues for more than thirty (30) days.

Section 10.2 Notice of Default. The Local Borrower shall give the Authority prompt telephone notice of the occurrence of (i) any Event of Default under the Loan Agreement or (ii) any breach, default, Event of Default, or event which with the giving of notice or lapse of time, or both, could become a material breach, default, or Event of Default (a “Future Breach”) under any agreement, indenture, mortgage, or other instrument (other than the Loan Agreement) to which the Local Borrower is a party or by which it or any of its property is bound or affected, at such time as any senior administrative or financial officer of the Local Borrower becomes aware of the existence thereof. Any telephone notice pursuant to this Section shall be confirmed in writing by the end of the next Business Day. The failure of the Local Borrower to give such notice shall not affect the right and power of the Authority to exercise any and all of the remedies specified herein.

Water Supply Development Revolving Fund

Section 10.3 Remedies on Default. Whenever an Event of Default referred to in Section 10.1 [*Events of Default*] of this Loan Agreement shall have occurred and be continuing, the Authority shall have the right to take any action permitted or required pursuant to this Loan Agreement and to take whatever other action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due on their scheduled payment dates or to enforce the performance and observance of any duty, covenant, obligation or agreement of the Local Borrower hereunder, including, without limitation, appointment of a receiver of the System.

Section 10.4 Attorney's Fees and Other Expenses. In the event of a default hereunder by the Local Borrower, the Local Borrower shall on demand and to the extent not prohibited by applicable law pay to the Authority the reasonable fees and expenses of attorneys and other reasonable expenses (including without limitation the reasonably allocated costs of in-house counsel and legal staff) incurred by the Authority in the collection of Loan Repayments or any other sum due hereunder or in the enforcement of performance or observance of any other duties, covenants, obligations or agreements of the Local Borrower to the extent permitted by law.

Section 10.5 Application of Moneys. The parties acknowledge that: (a) all amounts coming due hereunder as Loan Repayments shall be treated as principal and combined interest and fees with respect to the Loan which amounts are secured by a pledge of the Source of Repayment in accordance with Article 13 of this Loan Agreement; and (b) amounts coming due under Section 10.4 [*Attorney's Fees and Other Expenses*] of this Loan Agreement shall be secured by the Source of Repayment on a basis subordinate to the Loan Repayments, but on a parity with comparable expenses relating to such Outstanding Parity Obligations and Additional Parity Obligations.

However, any moneys collected by the Authority pursuant to Section 10.3 [*Remedies on Default*] of this Loan Agreement in the exercise of remedies with respect to amounts due or to become due hereunder shall be applied: (a) first, to pay any attorney's fees or other fees and expenses owed by the Local Borrower pursuant to Section 10.4 [*Attorney's Fees and Other Expenses*] of this Loan Agreement; (b) second, to pay delinquent combined interest fees and late charges on the Loan; (c) third, to pay combined interest and fees then due and payable on the Loan; (d) fourth, to pay delinquent principal on the Loan in order of scheduled maturity; (e) fifth, to pay principal then due and payable on the Loan; and (f) sixth, to pay any other amounts due and payable pursuant to this Loan Agreement.

Section 10.6 No Remedy Exclusive; Waiver; Notice. No remedy conferred upon or reserved to the Authority hereunder is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it as described in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 10.7 Retention of Authority's Rights. Notwithstanding any assignment or transfer of this Agreement pursuant to the provisions hereof, or anything else to the contrary contained herein, the Authority shall have the right upon the occurrence of an Event of Default to take any action, including (without limitation) bringing an action against the Local Borrower at law or in equity, as the Authority may, in its discretion, deem necessary to enforce the obligations of the Local Borrower to the Authority.

Section 10.8 Default by the Authority. In the event of any default by the Authority in any duty, covenant, agreement or obligation described in this Agreement, the Local Borrower's remedy for such default shall be limited to injunction, special action, action for specific performance or any other available equitable

Water Supply Development Revolving Fund

remedy designed to enforce the performance or observance of any duty, covenant, obligation or agreement of the Authority described herein as may be necessary or appropriate. The Authority shall on demand pay to the Local Borrower the reasonable fees and expenses of attorneys and other reasonable expenses in the enforcement of such performance or observance.

Article 11 Provisions Applicable to Loans Financed by or Pledged to Secure Authority Bonds

Section 11.1 General. The Local Borrower acknowledges that the Authority is entering into this Loan Agreement and agreeing to make the Loan at this time for the benefit of the Local Borrower, and that the Authority may finance the Loan, along with other loans to other local borrowers, through the issuance of Authority Bonds and may pledge the Loan to secure Authority Bonds. If and for so long as the Authority's source of funds to make disbursements on, or to carry, the Loan represented by this Loan Agreement is, or becomes, the proceeds of Authority Bonds, or this Loan Agreement is assigned by the Authority as security for payment of amounts due or to become due on Authority Bonds, the Local Borrower agrees to cooperate with the Authority with respect to the issuance of Authority Bonds by furnishing and certifying information concerning the Local Borrower, the Project, the System and the Source of Repayment, and by agreeing to reasonable modifications and additions to this Loan Agreement necessary or convenient for the Authority Bond transaction. Without limiting the generality of the foregoing, the Local Borrower agrees that if the Authority at any time determines, in its discretion, that it is necessary in connection with the issuance of Authority Bonds or the maintenance of the Authority's bond program, then the provisions set forth in this Article shall be in effect.

Section 11.2 Tax Covenants.

(a) **General.** The Local Borrower acknowledges that, in connection with the WSDRF program, the Authority may issue its Authority Bonds from time to time to finance loans and the Authority may also pledge certain loans to secure and to serve as the source of payment for the Authority Bonds. As a result, and under the provisions of federal tax law applicable to the Authority Bonds, it is in the Authority's interest for the Loan to qualify and be a Tax-Exempt Obligation that is not an AMT Obligation. Therefore, the Local Borrower represents and covenants as follows with respect to the Loan and the Authority Bonds. The Local Borrower covenants that it will not take any action, or fail to take any action, if any such action or failure to take such action would adversely affect the exclusion from gross income of the interest on the Loan or the Authority Bonds under Section 103(a) of the Code or cause the interest on the Loan or the Authority Bonds to become an AMT Obligation, and in the event of such action or omission, it will, promptly upon having such brought to its attention, take such reasonable actions based upon a bond counsel opinion as may rescind or otherwise negate such action or omission. The Local Borrower will not directly or indirectly use or permit the use of any proceeds of the Loan or any other funds of the Local Borrower or take or omit to take any action that would cause the Loan or the Authority Bonds to be or become "arbitrage bonds" within the meaning of Section 148(a) of the Code or to fail to meet any other applicable requirement of Sections 103, 141, 148, 149 and 150 of the Code or cause the interest on the Loan or the Authority Bonds to become an item of tax preference for purposes of the alternative minimum tax imposed on individuals under the Code. To that end, the Local Borrower will comply with all applicable requirements of Sections 103, 141, 148, 149 and 150 of the Code to the extent applicable to the Loan.

(b) **Modification Based on Bond Counsel Opinion.** Notwithstanding any provision of this Section, if the Local Borrower provides to the Authority a bond counsel opinion to the effect that any action required under this Section is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of interest on the Loan or the Authority Bonds pursuant to Section 103(a) of the Code, the provisions of this Section and the covenants in this Section shall be deemed to be modified to that extent.

Water Supply Development Revolving Fund

(c) **Bond Counsel Opinion.** For purposes of this Article, “bond counsel opinion” means an opinion letter of a firm of attorneys of national reputation experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds, and who is acceptable to the Authority.

Section 11.3 Third Party Beneficiaries. The Trustee, the owners from time to time of the Authority Bonds, any Credit Enhancer from time to time of the Authority Bonds and any underwriter of the Authority Bonds are each expressly acknowledged to be third party beneficiaries of this Loan Agreement and each representation, agreement, duty, obligation and provision of this Loan Agreement.

Section 11.4 Additional Documents Relating to Authority Bonds. The Local Borrower will furnish to the Authority and certify to such information and execute and deliver and cause to be executed and delivered such documents as the Authority, the underwriter or other parties to any Authority Bond transaction may reasonably require, including, without limitation:

(a) a certificate of an Authorized Officer of the Local Borrower to the effect that the information contained in the Final Official Statement (defined in Section 11.5 [*Disclosure Regarding Authority Bonds*], paragraph (a) of this Loan Agreement) for the Authority Bonds concerning the Local Borrower is correct in all material respects and is an accurate summary of the information which it purports to summarize, and that nothing has come to the Authorized Officer’s attention that would lead the Authorized Officer to believe that the information in the Final Official Statement relating to the Local Borrower contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(b) subject to the continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12 (the “*Disclosure Rule*”), a continuing disclosure undertaking of the Local Borrower meeting the requirements of the Disclosure Rule, and a statement of the Local Borrower as to whether it has failed to provide any information and notices required by the provisions of previous continuing disclosure undertakings, if any, of the Local Borrower under the Disclosure Rule, and if it has not, describing the circumstances and status of such failure; and

(c) an appropriate certificate executed by Authorized Officer of the Local Borrower concerning the reasonable expectations of the Local Borrower as to the use of the proceeds of the Loan and such other matters as may be required on the part of the Local Borrower in order to ensure that the Authority Bonds are and will remain Tax-Exempt Obligations that are not AMT Obligations, and the Local Borrower covenants to comply with the provisions of such certificate; and

(d) such other certificates, documents and information, and supplemental opinions of Local Borrower’s counsel, as the Authority, the underwriters of the Authority Bonds or other parties to the Authority Bonds transaction may reasonably require and as are necessary to confirm the continued truth and accuracy of information supplied by or on behalf of the Local Borrower.

Section 11.5 Disclosure Regarding Authority Bonds.

(a) The information, if any, relating to the Local Borrower (including without limitation the financial and statistical data contained therein) which has been, or may be, furnished by the Local Borrower to be included in, and which is included in, a Preliminary Official Statement of the Authority (the “*Preliminary Official Statement*”), or a final Official Statement (the “*Final Official Statement*”) of the Authority concerning any Authority Bonds, as of the respective dates of each such document and at all times subsequent thereto up to and including the Bond Closing, will be (if necessary by amendment provided by the Local Borrower) true and correct and will not contain an untrue statement of material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which

Water Supply Development Revolving Fund

they were made, not misleading. To the extent permitted by law, and notwithstanding any other provision of this Loan Agreement, the Local Borrower will indemnify, save and hold harmless the Authority and each other local borrower, if any, included in the Preliminary Official Statement or the Final Official Statement, and each of such parties' respective agents, for, from and against any and all claims, damages, liability and court awards including costs, expenses and attorneys fees incurred as a result of any omission or misstatement of a material fact in the Local Borrower's information in the Preliminary Official Statement or the Final Official Statement, as it may have been supplemented or amended by the Local Borrower.

(b) The Local Borrower agrees that from the date of any Final Official Statement and for a period until not later than twenty-five (25) days after the date of the Bond Closing if, and so long as, the offering of the Authority Bonds continues (i) the Local Borrower will furnish such information with respect to itself as the Authority (for itself or at the request of the underwriters of the Authority Bonds) may from time to time reasonably request and (ii) if any event shall occur as a result of which it is necessary, in the opinion of Bond Counsel to the Authority, or counsel for the underwriters of the Authority Bonds, to amend or supplement the information in the Preliminary Official Statement or the Final Official Statement relating to the Local Borrower in order to make such information not misleading in light of the circumstances then existing, the Local Borrower will forthwith prepare, and furnish to the Authority and the underwriters such information relating to the Local Borrower as may be necessary to permit the preparation of an amendment of or supplement to the Preliminary Official Statement or the Final Official Statement (in form and substance satisfactory to the Bond Counsel to the Authority and counsel for the underwriters) which will amend or supplement the Preliminary Official Statement or the Final Official Statement so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances then existing, not misleading.

(c) The Local Borrower agrees that if prior to the 25th day following the end of the underwriting period of the Authority Bonds, as defined for purposes of the Disclosure Rule, any event shall occur which causes the representations contained in Section 6.4(a) [*Cost of Project*] to be false in any material respect, the Local Borrower shall promptly notify the Authority of such development, and if in the opinion of the Authority and the underwriters of the Authority Bonds such development requires the preparation of a supplement or an amendment to the Preliminary Official Statement or the Final Official Statement, the Local Borrower agrees to cooperate with the Authority and the underwriters for the Authority Bonds in preparing any such supplement or amendment in a form acceptable to such parties and to pay all reasonable expenses incurred by such parties in connection with the preparation thereof.

Section 11.6 Assignment and Transfer by Authority to Trustee.

(a) The Local Borrower expressly acknowledges that, other than the right of the Authority to be indemnified by the Local Borrower, all right, title and interest of the Authority in, to and under this Loan Agreement may be assigned to the Trustee as security for the Authority Bonds, as applicable, as provided in a Master Trust Indenture, and that if any Event of Default shall occur the Trustee, pursuant to a Master Trust Indenture, shall be entitled to act hereunder in the place and stead of the Authority. The Local Borrower hereby acknowledges any requirements of a Master Trust Indenture applicable to the Authority Bonds and consents to such assignment and appointment. The Authority shall retain the right to compel or otherwise enforce observance and performance by the Local Borrower of its duties, covenants, obligations and to be indemnified by the Local Borrower; provided, however, that in no event shall the Authority or the Trustee have the right to accelerate the payments under this Loan Agreement.

(b) The Local Borrower hereby approves and consents to any assignment or transfer of this Loan Agreement that the Authority deems to be necessary in connection with any refunding of the Authority Bonds.

Section 11.7 Sale or Other Disposition of Project or System. The Local Borrower agrees that it will not sell, lease, abandon or otherwise dispose of all or substantially all or any substantial portion of the Project or the System unless (i) the transferee assumes the Local Borrower's obligations under this Loan Agreement in accordance with Section 11.6 [*Assignment and Transfer by Authority to Trustee*] of this Loan Agreement, (ii) the Authority shall by appropriate action determine, in its sole discretion, that such sale, lease, abandonment or other disposition will not adversely affect the Authority's ability to meet its duties, covenants, obligations and agreements under the Bond Documents, and will not adversely affect the eligibility of interest on Authority Bonds then outstanding or which could be issued in the future for exclusion from gross income for purposes of federal income taxation or cause such Authority Bonds to be AMT Obligations, and (iii) the Credit Enhancer, if any, of the Authority Bonds shall have given its prior written consent to such disposition.

Section 11.8 Deficiencies Under Bond Documents Caused by Failure to Make Loan Repayment. The Local Borrower acknowledges that payment of the Authority Bonds by the Authority, including payment from moneys drawn by the Trustee from the Bond Reserves does not constitute payment of the amounts due under this Loan Agreement. If at any time the amounts on deposit in the Bond Reserves shall be less than the amounts required by the Bond Documents as the result of any transfer of moneys from the Bond Reserves which in turn is the result of a failure by the Local Borrower to make any Loan Repayments required hereunder, the Local Borrower agrees to (i) replenish such moneys so transferred, and (ii) replenish any deficiency arising from losses incurred in making such transfer as the result of the liquidation by the Authority of investment securities acquired as an investment of moneys in the Bond Reserves, by making payments to the Authority in equal monthly installments for the lesser of six (6) months or the remaining term of the Loan at a combined interest and fee rate to be determined by the Authority necessary to make up any loss caused by such deficiency, provided that the combined interest and fee rate payable on the Loan including such make-up combined interest and fees shall not exceed the maximum rate permitted by the Authorizing Proceedings which authorized this Loan Agreement.

Section 11.9 Compliance with Master Trust Indenture. The Local Borrower covenants and agrees to take such action as it may lawfully take and as the Authority shall reasonably request so as to enable the Authority to observe and comply with, all duties, covenants, obligations and agreements contained in any Master Trust Indenture insofar as such duties, covenants, obligations and agreements relate to the obligations of the Local Borrower under this Loan Agreement.

Section 11.10 Provisions Relating to Default.

(a) Any notice or information which the Local Borrower is to give to the Authority pursuant to the provisions of Article 10 shall also be given by the Local Borrower to the Trustee and to any Credit Enhancer at the same time.

(b) Notwithstanding the provisions of Section 10.3 [*Remedies on Default*], paragraph (a) and Section 10.7 [*Retention of Authority's Rights*] of this Loan Agreement, so long as a Credit Enhancer is not in default of its obligations with respect to its payment guarantee of the Authority Bonds and such guarantee is in effect, the Credit Enhancer shall have the right to direct the exercise of remedies provided for herein and the Trustee and the Authority shall not pursue any remedy except with the prior written consent of the Credit Enhancer.

(c) In the event of a default hereunder by the Local Borrower, the Local Borrower shall also pay the expenses of the Trustee and of any Credit Enhancer in the same manner as provided in Section 10.4 [*Attorney's Fees and Other Expenses*] with respect to the expenses of the Authority.

Water Supply Development Revolving Fund

Section 11.11 Tax Compliance Certificate. If the Authority Bonds are issued and sold on the basis that they are Tax-Exempt Obligations, an Authorized Officer of the Local Borrower shall deliver an appropriate certificate concerning the reasonable expectations of the Local Borrower as to the use of the proceeds of the Loan and such other matters as may be required on the part of the Local Borrower in order to ensure that the Authority Bonds are, and will remain, Tax-Exempt Obligations that are not AMT Obligations, and the Local Borrower covenants to comply with the provisions of such certificate.

Section 11.12 State of Arizona Contract Provisions.

(a) **Books and Records.** As required by the provisions of A.R.S. § 35-214, the Local Borrower agrees that all books, accounts, reports, files and other records relating to this Loan Agreement shall be retained and shall be subject at all reasonable times to inspection and audits by the Authority for five years after completion of this Loan Agreement, and that upon request by the Authority such records shall be produced at any of the Authority offices designated herein as the place at which notices to the Authority are to be given.

(b) **Prohibition Against Discrimination.** In the event that it applies, the parties agree to comply with the Arizona Governor's Executive Order 2009-9, entitled "Prohibition of Discrimination in State Contracts Non-Discrimination in Employment by Government Contractors and Subcontractors," which mandates that all persons, regardless of race, color, religion, sex, age, or national origin shall have equal access to employment opportunities, and all other applicable state and Federal employment laws, rules, and regulations, including the Americans with Disabilities Act. The Local Borrower shall take affirmative action to ensure that applicants for employment and employees are not discriminated against due to race, creed, color, religion, sex, national origin or disability.

(c) **Governing Law and Forum.** This Loan Agreement shall be governed by and construed in accordance with the laws and judicial decisions of the State of Arizona, except as such laws may be preempted by any federal rules or regulations. The parties hereto expressly acknowledge and agree and all Local Borrowers by their acceptance thereof shall be deemed to have acknowledged and agreed that any judicial action to interpret or enforce the terms of this Loan Agreement against the Authority shall be brought and maintained in the Superior Court of the State of Arizona in and for Maricopa County or in the United States District Court in and for the District of Arizona.

(d) **Arbitration.** In the event of a dispute, the parties agree to use arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518, and the prevailing party shall be entitled to attorney's fees and costs with respect thereto.

(e) **Notice of A.R.S. § 38-511 – Cancellation.** Notice is hereby given of the provisions of A.R.S. § 38-511, as amended. By this reference, the provisions of said statute are incorporated herein to the extent of their applicability to this Loan Agreement under the law of the State of Arizona.

(f) **Additional Warranties and Certifications from the Local Borrower.** In compliance with A.R.S. § 23-214(B) of the Arizona Revised Statutes, the Local Borrower warrants to the Authority that either (i) it is not an "employer" (within the meaning of A.R.S. § 23-214(B)) or (ii) it is registered with and is participating in the employment verification pilot program as jointly administered by the United States department of homeland security and the social security administration or any of its successor programs (the "E-Verify Program") and that the proof submitted to the Authority of that registration and participation is true and correct. The Local Borrower agrees that, until the Loan is fully paid, at all times during which it is an "employer" (within the meaning of A.R.S. § 23-214(B)) it will be registered with and will participate in the E-Verify Program. The breach by the Local Borrower of the foregoing shall be deemed a material breach by the Local Borrower of this Loan Agreement and may result in penalties up to and including the

Water Supply Development Revolving Fund

termination of this Loan Agreement. If the Authority determines that the Local Borrower is not so registered and participating when required, the Authority will notify the Local Borrower by certified mail of the determination of noncompliance and the Local Borrower's right to appeal the determination. On a final determination of noncompliance, the Local Borrower shall repay all monies received as an economic development incentive (within the meaning of A.R.S. § 23-214(B)) to the Authority within thirty (30) days of the final determination.

(g) **Boycott of Israel.** Pursuant to Section 35-393 et seq., Arizona Revised Statutes, the Local Borrower hereby certifies it is not currently engaged in, and for the duration of this Loan Agreement shall not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in Section 35-393, Arizona Revised Statutes. If the Authority determines that the Local Borrower's certification above is false or that it has breached such agreement, the Authority may impose remedies as provided by law.

(h) **Forced Labor.** Pursuant to Section 35-394, Arizona Revised Statutes, as amended, the Local Borrower hereby certifies it does not currently, and for the duration of this Loan Agreement shall not use: (i) the forced labor of ethnic Uyghurs in the People's Republic of China, (ii) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China, and (iii) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. The foregoing certification is made to the best knowledge of the Local Borrower without any current independent investigation or without any future independent investigation for the duration of this Loan Agreement. If Local Borrower becomes aware during the duration of this Loan Agreement that it is not in compliance with such certification, the Local Borrower shall take such actions as provided by law, including providing the required notice to the Authority. If the Authority determines that the Local Borrower is not in compliance with the foregoing certification and has not taken remedial action, the Authority shall terminate this Loan Agreement pursuant to the terms of this Loan Agreement.

Article 12 Reporting Requirements

Section 12.1 Annual Loan Review. The Authority's Annual Loan Review Form and annual financial statements in a format approved by the Authority, including the report of any annual audit(s) and all audit reports required by governmental auditing standards and any applicable Arizona rules, shall be provided by the Local Borrower to the Authority within one hundred eighty (180) days after the end of each fiscal year of the Local Borrower.

Section 12.2 Records and Accounts. The Local Borrower shall keep accurate records and accounts for the System, including records and accounts for the Project (the "*System Records*"), separate and distinct from its other records and accounts (the "*General Records*"). The Local Borrower must maintain the System Records in accordance with generally accepted accounting principles (GAAP), including standards relating to the reporting of infrastructure assets, as issued by the Governmental Accounting Standards Board (GASB) or by the Financial Accounting Standards Board (FASB), as applicable to the Local Borrower. If required by law, the Local Borrower must have the System Records audited annually by an independent accountant, which audit may be part of the annual audit of the General Records of the Local Borrower. The Local Borrower must make all System Records and General Records available for inspection by the Authority at any reasonable time.

Section 12.3 Notice of Change in Key Personnel. Promptly after becoming aware thereof, the Local Borrower shall provide notice in writing to the Authority of any change to the information in Section 2.1

Water Supply Development Revolving Fund

[*Name and Address of Local Borrower*] and Section 2.2 [*Authorized Officer(s) of Local Borrower*] of this Loan Agreement and any other change in key personnel connected to the Project and Loan.

Section 12.4 Notice of Material Adverse Change. The Local Borrower shall promptly notify the Authority of any material adverse change in the activities, prospects or condition (financial or otherwise), of the Local Borrower relating to the System, or in the ability of the Local Borrower to make all Loan Repayments from the Source of Repayment described in this Loan Agreement and otherwise to observe and perform its duties, covenants, obligations and agreements hereunder.

Section 12.5 Notice of Construction Commencement. The Local Borrower shall promptly notify the Authority immediately upon commencement of construction activities.

Section 12.6 Notice of Non-Environmental Litigation. Promptly after the commencement or overt threat thereof, Local Borrower shall provide the Authority with written notice of the commencement of all actions, suits, or proceedings before any court, arbitrator, or governmental department, commission, board, bureau, agency, or instrumentality affecting Local Borrower which, if adversely determined, could have a material adverse effect on the condition (financial or otherwise), operations, properties, or business of Local Borrower, or on the ability of Local Borrower to perform its obligations under the Loan Agreement.

Section 12.7 Notice of Environmental Litigation. Without limiting the provisions of Section 12.7 [*Notice of Non-Environmental Litigation*] of this Loan Agreement, promptly after receipt thereof, Local Borrower shall provide the Authority with written notice of the receipt of all pleadings, orders, complaints, indictments, or other communication alleging a condition that may require Local Borrower to undertake or to contribute to a cleanup or other response under laws relating to environmental protection, or which seek penalties, damages, injunctive relief, or criminal sanctions related to alleged violations of such laws, or which claim personal injury to any person or property damage as a result of environmental factors or conditions or which, if adversely determined, could have a material adverse effect on the condition (financial or otherwise), operations, properties, or business of Local Borrower, or on the ability of Local Borrower to perform its obligations under the Loan Agreement.

Section 12.8 Regulatory and Other Notices. Promptly after receipt or submission thereof, Local Borrower shall provide the Authority with copies of any notices or other communications received from or directed to any governmental authority with respect to any matter or proceeding which could have a material adverse effect on the condition (financial or otherwise), operations, properties, or business of Local Borrower, or the ability of Local Borrower to perform its obligations under the Loan Agreement, or which reveals a substantial noncompliance with any applicable law, regulation or rule.

Section 12.9 Other Information. The Local Borrower shall submit to the Authority other information regarding the condition (financial or otherwise), or operation of the Local Borrower as the Authority may, from time to time, reasonably request.

Article 13 Source of Repayment: System Revenues

Section 13.1 Certain Definitions. As used in this Loan Agreement, the following terms shall have the meanings set forth below unless the context clearly requires otherwise:

“Additional Parity Obligations” shall mean any additional obligations having a lien payable from Net Revenues of the system on a parity with the Loan Agreement which may hereafter be issued by the Local Borrower (or any financing conduit acting on behalf of the Local Borrower) in compliance with the terms in Section 3.

“Administrative Expenses” shall mean the reasonable cost or value of all services rendered by the Local Borrower and its various departments with respect to the System.

“Net Revenues” shall mean that portion of the Revenues remaining after deducting sufficient funds for the Operation and Maintenance Expenses of the System.

“Operation and Maintenance Expenses” shall mean all costs reasonably incurred in connection with the operation, use and maintenance of the System, including (i) repairs necessary to keep the System in efficient and economical operating condition, (ii) the payments of premiums for insurance hereinafter required to be carried on the System, (iii) payments of reasonable Administrative Expenses and (iv) generally all expenses of the System except depreciation, interest expense related to the Loan Agreement, any Outstanding Parity Obligations, any Additional Parity Obligations, and interest expenses on any obligations subordinate to such obligations.

“Outstanding Parity Obligations” shall mean obligations issued and outstanding having a lien payable from Net Revenues of the system on a parity with the Loan Agreement.

“Revenues” shall mean and include all income, moneys and receipts to be received by the Local Borrower, directly or indirectly, from the ownership, use or operation of the System including any waste material or by-products of the System, and also including investment income.

Section 13.2 Source of Repayment and Rate Covenant Provisions. It is understood and agreed that all payments with respect to the Loan shall be made only from the Source of Repayment, which is hereby pledged to the payment of all amounts due under the Loan. The “Source of Repayment” is the Net Revenues of the System as hereinafter provided. The Net Revenues are hereby pledged by the Local Borrower to the payment of all amounts due under the Loan and the repayment of such amounts shall be secured by a lien on and pledge of the Net Revenues on parity with the pledge and lien granted by the Local Borrower for the payment and security of Outstanding Parity Obligations and Additional Parity Obligations. The amounts due under this Loan Agreement and any Outstanding Parity Obligations and Additional Parity Obligations (exclusive of the Local Borrower’s repayment obligations with respect to those reserve fund credit instruments in connection with this Loan and any Additional Parity Obligations which shall be secured on a subordinate basis), shall be equally and ratably secured by said pledge and lien without one having priority over the other. The Local Borrower intends that this pledge shall be a prior and paramount lien on and a first pledge of the Net Revenues, as will be sufficient to make all payments on the Loan, and the Local Borrower covenants to make the payments under the Loan from the Net Revenues, except to the extent that it chooses to make such payments from other legally available funds at its sole option. In no event shall the Local Borrower be required to make the payments on the Loan from any revenues, receipts or sources not derived from the Net Revenues of the System.

Section 13.3 Additional Parity Obligations. The Local Borrower covenants and agrees that no other obligations of any kind will be issued that are payable from or enjoy a pledge of the Net Revenues having priority over the Loan.

It is understood and agreed that Additional Parity Obligations having a lien upon and payable from the Net Revenues may be issued on parity with the Loan, but only as provided herein and only to provide funds to make improvements and expansions to the existing System, to purchase capacity rights in sewage treatment plant facilities owned by other political subdivisions of the State, to purchase capacity rights in water treatment plant facilities owned by other political subdivisions of the State, to acquire land, rights in land or water rights for the System, to provide reasonable reserves for Outstanding Parity Obligations and

Water Supply Development Revolving Fund

Additional Parity Obligations, to refund Outstanding Parity Obligations and Additional Parity Obligations or the Loan or to refund other bonds of the Local Borrower, if any, whether revenue bonds, general obligation bonds or other bonds or obligations, issued to provide funds to construct or acquire additions, extensions, improvements, expansions or replacements to the System, subject to the following conditions:

- (a) The Local Borrower will not, at the time of the issuance of such Additional Parity Obligations, be in default under any Outstanding Parity Obligations, Additional Parity Obligations, the Loan or under any resolution related thereto or providing for the issuance of Additional Parity Obligations or any related credit or reserve fund credit instrument;
- (b) The issuance of Additional Parity Obligations will be duly authorized at an election, if required by law, except as to any bonds or obligations to be issued exclusively for the purpose of refunding any Outstanding Parity Obligations and Additional Parity Obligations or the Loan;
- (c) The issuance of Additional Parity Obligations will be provided for by a resolution duly adopted by the Local Borrower's governing body and such Additional Parity Obligations will mature and interest will be paid on the same days of the year as Outstanding Parity Obligations and Additional Parity Obligations;
- (d) The Reserve Requirement (as defined in Article 14 of this Loan Agreement), as computed for the amount of Additional Parity Obligations to be issued, shall be available in the Reserve Fund (as defined in Article 14 of this Loan Agreement) in one of the following ways: (i) Additional Parity Obligation proceeds shall be immediately deposited to the Reserve Fund, or a separate account as may be required, in an amount equal to the increased Reserve Requirement, if any, for the Additional Parity Obligations, or a Reserve Fund surety acceptable to the Authority shall be purchased in such amount; (ii) Additional Parity Obligations, or any other revenues of the Local Borrower lawfully available to be used for such deposit, may be deposited to the Reserve Fund in equal monthly deposits such that the Reserve Requirement for such Additional Parity Obligations shall be satisfied not more than four years from the date of delivery of such Additional Parity Obligations; or (iii) any combination of (i) and (ii). The Reserve Fund may be divided into separate and discrete subaccounts each pledged to different Additional Parity Obligations provided that each Additional Parity Obligation Reserve Requirement is satisfied in one of the foregoing manners; and
- (e) the aggregate amount of the Net Revenues of the System for the last full fiscal year immediately preceding the issuance of such Additional Parity Obligation, as shown in a certificate or report of an independent public accountant or firm of such accountants presented to the Authority, has been at least equal to the sum of the following: (i) not less than one hundred twenty percent (120%) of the highest year's debt service or comparable payments on all of the Outstanding Parity Obligations, the Loan, and the Additional Parity Obligations then to be issued, and (ii) not less than one hundred percent (100%) of the aggregate of amounts payable in such fiscal year and secured on a subordinate basis by such Net Revenues and (iii) not less than one hundred percent (100%) of any additional amounts required to maintain or fund necessary fund balances under the resolutions or agreements of the Local Borrower relating to the obligations described in (i). For the purposes of this subparagraph (e), additional amounts may be added to the Net Revenues as shown on the accountant's certificate or report in the following circumstances:

Water Supply Development Revolving Fund

- (1) If the Revenues have been increased as a result of construction of additions or acquisitions to the System made prior to the issuance of such Additional Parity Obligations but during either the fiscal year in which the Additional Parity Obligations are to be issued or in the preceding fiscal year, such increased Revenues may be treated as if such additions to the System were completed on the first day of the fiscal year used for purposes of computation. The Revenues derived from such additions and acquisitions to the System may be converted for purposes of computation to estimated Net Revenues which would have been derived therefrom if said additions and acquisitions had actually been completed on the first day of the year used for computation purposes, such estimates to be made by a professional firm experienced in estimating future revenues and expenses of water and sewer systems and having a recognized reputation for that work.
- (2) If all or part of the proceeds of the Additional Parity Obligations are to be expended for the acquisition of existing water properties or facilities, there may be added to the Net Revenues of such preceding fiscal year the Net Revenues which would have been derived from the operation of such properties or facilities if such properties or facilities had been acquired and operated by the Local Borrower under the Local Borrower's applicable rate schedule during the entire preceding fiscal year, such Net Revenues to be estimated by a professional firm experienced in estimating future revenues and expenses of water and sewer systems and having a recognized reputation for that work.
- (3) If prior to the issuance of the Additional Parity Obligations and subsequent to the first day of such preceding fiscal year, the Local Borrower shall have increased its rates or charges imposed for water services, there may be added to the Net Revenues of such fiscal year the additional Net Revenues which would have been received from the operation of the System during such fiscal year had such increase been in effect throughout such fiscal year, such additional Net Revenues to be estimated by a professional firm experienced in estimating future revenues and expenses of water and sewer systems and having a recognized reputation for that work.

For purposes of calculations under this subparagraph (e), if Additional Parity Obligations are to be issued exclusively for the purpose of refunding or retiring a portion of Outstanding Parity Obligations or this Loan, for the purpose of the calculation required under this subparagraph (e), the percentage requirement on such obligations will be taken into consideration only in any future fiscal year in which any fractional part of such obligations will remain outstanding after the issuance of such Additional Parity Obligations; provided that nothing herein contained shall be construed to limit or restrict the issuance of any Additional Parity Obligations if, before or as a result of the issuance and delivery of such Additional Parity Obligations, any other obligations theretofore issued will no longer be outstanding, or full payment for any such obligations will be provided for by funds from the bond or obligation proceeds.

Article 14 Debt Service Reserve Requirement; Held by Local Borrower – No Separate Account

<<RESERVED>>

Article 15 Replacement Reserve Requirements; Held By Local Borrower – No Separate Account

Article 16. Miscellaneous & Signatures

Section 16.1 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority and the Local Borrower and their respective successors and assigns.

Section 16.2 Severability. In the event any provision of this Loan Agreement shall be held illegal, invalid or unenforceable by any Court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

Section 16.3 Amendments, Supplements and Modifications. This Loan Agreement may not be amended, supplemented or modified without the prior written consent of the Authority and the Local Borrower.

Section 16.4 Execution in Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 16.5 Captions. The captions or headings in this Loan Agreement are for convenience only and shall not in any way define, limit or describe the scope or intent of any provisions or sections of this Loan Agreement.

Section 16.6 Further Assurances. The Local Borrower shall, at the request of the Authority, authorize, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights and agreements granted or intended to be granted by this Loan Agreement.

Section 16.7 Signatures. IN WITNESS WHEREOF, the Authority and the Local Borrower have caused this Loan Agreement to be executed and delivered as of the date of execution hereof.

Water Infrastructure Finance Authority of Arizona

By: _____
Chelsea McGuire, Director

<<BORROWER>>

By: _____
Marie Moore, Mayor

Attest:

By: _____
NAME, TITLE



Loan Exhibit A
Town of Camp Verde's Borrowing Resolution

To be provided by Borrower

DRAFT

Loan Exhibit B**Opinion of Local Borrower Counsel**

Enter Date of Opinion

Water Infrastructure Finance Authority of Arizona
Phoenix, Arizona

Ladies and Gentlemen:

I am an attorney admitted to practice in the State of Arizona and I have acted as counsel to the Town of Camp Verde (the “*Local Borrower*”), which has entered into a Loan Agreement (as hereinafter defined) with the Water Infrastructure Finance Authority of Arizona (the “*Authority*”), and have acted as such in connection with the authorization, execution and delivery by the Local Borrower of the Loan Agreement (as hereinafter defined). Terms used and not otherwise defined herein have the meanings given to them in the Loan Agreement.

In so acting, I have examined the Constitution and laws of the State of Arizona. I have also examined originals, or copies certified or otherwise identified to my satisfaction, of the following:

- (a) the Loan Agreement, dated as of [TBD] (the “*Loan Agreement*”) by and between the Authority and the Local Borrower; and
- (b) proceedings of the governing board of the Local Borrower relating to the approval of the Loan Agreement and the Local Borrower Bond and the execution, issuance and delivery thereof on behalf of the Local Borrower, and the authorization of the undertaking and completion of the Project, including the proceedings relating to the election held on Enter Election Date on the question of authorizing the Local Borrower to enter into loan agreements with the Authority and/or issue the Local Borrower Bond, of which there is authorized but unissued capacity at least equal to the principal amount of the Loan.

I have also examined and relied upon originals, or copies certified or otherwise authenticated to my satisfaction, of such other records, documents, certificates and other instruments, and made such investigation of law as in my judgment I have deemed necessary or appropriate to enable me to render the opinions expressed below.

Based upon the foregoing, I am of the opinion that:

1. The Local Borrower is an Eligible Entity under the Authority Act with the legal right to carry on the business of the System as currently being conducted and as proposed to be conducted.
2. The Local Borrower has full legal right and authority to pledge the Source of Repayment for the Loan Repayments and to execute and deliver the Loan Agreement, and to observe and perform its duties, covenants, obligations and agreements thereunder and to undertake and complete the Project; subject, however, to the effect of restrictions and limitations imposed by or resulting from, bankruptcy, insolvency, moratorium, reorganization, debt adjustment or other similar laws affecting creditors rights generally (“*Creditor’s Rights Limitations*”) heretofore or hereafter enacted.

LB-1

Water Supply Development Revolving Fund

3. The Local Borrower has duly and validly pledged the Source of Repayment for the punctual payment of the principal of and interest on the Loan and all other amounts due under the Loan Agreement and the Local Borrower Bond according to their respective terms.
4. All additional debt tests and reserve and other requirements applicable to the Local Borrower with respect to the pledge of the Source of Repayment have been satisfied.
5. The authorizing proceedings of the Local Borrower's governing body approving the Loan Agreement and authorizing its execution, issuance and delivery on behalf of the Local Borrower, and authorizing the Local Borrower to undertake and complete the Project (hereinafter collectively called the "*Authorizing Resolutions*") have been duly and lawfully adopted and authorized in accordance with applicable Arizona law, at a meeting or meetings which were duly called pursuant to necessary public notice and held in accordance with applicable Arizona law, and at which quorums were present and acting throughout.
6. The Loan Agreement has been duly authorized, executed and delivered by the authorized officers of the Local Borrower; and, assuming that the Authority has all the requisite power and authority to authorize, execute and deliver, and has duly authorized, executed and delivered the Loan Agreement, the Loan Agreement constitutes the legal, valid and binding obligation of the Local Borrower enforceable in accordance with its terms; subject, however, to the effect of and to restrictions and limitations imposed by or resulting from Creditor's Rights Limitations or other laws, judicial decisions and principles of equity relating to the enforcement of contractual obligations generally.
7. To the best of my knowledge, after such investigation as I have deemed appropriate, the authorization, execution and delivery of the Loan Agreement by the Local Borrower, the observance and performance by the Local Borrower of its duties, covenants, obligations and agreements thereunder and the consummation of the transactions contemplated therein and the undertaking and completion of the Project do not and will not contravene any existing law or any existing order, injunction, judgment, decree, rule or regulation of any court or governmental or administrative agency, authority or person having jurisdiction over the Local Borrower or its property or assets or result in a breach or violation of any of the terms and provisions of, or constitute a default under, any existing bond resolution, trust agreement, indenture, mortgage, deed of trust or other agreement to which the Local Borrower is a party or by which it, the System or its property or assets is bound.
8. To the best of my knowledge, after such investigation as I have deemed appropriate, all approvals, consents or authorizations of, or registrations of or filings with, any governmental or public agency, authority or person required to date on the part of the Local Borrower in connection with the authorization, execution, delivery and performance of the Loan Agreement, and the undertaking and completion of the Project have been obtained or made.
9. To the best of my knowledge, after such investigation as I have deemed appropriate, there is no litigation or other proceeding pending or threatened in any Court or other tribunal of competent jurisdiction (either state or federal) questioning the creation, organization or existence of the Local Borrower or the validity, legality or enforceability of the Loan Agreement, or the undertaking or completion of the Project.

This opinion is rendered on the basis of federal law and the laws of the State of Arizona as enacted and construed on the date hereof. I express no opinion as to any matter not set forth in the numbered paragraphs herein.

Very truly yours,

LB-2

Loan Exhibit C**Tax Compliance Certificate of Local Borrower**

Water Infrastructure Finance Authority of Arizona

\$ 1,600,000 Loan to Town of Camp Verde

The Water Infrastructure Finance Authority of Arizona (the “Authority”) and <<Borrower>> (the “Local Borrower”) are entering into a Loan Agreement (the “Loan Agreement”) in the maximum principal amount stated above pursuant to which the Authority will make a loan (the “Loan”) to the Local Borrower. In connection with its water supply development revolving fund program, the Authority issues its bonds (“Authority Bonds”) from time to time to finance loans and the Authority also pledges certain loans to secure and to serve as the source of payment for the Authority Bonds. As a result, and under the provisions of federal tax law applicable to the Authority Bonds, it is in the Authority’s interest for the Loan to qualify and be a Tax-Exempt Obligation that is not an AMT Obligation. Therefore, in order to establish certain facts necessary for the Loan to qualify and be treated as a Tax-Exempt Obligation that is not an AMT Obligation, and as required by the provisions of the Loan Agreement, the Local Borrower by its officer signing this Certificate, certifies, represents, and covenants as follows with respect to the Loan. All statements in this Certificate are of facts or, as to events to occur in the future, reasonable expectations.

I. DEFINITIONS

1.10 **Definitions.** The following terms, as used in the Tax Compliance Certificate to which it is attached and in the other Attachments to the Tax Compliance Certificate, have the following meanings unless therein otherwise defined or unless a different meaning is indicated by the context in which the term is used. Capitalized terms used within these definitions that are not defined herein have the meanings ascribed to them in the Tax Compliance Certificate. The word “Issue,” in lower case, refers either to the Issue or to another issue of obligations or portion thereof treated as a separate issue for the applicable purposes of Section 148, as the context requires. The word “obligation” or “obligations,” in lower case, includes any obligation, whether in the form of bonds, notes, certificates, or any other obligation that is a “bond” within the meaning of Section 150(a)(1). All capitalized terms used in this Certificate include either the singular or the plural. All terms used in the Tax Compliance Certificate, including terms specifically defined, shall be interpreted in a manner consistent with Sections 103 and 141-150 and the applicable Regulations thereunder except as otherwise specified. All references to Section, unless otherwise noted, refer to the Code.

“Advance Refunding Issue” means any Refunding Issue that is not a Current Refunding Issue.

“Advance Refunding Portion” means that portion of a Multipurpose Issue that constitutes a separate governmental purpose and that would be treated as an Advance Refunding Issue if it had been issued as a separate issue.

“AMT Obligation” means a Tax-Exempt Obligation the interest on which is an item of tax preference for purposes of the alternative minimum tax imposed on individuals under the Code.

Water Supply Development Revolving Fund

“Available Construction Proceeds” means an amount equal to (a) the sum of (i) the Issue Price of an issue, (ii) Investment Proceeds on that Issue Price, (iii) earnings on any reasonably required reserve or replacement fund allocable to the issue not funded from the Issue Price, and (iv) Investment Proceeds and earnings on (ii) and (iii), (b) reduced by the portions, if any, of the Issue Price of the issue (i) attributable to Pre-Issuance Accrued Interest and earnings thereon, (ii) allocable to the underwriter’s discount, (iii) used to pay other Issuance Costs of the issue, and (iv) deposited in a reasonably required reserve or replacement fund allocable to the issue. “Available Construction Proceeds” does not include Investment Proceeds or earnings on a reasonably required reserve or replacement fund allocable to the issue for any period after the earlier of (a) the close of the 2-year period that begins on the Issuance Date or (b) the date the construction of the project financed by the issue is substantially completed, provided, however, that such Investment Proceeds or earnings shall be excluded from “Available Construction Proceeds” if the Issuer has timely elected such exclusion. If an issue is a Multipurpose Issue that includes a New Money Portion that is a Construction Issue, this definition shall be applied by substituting “New Money Portion” for “issue” each place the latter term appears. If an issue or the New Money Portion of a Multipurpose Issue, as applicable, is not a Construction Issue, and the Issuer makes the bifurcation election under Regulations §1.148-7(j)(1) and Section 148(f)(4)(C)(v) to treat the issue or the New Money Portion as two separate issues consisting of the Construction Portion and the Non-construction Portion, this definition shall be applied by substituting “Construction Portion” for “issue” each place the latter term appears.

“Bona Fide Debt Service Fund” means a fund, including a portion of or an account in that fund (or in the case of a fund established for two or more issues, the portion of that fund properly allocable to an issue), or a combination of such funds, accounts or portions that is used primarily to achieve a proper matching of revenues with Debt Service on an issue within each Bond Year and that is depleted at least once each year except for a reasonable carryover amount not to exceed the greater of the earnings thereon for the immediately preceding Bond Year or one-twelfth of the annual Debt Service on the issue for the immediately preceding Bond Year.

“Bond Year” means the annual period relevant to the application of Section 148(f) to an issue, except that the first and last Bond Years may be less than 12 months long. The last day of a Bond Year shall be the close of business on the day preceding the anniversary of the Issuance Date of an issue unless the Issuer selects another date on which to end a Bond Year in the manner permitted by the Code.

“Capital Expenditures” means costs of a type that are properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of Placed in Service) under general federal income tax principles.

“Code” means the Internal Revenue Code of 1986, the Regulations (whether temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable. Unless otherwise indicated, reference to a Section includes any applicable successor section or provision and such applicable Regulations, rulings, announcements, notices, procedures and determinations pertinent to that Section.

“Commingled Fund” means any fund or account of the Issuer that contains both Gross Proceeds of an issue and amounts in excess of \$25,000 that are not Gross Proceeds of the issue if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of funds deposited in the fund or account.

“Commingled Investment Proceeds” means Investment Proceeds of an issue (other than Investment Proceeds held in a Refunding Escrow) that are deposited in a Commingled Fund with substantial

Water Supply Development Revolving Fund

tax or other revenues from governmental operations of the Issuer and that are reasonably expected to be spent for governmental purposes within 6 months from the date of deposit in the Commingled Fund, using any reasonable accounting assumptions.

“Conduit Borrower” means the obligor on a purpose investment.

“Conduit Financing Issue” means an issue the Proceeds of which are reasonably expected to be used to finance one or more Conduit Loans.

“Conduit Loan” means a purpose investment acquired by the Issuer with Proceeds of a Conduit Financing Issue, thereby effecting a loan to the Conduit Borrower.

“Construction Expenditures” means Capital Expenditures allocable to the cost of real property (including the construction or making of improvements to real property, but excluding acquisitions of interests in land or other existing real property) or constructed personal property within the meaning of Regulations §1.148-7(g).

“Construction Issue” means an issue at least 75% of the Available Construction Proceeds of which are to be used for Construction Expenditures with respect to property that is, or upon completion will be, owned by a Governmental Unit or a 501(c)(3) Organization. If an issue is a Multipurpose Issue that includes a New Money Portion, this definition shall be applied by substituting “New Money Portion” for “Construction Issue” each place the latter term appears. If an election under Section 148(f)(4)(C)(v) and Regulations §1.148-7(j) is made to bifurcate an issue or the New Money Portion of a Multipurpose Issue, this definition shall be applied by substituting “Construction Portion” for “Construction Issue” each place the latter term appears.

“Construction Portion” means that portion of an issue or the New Money Portion of a Multipurpose Issue at least 75% of the Available Construction Proceeds of which are to be used for Construction Expenditures with respect to property that is, or upon completion will be, owned by a Governmental Unit or a 501(c)(3) Organization and that finances 100% of the Construction Expenditures.

“Controlled Group” means a group of entities controlled directly or indirectly by the same entity or group of entities within the meaning of Regulations §1.150-1(e).

“Current Refunding Issue” means a Refunding Issue that is issued not more than 90 days before the last expenditure of any Proceeds of the Refunding Issue for the payment of Debt Service on the Refunded Bonds.

“Current Refunding Portion” means that portion of a Multipurpose Issue that constitutes a separate governmental purpose and that would be treated as a Current Refunding Issue if it had been issued as a separate issue.

“Debt Service” means principal of and interest and any redemption premium on an issue.

“Excess Gross Proceeds” means all Gross Proceeds of an Advance Refunding Issue that exceed an amount equal to 1% of the Sale Proceeds of such Advance Refunding Issue, other than Gross Proceeds allocable to: (a) payment of Debt Service on the Refunded Bonds; (b) payment of Pre-Issuance Accrued Interest on the Advance Refunding Issue and interest on the Advance Refunding Issue that accrues for a period up to the completion date of any capital project financed by the Prior Issue, plus one year; (c) a reasonably required reserve or replacement fund for the Advance Refunding Issue or Investment Proceeds of such fund; (d) payment of Issuance Costs of the Advance Refunding Issue; (e) payment of administrative costs

Water Supply Development Revolving Fund

allocable to repaying the Refunded Bonds, carrying and repaying the Advance Refunding Issue, or investments of the Advance Refunding Issue; (f) Transferred Proceeds allocable to expenditures for the governmental purpose of the Prior Issue (treating for this purpose all unspent Proceeds of the Prior Issue properly allocable to the Refunded Bonds as of the Issuance Date of the Advance Refunding Issue as Transferred Proceeds); (g) interest on purpose investments; (h) Replacement Proceeds in a sinking fund for the Advance Refunding Issue; and (i) fees for a Qualified Guarantee for the Advance Refunding Issue or the Prior Issue. If an Issue is a Multipurpose Issue that includes an Advance Refunding Portion, this definition shall be applied by substituting “Advance Refunding Portion” for “Advance Refunding Issue” each place the latter term appears.

“Federally Guaranteed” means that (a) the payment of Debt Service on an issue, or the payment of principal or interest with respect to any loans made from the Proceeds of the issue, is directly or indirectly guaranteed in whole or in part by the United States or by an agency or instrumentality of the United States, within the meaning of Section 149(b) of the Code, or (b) more than 5% of the Proceeds of an issue will be invested directly or indirectly in federally insured deposits or accounts. The preceding sentence does not apply to (a) Proceeds invested during an initial Temporary Period until such Proceeds are needed to pay costs of the project, (b) investments of a Bona Fide Debt Service Fund, (c) direct purchases from the United States of obligations issued by the United States Treasury, or (d) other investments permitted by Section 149(b) or Regulations §1.149(b)-1(b).

“501(c)(3) Organization” means an organization described in Section 501(c)(3) and exempt from taxation under Section 501(a).

“Fixed Yield Issue” means an issue of obligations the Yield on which is fixed and determinable on the Issuance Date.

“Governmental Unit” means a state, territory or possession of the United States, the District of Columbia, or any political subdivision thereof referred to as a “State or local governmental unit” in Regulations §1.103-1(a). “Governmental Unit” does not include the United States or any agency or instrumentality of the United States.

“Gross Proceeds” means Proceeds and Replacement Proceeds of an issue.

“Hedge” means a contract entered into by the Issuer or the Conduit Borrower primarily to modify the Issuer’s or the Conduit Borrower’s risk of interest rate changes with respect to an obligation (e.g., an interest rate swap, an interest rate cap, a futures contract, a forward contract or an option).

“Higher Yielding Investments” means any Investment Property that produces a Yield that (a) in the case of Investment Property allocable to Replacement Proceeds of an issue and Investment Property in a Refunding Escrow, is more than one thousandth of one percentage point (.00001) higher than the Yield on the applicable issue, and (b) for all other purposes is more than one-eighth of one percentage point (.00125) higher than the Yield on the issue.

“Investment Proceeds” means any amounts actually or constructively received from investing Proceeds of an issue in Investment Property.

“Investment Property” means investment property within the meaning of Sections 148(b)(2) and 148(b)(3), including any security (within the meaning of Section 165(g)(2)(A) or (B)), any obligation, any annuity contract and any other investment-type property (including certain residential rental property for family units as described in Section 148(b)(2)(E) in the case of any bond other than a Private Activity Bond).

Water Supply Development Revolving Fund

Investment Property includes a Tax-Exempt Obligation that is a “specified private activity bond” as defined in Section 57(a)(5)(C), but does not include other Tax-Exempt Obligations.

“Issuance Costs” means costs to the extent incurred in connection with, and allocable to, the issuance of an issue, and includes underwriter’s compensation withheld from the Issue Price, counsel fees, financial advisory fees, rating agency fees, trustee fees, paying agent fees, bond registrar, certification and authentication fees, accounting fees, printing costs for bonds and offering documents, public approval process costs, engineering and feasibility study costs, guarantee fees other than for a Qualified Guarantee and similar costs, but does not include fees charged by the Issuer.

“Issuance Date” means the date of physical delivery of an issue by the Issuer in exchange for the purchase price of the issue.

“Issue Price” means in the circumstances applicable to an issue:

(1) Public Offering. In the case of obligations actually offered to the general public in a bona fide public offering at the initial offering price for each maturity set forth in the certificate of the underwriter or placement agent attached to the Tax Compliance Certificate of the Issuer, the aggregate of the initial offering price for each maturity (including any Pre-Issuance Accrued Interest and original issue premium, but excluding any original issue discount), which price is not more than the fair market value thereof as of the Sale Date, and at which initial offering price not less than 10% of the principal amount of each maturity, as of the Sale Date, was sold or reasonably expected to be sold (other than to bond houses, brokers or other intermediaries). In the case of publicly offered obligations that are not described in the preceding sentence, Issue Price means the aggregate of the initial offering price to the public of each maturity set forth in the certificate of the underwriter or placement agent attached to the Tax Compliance Certificate of the Issuer, which price is not more than the fair market value thereof as of the Sale Date, and at which initial offering price not less than 10% of the principal amount of each maturity was sold to the public.

(2) Private Placement. In the case of obligations sold by private placement, the aggregate of the prices (including any Pre-Issuance Accrued Interest and original issue premium, but excluding any original issue discount) paid to the Issuer by the first purchaser(s) (other than bond houses, brokers or other intermediaries).

“Minor Portion” means an amount equal to the lesser of \$100,000 or 5% of the Sale Proceeds of an issue.

“Multipurpose Issue” means an issue the bonds of which are allocable to two or more separate governmental purposes within the meaning of Regulations §1.148-9(h).

“Net Proceeds” means the Sale Proceeds of an issue less the portion thereof, if any, deposited in a reasonably required reserve or replacement fund for the issue.

“Net Sale Proceeds” means the Sale Proceeds of an issue less the portion thereof, if any, deposited in a reasonably required reserve or replacement fund for the issue and the portion invested as a part of a Minor Portion for the issue.

“New Money Issue” means an issue that is not a Refunding Issue.

Water Supply Development Revolving Fund

“New Money Portion” means that portion of a Multipurpose Issue other than the Refunding Portion.

“Nonpurpose Investments” means any Investment Property that is acquired with Gross Proceeds as an investment and not in carrying out any governmental purpose of an issue. “Nonpurpose Investments” does not include any investment that is not regarded as “investment property” or a “nonpurpose investment” for the particular purposes of Section 148 (such as certain investments in U.S. Treasury obligations in the State and Local Government Series and certain temporary investments), but does include any other investment that is a “nonpurpose investment” within the applicable meaning of Section 148.

“Placed in Service” means the date on which, based on all the facts and circumstances, a facility has reached a degree of completion that would permit its operation at substantially its design level and the facility is, in fact, in operation at such level.

“Pre-Issuance Accrued Interest” means interest on an obligation that accrued for a period not greater than one year before its Issuance Date and that will be paid within one year after such Issuance Date.

“Preliminary Expenditures” means any Capital Expenditures that are “preliminary expenditures” within the meaning of Regulations §1.150-2(f)(2), i.e., architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of a project other than land acquisition, site preparation, and similar costs incident to commencement of construction. The aggregate amount of Preliminary Expenditures may not exceed 20% of the aggregate Issue Price of the issue or issues that financed or are reasonably expected to finance the project for which such Preliminary Expenditures are or were incurred.

“Prior Issue” means an issue of obligations all or a portion of the Debt Service on which is paid or provided for with Proceeds of a Refunding Issue. The Prior Issue may be a Refunding Issue.

“Private Activity Bond” means (a) obligations of an issue more than 10% of the Proceeds of which, directly or indirectly, are or are to be used for a Private Business Use and more than 10% of the Debt Service on which, directly or indirectly, is or is to be paid from or secured by payments with respect to property, or secured by property, used for a Private Business Use, or (b) obligations of an issue, the Proceeds of which are or are to be used to make or finance loans to any Private Person that, in the aggregate, exceed the lesser of 5% of such Proceeds or \$5,000,000. In the event of Unrelated or Disproportionate Use, the tests in (a) shall be applied by substituting 5% for 10% each place the latter term is used.

“Private Business Use” means use (directly or indirectly) in a trade or business carried on by any Private Person other than use as a member of, and on the same basis as, the general public. Any activity carried on by a Private Person (other than a natural person) shall be treated as a trade or business. In the case of a Qualified 501(c)(3) Bond, Private Business Use excludes use by a 501(c)(3) Organization that is not an unrelated trade or business activity by such 501(c)(3) Organization within the meaning of Section 513(a).

“Private Person” means any natural person or any artificial person, including a corporation, partnership, trust or other entity, other than a Governmental Unit. “Private Person” includes the United States and any agency or instrumentality of the United States.

“Proceeds” means any Sale Proceeds, Investment Proceeds, and Transferred Proceeds of an issue. “Proceeds” does not include Replacement Proceeds.

Water Supply Development Revolving Fund

“Qualified Administrative Costs” means reasonable direct administrative costs (other than carrying costs) such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody and similar costs. General overhead costs and similar indirect costs of the Issuer such as employee salaries and office expenses and costs associated with computing the Rebate Amount are not Qualified Administrative Costs.

“Qualified 501(c)(3) Bonds” means an issue of obligations that satisfies the requirements of Section 145(a).

“Qualified Guarantee” means any guarantee of an obligation that constitutes a “qualified guarantee” within the meaning of Regulations §1.148-4(f).

“Qualified Hedge” means a Hedge that is a “qualified hedge” within the meaning of Regulations §1.148-4(h)(2).

“Rebate Amount” means the excess of the future value, as of any date, of all receipts on Nonpurpose Investments acquired with Gross Proceeds of an issue over the future value, as of that date, of all payments on those Nonpurpose Investments, computed in accordance with Section 148(f) and Regulations §1.148-3.

“Refunded Bonds” means obligations of a Prior Issue the Debt Service on which is or is to be paid from Proceeds of a Refunding Issue.

“Refunding Bonds” means obligations of a Refunding Issue.

“Refunding Issue” means an issue the Proceeds of which are or are to be used to pay Debt Service on Refunded Bonds and includes Issuance Costs, Pre-Issuance Accrued Interest or permitted capitalized interest, a reasonably required reserve or replacement fund and similar costs of the Refunding Issue.

“Refunding Escrow” means one or more funds established as part of a single transaction, or a series of related transactions, containing Proceeds of a Refunding Issue and any other amounts to be used to pay Debt Service on Refunded Bonds of one or more issues.

“Refunding Portion” means that portion of a Multipurpose Issue the Proceeds of which are, or are to be, used to pay Debt Service on Refunded Bonds and includes Issuance Costs, Pre-Issuance Accrued Interest or permitted capitalized interest, a reasonably required reserve or replacement fund and similar costs properly allocable to the Refunding Portion.

“Regulations” or “Reg.” means Treasury Regulations.

“Reimbursement Allocation” means an allocation of the Proceeds of an issue for the Reimbursement of Prior Capital Expenditures, other than Preliminary Expenditures, that meets each of the following requirements: (a) is evidenced on the books or records of the Issuer maintained with respect to the issue, (b) the allocation entry identifies either actual prior Capital Expenditures, or the fund or account from which the prior Capital Expenditures were paid, and (c) evidences the Issuer’s use of Proceeds of the issue to reimburse a Capital Expenditure for a governmental purpose that was originally paid from a source other than the Proceeds of the issue.

“Reimbursement of Prior Capital Expenditures” means a Reimbursement Allocation of Proceeds of the Issue to a Capital Expenditure paid prior to the Issuance Date of such Issue, that satisfies the

Water Supply Development Revolving Fund

following requirements: (a) the Capital Expenditure was paid after March 1, 1992; (b) prior to, or within 60 days after, payment of the Capital Expenditure (except Preliminary Expenditures), the Issuer adopted an official intent for the Capital Expenditure that satisfies Regulations §1.150-2(e); and (c) except for Preliminary Expenditures, the Reimbursement Allocation occurs or will occur within 18 months after the later of the date the Capital Expenditure was paid or the date the project resulting from such Capital Expenditure was Placed in Service or abandoned, but in no event more than 3 years after the Capital Expenditure was paid.

“Related Party” means, in reference to a Governmental Unit or 501(c)(3) Organization, any member of the same Controlled Group and, in reference to any person that is not a Governmental Unit or 501(c)(3) Organization, a “related person” as defined in Section 144(a)(3) of the Code.

“Replacement Proceeds” means, with respect to an issue, amounts (including any investment income, but excluding any Proceeds of any issue) replaced by Proceeds of that issue within the meaning of Section 148(a)(2). “Replacement Proceeds” includes amounts, other than Proceeds, held in a sinking fund, pledged fund or reserve or replacement fund for an issue.

“Sale Date” means, with respect to an issue, the first date on which there is a binding contract in writing with the Issuer for the sale and purchase of an issue (or of respective obligations of the issue if sold by the Issuer on different dates) on specific terms that are not later modified or adjusted in any material respect.

“Sale Proceeds” means that portion of the Issue Price actually or constructively received by the Issuer upon the sale or other disposition of an issue, including any underwriter’s compensation withheld from the Issue Price, but excluding Pre-Issuance Accrued Interest.

“Spendable Proceeds” means the Net Sale Proceeds of an issue.

“Tax-Exempt Obligation” means any obligation or issue of obligations (including bonds, notes and lease obligations treated for federal income tax purposes as evidence of indebtedness) the interest on which is excluded from gross income for federal income tax purposes within the meaning of Section 150, and includes any obligation or any investment treated as a “tax-exempt bond” for the applicable purpose of Section 148.

“Tax-Exempt Organization” means a Governmental Unit or a 501(c)(3) Organization.

“Temporary Period” means the period of time, as set forth in the Tax Compliance Certificate, applicable to particular categories of Proceeds of an issue during which such category of Proceeds may be invested in Higher Yielding Investments without the issue being treated as arbitrage bonds under Section 148.

“Transferred Proceeds” means that portion of the Proceeds of an issue (including any Transferred Proceeds of that issue) that remains unexpended at the time that any portion of the principal of the Refunded Bonds of that issue is discharged with the Proceeds of a Refunding Issue and that thereupon becomes Proceeds of the Refunding Issue as provided in Regulations §1.148-9(b). “Transferred Proceeds” does not include any Replacement Proceeds.

“Unrelated or Disproportionate Use” means Private Business Use that is not related to or is disproportionate to use by a Governmental Unit within the meaning of Section 141(b)(3) and Regulations §1.141-9.

“Variable Yield Issue” means any Issue that is not a Fixed Yield Issue.

Water Supply Development Revolving Fund

“Working Capital Expenditures” means any costs of a type that do not constitute Capital Expenditures, including current operating expenses.

“Yield” has the meaning assigned to it for purposes of Section 148 of the Code, and means that discount rate (stated as an annual percentage) that, when used in computing the present worth of all applicable unconditionally payable payments of Debt Service, all payments for a Qualified Guarantee, if any, and all payments and receipts with respect to a Qualified Hedge, if any, paid and to be paid with respect to an obligation (paid and to be paid during and attributable to the Yield Period in the case of a Variable Yield Issue), produces an amount equal to (a) the Issue Price in the case of a Fixed Yield Issue or the present value of the Issue Price at the commencement of the applicable Yield Period in the case of a Variable Yield Issue, or (b) the purchase price for yield purposes in the case of Investment Property, all subject to the applicable methods of computation provided for under Section 148, including variations from the foregoing. The Yield on Investment Property in which Proceeds or Replacement Proceeds of an issue are invested is computed on a basis consistent with the computation of Yield on that issue, including the same compounding interval of not more than one year selected by the Issuer.

“Yield Period” means, in the case of the first Yield Period, the period that commences on the Issuance Date and ends at the close of business on the first Computation Date and, in the case of each succeeding Yield Period, the period that begins immediately after the end of the immediately preceding Yield Period and ends at the close of business on the next succeeding Computation Date.

The terms “bond,” “obligation,” “reasonably required reserve or replacement fund,” “reserve or replacement fund,” “loan,” “sinking fund,” “purpose investment,” “same plan of financing,” “other replacement proceeds,” and other terms relating to Code provisions used but not defined in this Certificate shall have the meanings given to them for purposes of Sections 103 and 141 to 150 unless the context indicates another meaning.

1.20 Special Definitions. Terms used herein, to the extent not defined, have the same meaning as defined in the Loan Agreement. In addition, the following definitions apply to this Certificate:

“Instructions” means the Rebate Instructions attached hereto as Attachment A-1.

“Issue” means the Loan.

“Issuer” means the Local Borrower.

“Project” means the financing of a portion of the costs of acquisition, construction and improvement of facilities to be financed by the Loan and includes Issuance Costs and interest on the Loan for up to three years from the Issuance Date or, if later, one year after the date the Project is placed in service, all of which are governmental purposes for purposes of the Code.

“Reserve Fund” is defined in 3.40(a).

1.30. References. Reference to a Section means a section of the Code. Reference by number only (for example, “2.10”) means that numbered paragraph of this Certificate. Reference to an Attachment means an attachment to this Certificate.

II. ISSUE DATA

2.10 Issuer. The Issuer is a Governmental Unit.

2.20 Purpose of Issue. The Issue is being issued to provide funds to pay costs of the Project.

Water Supply Development Revolving Fund

2.30 Dates. The Sale Date of the Issue is the date on which the Loan Agreement is executed and delivered by the Authority and the Local Borrower, and the Issuance Date of the Issue is the first date on which the aggregate draws under the Loan exceed the lesser of \$50,000 or 5% of the principal amount of the Loan.

2.40 Issue Price. The Issue Price of the Issue is the principal amount actually advanced by the Authority to the Issuer as the Loan.

2.50 Sale Proceeds, Net Proceeds, and Net Sale Proceeds. The amount of Sale Proceeds equals the Issue Price. The amount of Net Proceeds equals the Issue Price minus the amount of Proceeds (if any) deposited in the Reserve Fund (if any). The amount of Net Sale Proceeds equals the amount of Net Proceeds minus the Minor Portion.

2.60 Disposition of Sale Proceeds. There will be no Pre-Issuance Accrued Interest with respect to the Issue. The Sale Proceeds will be used to pay costs of the Project and, if applicable, to fund the Reserve Fund (if any).

2.70 Higher Yielding Investments. Gross Proceeds will not be invested in Higher Yielding Investments except for (A) the Minor Portion to the extent provided in 3.80, (B) those Gross Proceeds identified in 3.10, 3.20, and 3.30, but only during the applicable Temporary Periods there described for those Gross Proceeds, and (C) Gross Proceeds held in the Reserve Fund (if any) to the extent set forth in 3.40(a).

2.80 Single Issue. No other obligations have been or will be sold less than 15 days before or after the Sale Date pursuant to the same plan of financing with the Issue that are expected to be paid from substantially the same source of funds as the Issue, determined without regard to guarantees from a person who is not a Related Party to the Issuer. Accordingly, no obligations other than those of the Issue are a part of a single issue with the Issue.

III. ARBITRAGE (NONREBATE) MATTERS

3.10 Use of Net Sale Proceeds and Pre-Issuance Accrued Interest; Temporary Periods.

(A) Pre-Issuance Accrued Interest. There will be no Pre-Issuance Accrued Interest with respect to the Issue.

(B) Payment of Costs of the Project.

(1) All of the Net Sale Proceeds will be used to pay costs of the Project. Such Sale Proceeds may be used to acquire or hold Higher Yielding Investments for a period ending on the third anniversary of the Issuance Date (such period being the Temporary Period for such amount) because the following three tests are reasonably expected to be satisfied:

(i) At least 85% of the Net Sale Proceeds will be allocated to expenditures on the Project by the end of the Temporary Period;

(ii) Within 6 months of the Issuance Date, the Issuer will incur substantial binding obligations to third parties to expend at least 5% of the Net Sale Proceeds on the Project; and

Water Supply Development Revolving Fund

(iii) Completion of the Project and allocation of the Net Sale Proceeds to expenditures will proceed with due diligence.

Any Sale Proceeds that remain unspent on the third anniversary of the Issuance Date, which is the expiration date of the Temporary Period for such Proceeds, shall not be invested in Higher Yielding Investments with respect to the Issue after that date except as part of the Minor Portion. In complying with the foregoing sentence, the Issuer may take into account “yield reduction payments” (within the meaning of Regulations §1.148-5(c)) paid to the United States.

(2) Any Reimbursement Allocation will qualify as a Reimbursement of Prior Capital Expenditures and will be made by an entry in the financial records of the Issuer kept with respect to the Issue showing that Sale Proceeds of the Issue have been returned to the fund or account of the Issuer from which such amount was originally and temporarily advanced to finance Capital Expenditures paid before this date by not more than (A) 18 months after the later of the date such Capital Expenditures were paid or the date on which the property resulting from such Capital Expenditures and comprising part of the Project was placed in service or (B) three years after the original expenditures were paid.

3.20 Investment Proceeds. Any Investment Proceeds will be used to pay costs of the Project and may be invested in Higher Yielding Investments during the Temporary Period identified in 3.10(B)(1) or, if longer, one year from the date of receipt, such period being the Temporary Period for such Proceeds.

3.30 Payment Fund. Amounts deposited from time to time in the fund of the Issuer from which payments will be made on the Issue, which is a Bona Fide Debt Service Fund, will be used to pay Debt Service on the Issue within 13 months after the amounts are so deposited, such period being the Temporary Period for such amounts.

3.40 Reserve Funds.

(A) Debt Service Reserve Fund. If (and only if) the Loan Agreement requires the funding of a debt service reserve fund (“Reserve Fund”) in cash: The amount of Proceeds of the Loan deposited in the Reserve Fund shall not exceed 10% of the stated principal amount of the Loan. Amounts in the portion of the Reserve Fund allocable to the Issue may be invested in Higher Yielding Investments with respect to the Issue to the extent that such amounts do not exceed the least of (i) 10% of the principal amount of the Issue; (ii) maximum annual Debt Service; and (iii) 125% of average annual Debt Service. Any amounts in the portion of the Reserve Fund allocable to the Issue in excess of the least of these amounts will not be invested in Higher Yielding Investments with respect to the Issue. In complying with the yield restriction set forth in this Section, the Issuer may take into account “yield reduction payments” (within the meaning of Regulations § 1.148-5(c)) timely paid or to be timely paid to the United States because amounts in the Reserve Fund (other than investment earnings) are not reasonably expected to be used to pay Debt Service other than in connection with reductions in the amount required to be in the Reserve Account. The establishing and funding of the Reserve Fund was reasonably required by the Authority as a condition of making the Loan.

(B) Replacement Reserve Fund. If (and only if) the Loan Agreement requires the funding of a replacement reserve fund (“Replacement Reserve Fund”) in cash: The Replacement Reserve Fund may be used for one or more of the following purposes: (i) the

Water Supply Development Revolving Fund

acquisition of new, or the replacement of obsolete or worn out, machinery, equipment, furniture, fixtures or other personal property for the Issuer's utility system, provided that the property is depreciable; (ii) the performance of repairs with respect to the Issuer's utility system that are of an extraordinary and non-recurring nature, provided that the property is depreciable; (iii) the acquisition or construction of additions to or improvements, extensions or enlargements to, or remodeling of, the Issuer's utility system, provided that the property is depreciable; and/or (iv) to make Debt Service payments to the Authority on the Issue (collectively, the "Permitted Uses"). The Issuer reasonably expects to use amounts in the Replacement Reserve Fund for Permitted Uses other than to make Debt Service payments to the Authority on the Issue, and therefore there is no reasonable assurance of the availability of those amounts to make Debt Service payments to the Authority on the Issue if the Issuer encounters financial difficulties. [No proceeds of the Loan will be used to fund the Replacement Reserve Fund.]

3.50 No Other Replacement Fund or Assured Available Funds. Except as described in 3.30 and, if and to the extent applicable, 3.40(A), the Issuer has not established and does not expect to establish or use any sinking fund, debt service fund, redemption fund, reserve or replacement fund, or similar fund, or any other fund to pay Debt Service on the Issue. Except for money referred to in 3.30 and Proceeds of a Refunding Issue, if any, no other money or Investment Property is or will be pledged as collateral or used for the payment of Debt Service on the Issue (or for the reimbursement of any others who may provide money to pay that Debt Service), or is or will be restricted, dedicated, encumbered, or set aside in any way as to afford the holders of the Issue reasonable assurance of the availability of such money or Investment Property to pay Debt Service on the Issue.

3.60 No Overissuance. The Proceeds of the Issue are not reasonably expected to exceed the amount needed for the governmental purposes of the Issue as set forth in 2.20.

3.70 Other Uses of Proceeds Negated. Except as stated otherwise in this Certificate, none of the Proceeds of the Issue will be used:

- (A) to pay principal of or interest on, refund, renew, roll over, retire, or replace any other obligations issued by or on behalf of the Issuer or any other Governmental Unit,
- (B) to replace any Proceeds of another issue that were not expended on the project for which such other issue was issued,
- (C) to replace any money that was or will be used directly or indirectly to acquire Higher Yielding Investments,
- (D) to make a loan to any person or other Governmental Unit,
- (E) to pay any Working Capital Expenditure other than expenditures identified in Regulations §1.148-6(d)(3)(ii)(A) and (B) (i.e., Issuance Costs of the Issue, Qualified Administrative Costs, reasonable charges for a Qualified Guarantee or for a Qualified Hedge, interest on the Issue for a period commencing on the Issuance Date of the Issue and ending on the date that is the later of three years from such Issuance Date or one year after the date on which the project financed or refinanced by the Issue was or will be placed in service, payments of the Rebate Amount, and costs, other than those already described, that do not exceed 5% of the Sale Proceeds and that are directly related to Capital Expenditures financed or deemed financed by the Issue, principal or interest on an issue paid from unexpected excess Sale Proceeds or Investment Proceeds, and principal or

Water Supply Development Revolving Fund

interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a Bona Fide Debt Service Fund), or

(F) to reimburse any expenditures made prior to the Issuance Date except those that qualify as a Reimbursement of Prior Capital Expenditures.

No portion of the Issue is being issued solely for the purpose of investing Proceeds in Higher Yielding Investments.

3.80 Minor Portion. The Minor Portion is equal to the lesser of 5% of the Sale Proceeds of the Issue and \$100,000. Such Minor Portion may be invested in Higher Yielding Investments with respect to the Issue.

3.90 No Other Replacement Proceeds. That portion of the Issue that is to be used to finance Capital Expenditures has a weighted average maturity that does not exceed 120% of the weighted average reasonably expected economic life of the property resulting from such Capital Expenditures.

IV. REBATE MATTERS

4.10 Issuer Obligation Regarding Rebate. Consistently with its covenants contained in the Loan Agreement, the Issuer will calculate and make, or cause to be calculated and made, payments of the Rebate Amount in the amounts and at the times and in the manner provided in Section 148(f) with respect to Gross Proceeds to the extent not exempted under Section 148(f)(4) and the Instructions.

4.20. No Avoidance of Rebate Amount. No amounts that are required to be paid to the United States will be used to make any payment to a party other than the United States through a transaction or a series of transactions that reduces the amount earned on any Investment Property or that results in a smaller profit or a larger loss on any Investment Property than would have resulted in an arm's length transaction in which the Yield on the Issue was not relevant to either party to the transaction.

4.30 Exceptions.

(A) Small Issuer Exception. The Issue is exempt under Section 148(f)(4)(D) from the rebate requirement if all of the following requirements are satisfied:

(1) The Issuer is a Governmental Unit with general taxing powers within the meaning of Section 148(f)(4)(D), and

(2) No part of the Issue is a Private Activity Bond, and

(3) All of the Net Proceeds will be used for "local governmental activities" of the Issuer within the meaning of Section 148(f)(4)(D) and none of the Net Proceeds will be used for any Private Business Use, and

(4) The aggregate principal amount of all Tax-Exempt Obligations, including the Issue, and any other obligations to which Section 148 applies, issued or to be issued by the Issuer, its subordinate entities and entities that issue any such obligations on behalf of the Issuer, or on behalf of which the Issuer issues any such obligations, during the current calendar year does not, and is not reasonably expected to, exceed \$5,000,000. The Tax-Exempt Obligations taken into account for this purpose exclude any Private Activity Bonds and any Current Refunding Portion and Current Refunding Issue to the extent that the

Water Supply Development Revolving Fund

amount of such Current Refunding Portion or Current Refunding Issue does not exceed the outstanding amount of the obligations refunded by such Current Refunding Portion and Current Refunding Issue. No entity has been or will be formed or availed of to avoid the purposes of Section 148(f)(4)(D)(i)(IV).

If, but only if, all of the above requirements are satisfied, check here: ☐

and sign here: _____

(B) General Exception. Notwithstanding the foregoing, the computations and payments of amounts to the United States referred to in IV need not be made to the extent that the Issuer will not thereby fail to comply with any requirements of Section 148(f) and the Instructions based on an opinion of bond counsel.

4.40. Election. The Issue is a Construction Issue. The Issuer hereby elects to apply the 2-year spending exception to the rebate requirements on the basis of actual facts instead of the Issuer's reasonable expectations.

V. OTHER TAX MATTERS

5.10. Not Private Activity Bonds or Pool Bonds. No obligation of the Issue will be a Private Activity Bond or a pooled financing bond (within the meaning of Section 149(f)), based on the following:

(A) Not more than 5% or \$5,000,000, whichever is less, of the Proceeds, if any, directly or indirectly, will be used for a Private Business Use and not more than 5%, if any, of the Debt Service on the Issue, directly or indirectly, will be secured by any interest in property used or to be used for a Private Business Use or payments in respect of such property, or will be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a Private Business Use.

(B) Less than 5% of the Proceeds, if any, will be used to make or finance loans to any Private Person or Governmental Unit other than the Issuer.

(C) The lesser of the Proceeds that are being or will be used for any Private Business Use or the Proceeds with respect to which there are payments or (borrowed money) that are being or will be used for any Private Business Use does not exceed \$15,000,000 and none of the Proceeds will be used with respect to an "output facility" (other than a facility for the furnishing of water) within the meaning of Section 141(b)(4).

(D) The Issuer does not expect to sell or otherwise dispose of the Project or any portion thereof during the term of the Issue except for dispositions of property in the normal course at the end of such property's useful life to the Issuer. With respect to tangible personal property, if any, that is part of the Project, the Issuer reasonably expects that:

(1) Dispositions of such tangible personal property, if any, will be in the ordinary course of an established governmental program;

(2) The weighted average maturity of the obligations of the Issue financing such property (treating the obligations of the Issue properly allocable to such personal

Water Supply Development Revolving Fund

property as a separate issue for this purpose) will not be greater than 120% of the reasonably expected actual use of such property for governmental purposes;

(3) The fair market value of such property on the date of disposition will not be greater than 25% of its cost;

(4) The property will no longer be suitable for its governmental purposes on the date of disposition; and

(5) The amounts received from any disposition of such property are required to be, and will be, commingled with substantial tax or other governmental revenues and will be spent on governmental programs within 6 months from the date of such deposit and commingling.

5.20. Issue Not Federally Guaranteed. The Issue is not Federally Guaranteed.

5.30. Not Hedge Bonds. At least 85% of the Spendable Proceeds will be used to carry out the governmental purposes of the Issue within three years from the Issuance Date. Not more than 50%, if any, of the Proceeds will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more (including but not limited to any investment contract or fixed yield investment having a maturity of four years or more). The reasonable expectations stated above are not based on and do not take into account (A) any expectations or assumptions as to the occurrence of changes in market interest rates or changes of federal tax law or regulations or rulings thereunder or (B) any prepayments of items other than items that are customarily prepaid.

5.40. Hedge Contracts. The Issuer has not entered into, and does not reasonably expect to enter into, any Hedge with respect to the Issue, or any portion thereof. The Issuer acknowledges that entering into a Hedge with respect to the Issue, or any portion thereof, may change the Yield and that Bond Counsel should be contacted prior to entering into any Hedge with respect to the Issue in order to determine whether payments/receipts pursuant to the Hedge will be taken into account in computing the Yield.

5.50. Internal Revenue Service Information Return. Within the time and on the form prescribed by the Internal Revenue Service under Section 149(e), the Issuer will file with the Internal Revenue Service an Information Return setting forth the required information relating to the Issue. The information reported on that Information Return will be true, correct, and complete to the best of the knowledge and belief of the undersigned.

5.60. Responsibility of Officer.

(A) The officer signing this Certificate is one of the officers of the Issuer responsible for issuing the Issue.

(B) To the best of the knowledge, information, and belief of the undersigned, all expectations stated in this Certificate are the expectations of the Issuer and are reasonable, all facts stated are true, and there are no other existing facts, estimates, or circumstances that would or could materially change the statements made in this Certificate. The certifications and representations made in this Certificate are intended to be relied upon as certifications described in Regulations § 1.148-2(b). The Issuer acknowledges that any change in the facts or expectations from those set forth in this Certificate may result in different requirements or a change in status of the Issue or interest

Water Supply Development Revolving Fund

thereon under the Code, and that bond counsel should be contacted if such changes are to occur or have occurred.

Town of Camp Verde

By: _____

Name: _____

Title: _____

ATTACHMENT A-1

to

Tax Compliance Certificate of Local Borrower

**INSTRUCTIONS FOR COMPLIANCE WITH REBATE
REQUIREMENTS OF SECTION 148(f) OF THE CODE.**

The Issuer covenanted in the Loan Agreement and Tax Compliance Certificate to comply with the arbitrage rebate requirement of Section 148(f) of the Code. These Instructions provide guidance for that compliance, including the spending exceptions that free the Issue from all or part of the rebate requirements.

PART I: GENERAL

SECTION 1.01. REBATE GENERALLY.

The Rebate Amount¹ with respect to the Issue must be paid (rebated) to the United States to prevent the bonds of the Issue from being arbitrage bonds, the interest on which is subject to federal income tax. In general, the Rebate Amount is the amount by which the actual earnings on Nonpurpose Investments purchased (or deemed to have been purchased) with Gross Proceeds of the Issue exceed the amount of earnings that would have been received if those Nonpurpose Investments had a Yield equal to the Yield on the Issue.²

¹ Capitalized terms that are not defined in these Instructions are defined in the Tax Compliance Certificate of the Issuer.

² Amounts earned on the Bona Fide Debt Service Fund for the Issue are not taken into account in determining the Rebate Amount since none of the obligations of the Issue are Private Activity Bonds, the rates of interest on the Issue do not vary and the average maturity of the Issue is at least 5 years.

Water Supply Development Revolving Fund

Stated differently, the Rebate Amount for the Issue as of any date is the excess of the Future Value, as of that date, of all Receipts on Nonpurpose Investments over the Future Value, as of that date, of all Payments on Nonpurpose Investments, computed using the Yield on the Issue as the Future Value rate.³

If the Issue is a Fixed Yield Issue, the Yield on the Issue generally is the Yield to maturity, taking into account mandatory redemptions prior to maturity. If the Issue is a Variable Yield Issue, the Yield on the Issue is computed separately for each Yield Period selected by the Issuer.

SECTION 1.02. SPECIAL DEFINITIONS.

For purposes of these Instructions, the following terms shall have the following meanings.

“Available Construction Proceeds” means an amount equal to (a) the sum of (i) the Issue Price of the issue, (ii) Investment Proceeds on that Issue Price, (iii) earnings on any reasonably required reserve or replacement fund allocated to the issue not funded from the Issue Price, and (iv) Investment Proceeds and earnings on (ii) and (iii), (b) reduced by the portions, if any, of the Issue Price of the issue (i) attributable to Pre-Issuance Accrued Interest and earnings thereon, (ii) allocated to the Underwriter’s discount, (iii) used to pay other Issuance Costs of the issue, and (iv) deposited in a reasonably required reserve or replacement fund allocated to the issue. Available Construction Proceeds do not include Investment Proceeds or earnings on a reasonably required reserve or replacement fund allocated to the issue for any period after the earlier of (a) the close of the 2-year period that begins on the Issuance Date or (b) the date the construction of the Projects financed by the issue is substantially completed. If the issue consists of a New Money Portion and a Refunding Portion and the New Money Portion is a Construction Issue, this definition shall be applied by substituting “New Money Portion” for “issue” each place the latter term appears. If the issue or the New Money Portion, as applicable, is not a Construction Issue, and the Issuer makes the election under Regulations §1.148-7(j)(1) and Section 148(f)(4)(C)(v) to treat the issue or the New Money Portion as two separate issues consisting of the Construction Portion and the Nonconstruction Portion, this definition shall be applied by substituting “Construction Portion” for “issue” each place the latter term appears.

“Bifurcated Issue” means a New Money Issue or the New Money Portion of a Multipurpose Issue that the Issuer, pursuant to Section 148(f)(4)(C)(v) and Regulations §1.148-7(j), has elected in its Tax Compliance Certificate to bifurcate into a Construction Portion and a Nonconstruction Portion.

“Bond Counsel’s Opinion” means an opinion or opinions of a nationally recognized bond counsel firm whose opinion is given with respect to the Issue when issued, or its successors or other nationally recognized bond counsel appointed by the Issuer.

“Bond Year” means the annual period relevant to the application of Section 148(f) to the issue, except that the first and last Bond Years may be less than 12 months long. The last day of a Bond Year shall be the close of business on the day preceding the anniversary of the Issuance Date of the issue unless the Issuer selects another date on which to end a Bond Year in the manner permitted by the Code.

“Computation Date” means each date on which the Rebate Amount for an issue is required to be computed under Regulations §1.148-3(e). In the case of a Fixed Yield Issue, the first Computation Date shall not be later than 5 years after the Issuance Date of the issue. Subsequent Computation Dates shall be not later than 5 years after the immediately preceding Computation Date for which an installment payment of the Rebate Amount was paid. In the case of a Variable Yield Issue, the first Computation Date shall be the last

³ The scope of these Instructions does not permit a detailed description of the computation of the Rebate Amount with respect to the Issue. If you need assistance in computing the Rebate Amount on the Issue, please contact your bond counsel.

Water Supply Development Revolving Fund

day of any Bond Year irrevocably selected by the Issuer ending on or before the fifth anniversary of the Issuance Date of such issue and subsequent Computation Dates shall be the last day of each Bond Year thereafter or each fifth Bond Year thereafter, whichever is irrevocably selected by the Issuer after the first date on which any portion of the Rebate Amount is required to be paid to the United States. The final Computation Date is the date an issue is retired.

“Construction Expenditures” means Capital Expenditures allocable to the cost of real property (including the construction or making of improvements to real property, but excluding acquisitions of interests in land or other existing real property) or constructed personal property within the meaning of Regulations §1.148-7(g).

“Construction Issue” means an issue at least 75 percent of the Available Construction Proceeds of which are to be used for Construction Expenditures with respect to property which is or is to be owned by a Governmental Unit or a 501(c)(3) Organization. If an election has been made in the Issuer’s Tax Compliance Certificate to bifurcate an issue or the New Money Portion, the Construction Portion (i.e., that portion of the issue or the New Money Portion which satisfies the 75 percent test stated in the preceding sentence and which finances 100% of the Construction Expenditures) is treated as the Construction Issue and the balance of the issue or the New Money Portion is treated as the Nonconstruction Portion.

“Fixed Yield Issue” means an issue of obligations the Yield on which is fixed and determinable on the Issuance Date.

“Future Value” means the value of a Payment or Receipt at the end of a period determined using the economic accrual method as the value of that Payment or Receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the Yield on the Issue, using the same compounding interval and financial conventions that were used to compute that Yield.

“Guaranteed Investment Contract” means any Nonpurpose Investment that has specifically negotiated withdrawal or retirement provisions and a specifically negotiated interest rate and any agreement to supply investments on two or more future dates (e.g., a forward supply contract).

“Multipurpose Issue” means an issue that consists of a Refunding Portion and a New Money Portion.

“Payment” means payments actually or constructively made to acquire Nonpurpose Investments, as specified in Regulations §1.148-3(d)(1)i) through (v).

“Qualified Administrative Costs” means the reasonable, direct administrative costs, other than carrying costs, of purchasing or selling Nonpurpose Investments such as separately stated brokerage or selling commissions. Qualified Administrative Costs do not include legal and accounting fees, recordkeeping, custody, and similar costs, general overhead costs and similar indirect costs of the Issuer such as employee salaries and office expenses and costs associated with computing the Rebate Amount. In general, Qualified Administrative Costs are not reasonable unless they are comparable to administrative costs that would be charged for the same investment or a reasonably comparable investment if acquired with a source of funds other than Gross Proceeds of Tax-Exempt Obligations.

“Reasonable Retainage” means an amount, not to exceed 5% of the Net Sale Proceeds of the Issue, that is retained for reasonable business purposes relating to the property financed with Proceeds of the Issue. For example, Reasonable Retainage may include a retention to ensure or promote compliance with a

Water Supply Development Revolving Fund

construction contract in circumstances in which the retained amount is not yet payable, or in which the Issuer reasonably determines that a dispute exists regarding completion or payment.

“Rebate Analyst” means an independent individual, firm or entity experienced in the computation of the Rebate Amount pursuant to Section 148(f) of the Code.

“Receipt” means amounts actually or constructively received from Nonpurpose Investments as specified in Regulations §1.148-3(d)(2)(i) through (iii).

“Variable Yield Issue” means any issue that is not a Fixed Yield Issue.

“Yield Period” means, in the case of the first Yield Period, the period that commences on the Issuance Date and ends at the close of business on the first Computation Date and, in the case of each succeeding Yield Period, the period that begins immediately after the end of the immediately preceding Yield Period and ends at the close of business on the next succeeding Computation Date.

PART II: EXCEPTIONS TO REBATE

SECTION 2.01. SPENDING EXCEPTIONS.

The rebate requirements with respect to the Issue are deemed to have been satisfied if any one of three spending exceptions (the 6-Month, the 18-Month, or the 2-Year Spending Exception, collectively, the “Spending Exceptions”) is satisfied. The Spending Exceptions are each independent exceptions. The Issue need not meet the requirements of any other exception in order to use any one of the three exceptions. For example, a Construction Issue may qualify for the 6-Month Spending Exception or the 18-Month Spending Exception even though the Issuer makes one or more elections under the 2-Year Exception with respect to the Issue.

The following rules apply for purposes of all of the Spending Exceptions except as otherwise noted.

Refunding Issues. The only spending exception available for a Refunding Issue⁴ is the 6-Month Spending Exception.

Special Transferred Proceeds Rules. In applying the Spending Exceptions to a Refunding Issue, unspent Proceeds of the Prior Issue that become Transferred Proceeds of the Refunding Issue are ignored. If the Prior Issue satisfies one of the rebate Spending Exceptions, the Proceeds of the Prior Issue that are excepted from rebate under that exception are not subject to rebate either as Proceeds of the Prior Issue or as Transferred Proceeds of the Refunding Issue.

However, if the Prior Issue does not satisfy any of the Spending Exceptions and is not otherwise exempt from rebate, the Transferred Proceeds from the Prior Issue will be subject to rebate, even if the Refunding Issue satisfies the 6-Month Spending Exception. The Rebate Amount will be calculated on the Transferred Proceeds on the basis of the Yield of the Prior Issue up to each transfer date and on the basis of the Yield of the Refunding Issue after each transfer date.

⁴For purposes of these Instructions, references to “Refunding Issue” include the Refunding Portion of a Multipurpose Issue.

Water Supply Development Revolving Fund

Application of Spending Exceptions to a Multipurpose Issue. If the Issue is a Multipurpose Issue, the Refunding Portion and the New Money Portion are treated for purposes of the rebate Spending Exceptions as separate issues. Thus, the Refunding Portion is eligible to use only the 6-Month Spending Exception. The New Money Portion is eligible to use any of the three Spending Exceptions.

Expenditures for Governmental Purposes of the Issue. Each of the spending exceptions requires that expenditures of Gross Proceeds be for the governmental purposes of the Issue. These purposes include payment of interest (but not principal) on the Issue.

SECTION 2.02. 6-MONTH SPENDING EXCEPTION.

The Issue will be treated as satisfying the rebate requirements if all of the Gross Proceeds of the Issue are allocated to expenditures for the governmental purposes of the Issue within the 6-month period beginning on the Issuance Date and the Rebate Amount, if any, with respect to earnings on amounts deposited in a reasonably required reserve or replacement fund or a Bona Fide Debt Service Fund if and to the extent that such Fund is subject to rebate (see footnote 3) is timely paid to the United States. If no bond of the Issue is a Private Activity Bond (other than a Qualified 501(c)(3) Bond) or a tax or revenue anticipation bond, the 6-month period is extended for an additional 6 months if the unexpended Gross Proceeds of the Issue at the end of the 6-month period do not exceed the lesser of 5% of the Proceeds of the Issue or \$100,000.

For purposes of the 6-Month Spending Exception, Gross Proceeds required to be spent within 6 months do not include amounts in a reasonably required reserve or replacement fund for the Issue or in a Bona Fide Debt Service Fund for the Issue.

SECTION 2.03. 18-MONTH SPENDING EXCEPTION.

The Issue (or the New Money Portion if the Issue is a Multipurpose Issue) is treated as satisfying the rebate requirement if the conditions set forth in (A), (B) and (C) are satisfied.

(A) All of the Gross Proceeds of the Issue (excluding amounts in a reasonably required reserve or replacement fund for the Issue or in a Bona Fide Debt Service Fund for the Issue) are allocated to expenditures for the governmental purposes of the Issue in accordance with the following schedule, measured from the Issuance Date:

- (1) at least 15% within 6 months;
- (2) at least 60% within 12 months; and
- (3) 100% within 18 months, subject to the Reasonable Retainage exception described below.

(B) The Rebate Amount, if any, with respect to earnings on amounts deposited in a reasonably required reserve or replacement fund or in a Bona Fide Debt Service Fund for the Issue, to the extent such Fund is subject to rebate (see footnote 3), is timely paid to the United States. And,

(C) The Gross Proceeds of the Issue qualify for the initial 3-year Temporary Period.

If the only unspent Gross Proceeds at the end of the 18th month are Reasonable Retainage, the requirement that 100% of the Gross Proceeds be spent by the end of the 18th month is treated as met if the Reasonable Retainage, and all earnings thereon, are spent for the governmental purposes of the Issue within 30 months of the Issuance Date.

Water Supply Development Revolving Fund

For purposes of determining whether the spend-down requirements have been met as of the end of each of the first two spending periods, the amount of Investment Proceeds that the Issuer reasonably expects as of the Issuance Date to earn on the Sale Proceeds and Investment Proceeds of the Issue during the 18-month period are included in Gross Proceeds of the Issue. The final spend-down requirement includes actual Investment Proceeds for the entire 18 months.

The 18-Month Spending Exception does not apply to the Issue (or the New Money Portion, as applicable) if any portion of the Issue (or New Money Portion) is treated as meeting the rebate requirement under the 2-Year Spending Exception discussed below. This rule prohibits use of the 18-Month Spending Exception for the Nonconstruction Portion of a Bifurcated Issue. The only Spending Exception available for the Nonconstruction Portion of a Bifurcated Issue is the 6-Month Spending Exception.

SECTION 2.04. 2-YEAR SPENDING EXCEPTION FOR CERTAIN CONSTRUCTION ISSUES.

(A) In general. A Construction Issue no bond of which is a Private Activity Bond (other than a Qualified 501(c)(3) Bond or a Bond that finances property to be owned by a Governmental Unit or a 501(c)(3) Organization) is treated as satisfying the rebate requirement if the Available Construction Proceeds of the Issue are allocated to expenditures for the governmental purposes of the Issue in accordance with the following schedule, measured from the Issuance Date:

- (1) at least 10% within 6 months;
- (2) at least 45% within 1 year;
- (3) at least 75% within 18 months; and
- (4) 100% within 2 years, subject to the Reasonable Retainage exception described below.

Amounts in a Bona Fide Debt Service Fund or a reasonably required reserve or replacement fund for the Issue are not treated as Gross Proceeds for purposes of the expenditure requirements. However, unless the Issuer has elected otherwise in the Tax Compliance Certificate, earnings on amounts in a reasonably required reserve or replacement fund for the Issue are treated as Available Construction Funds during the 2-year period and therefore must be allocated to expenditures for the governmental purposes of the Issue.

If the Issuer elected in the Tax Compliance Certificate to exclude from Available Construction Proceeds the Investment Proceeds or earnings on a reasonably required reserve or replacement fund for the Issue during the 2-year spend-down period, the Rebate Amount, if any, with respect to such Investment Proceeds or earnings from the Issuance Date must be timely paid to the United States. If the election is not made, the Rebate Amount, if any, with respect to such Investment Proceeds or earnings after the earlier of the date construction is substantially completed or 2 years after the Issuance Date must be timely paid to the United States. The Rebate Amount, if any, with respect to earnings on amounts in a Bona Fide Debt Service Fund must be timely paid to the extent such Fund is subject to the rebate requirements (see footnote 3).

The Issue does not fail to satisfy the spending requirement for the fourth spend-down period (i.e., 100% within 2 years of the Issuance Date) if the only unspent Available Construction Proceeds are amounts for Reasonable Retainage if such amounts (together with all earnings on such amounts) are allocated to expenditures within 3 years of the Issuance Date.

Water Supply Development Revolving Fund

For purposes of determining whether the spend-down requirements have been met as of the end of each of the first 3 spend-down periods, Available Construction Proceeds include the amount of Investment Proceeds or earnings that the Issuer reasonably expected as of the Issuance Date to earn during the 2-year period. For purposes of satisfying the final spend-down requirement, Available Construction Proceeds include actual Investment Proceeds or earnings from the Issuance Date through the end of the 2-year period.

Available Construction Proceeds do not include Gross Proceeds used to pay Issuance Costs financed by the Issue, but do include earnings on such Proceeds. Thus, an expenditure of Gross Proceeds to pay Issuance Costs does not count toward meeting the spend-down requirements, but expenditures of earnings on such Gross Proceeds to pay Issuance Costs do count.

(B) 1½% penalty in lieu of rebate for Construction Issues. If the Issuer elected in the Tax Compliance Certificate for a Construction Issue, or for the Construction Portion of a Bifurcated Issue, to pay a 1½% penalty in lieu of the Rebate Amount on Available Construction Proceeds in the event that the Construction Issue fails to satisfy any of the spend-down requirements, the 1½% penalty is calculated separately for each spend-down period, including each semi-annual period after the end of the fourth spend-down period until all Available Construction Proceeds have been spent. The penalty is equal to 0.015 times the underexpended Proceeds as of the end of the applicable spend-down period. The fact that no arbitrage is in fact earned during such spend-down period is not relevant. The Rebate Amount with respect to Gross Proceeds other than Available Construction Proceeds (e.g., amounts in a reasonably required reserve or replacement fund or in a Bona Fide Debt Service Fund, to the extent subject to rebate (see footnote 3)) must be timely paid.

PART III: COMPUTATION AND PAYMENT.

SECTION 3.01. COMPUTATION AND PAYMENT OF REBATE AMOUNT.

If none of the Spending Exceptions described above is satisfied (and if the 1-1/2% penalty election for a Construction Issue or the Construction Portion of a Bifurcated Issue has not been made), then within 45 days after each Computation Date, the Issuer shall compute, or cause to be computed, the Rebate Amount as of such Computation Date. The first Computation Date is a date selected by the Issuer, but shall be not later than 5 years after the Issuance Date. Each subsequent Computation Date shall end 5 years after the previous Computation Date except that, in a Variable Yield Issue, the Issuer may select annual Yield Periods. The final Computation Date shall be the date the last obligation of the Issue matures or is finally discharged.

Within 60 days after each Computation Date (except the final Computation Date), the Issuer shall pay to the United States not less than 90% of the Rebate Amount, if any, computed as of such Computation Date. Within 60 days after the final Computation Date, the Issuer shall pay to the United States 100% of the Rebate Amount, if any, computed as of the final Computation Date. In computing the Rebate Amount, a computation credit of \$1,000 may be taken into account on the last day of each Bond Year to the Computation Date during which there are unspent Gross Proceeds that are subject to the rebate requirement, and on the final maturity date.

If the operative documents pertaining to the Issue establish a Rebate Fund and require the computation of the Rebate Amount at the end of each Bond Year, the Issuer shall calculate, or cause to be calculated, within 45 days after the end of each Bond Year the Rebate Amount, taking into account the computation credit of \$1,000 for each Bond Year. Within 50 days after the end of each Bond Year, if the Rebate Amount is positive, the Issuer shall deposit in the Rebate Fund such amount as will cause the amount on deposit therein to equal the Rebate Amount, and may withdraw any amount on deposit in the Rebate Fund in excess of the Rebate Amount. Payments of the Rebate Amount to the Internal Revenue Service on a

Water Supply Development Revolving Fund

Computation Date shall be made first from amounts on deposit in the Rebate Fund and second from other amounts specified in the operative documents.

Each payment of the Rebate Amount or portion thereof shall be payable to the Internal Revenue Service and shall be made to the Internal Revenue Service Center, Ogden, UT 84201 by certified mail. Each payment shall be accompanied by Internal Revenue Service Form 8038-T and any other form or forms required to be submitted with such remittance.

SECTION 3.02. BOOKS AND RECORDS.

(A) The Issuer or Trustee, as applicable, shall keep proper books of record and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the Gross Proceeds of the Issue. Such records shall specify the account or fund to which each Nonpurpose Investment (or portion thereof) held by the Issuer or Trustee is to be allocated and shall set forth as to each Nonpurpose Investment (1) its purchase price, (2) identifying information, including par amount, interest rate, and payments dates, (3) the amount received at maturity or its sales price, as the case may be, including accrued interest, (4) the amounts and dates of any payments made with respect thereto, and (5) the dates of acquisition and disposition or maturity.

The Issuer, Trustee, or Rebate Analyst, as applicable, shall retain the records of all calculations and payments of the Rebate Amount until six years after the retirement of the last obligation that is a part of the Issue.

SECTION 3.03. FAIR MARKET VALUE.

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

The fair market value of any Nonpurpose Investment shall be the price at which a willing buyer would purchase the Nonpurpose Investment from a willing seller in an arms-length transaction. Fair market value generally is determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding (i.e., the trade date rather than the settlement date). Except as otherwise provided in this Section, a Nonpurpose Investment that is not of a type traded on an established securities market (within the meaning of Section 1273 of the Code) is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(A) Obligations purchased directly from the Treasury. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

(B) Safe harbor for Guaranteed Investment Contracts. The purchase price of a Guaranteed Investment Contract shall be treated as its fair market value on the purchase date if all the following conditions are met:

(1) The Issuer or broker makes a bona fide solicitation for a specified Guaranteed Investment Contract and receives at least three bona fide bids from reasonably competitive providers (of Guaranteed Investment Contracts) that have no material financial interest in the Issue.

(2) The Issuer purchases the highest-yielding Guaranteed Investment Contract for which a qualifying bid is made (determined net of broker's fees);

Water Supply Development Revolving Fund

(3) The Yield on the Guaranteed Investment Contract (determined net of broker's fees) is not less than the Yield then available from the provider on reasonably comparable Guaranteed Investment Contracts, if any, offered to other persons from a source of funds other than Gross Proceeds of Tax-Exempt Obligations;

(4) The determination of the terms of the Guaranteed Investment Contract takes into account as a significant factor the Issuer's reasonably expected drawdown schedule for the amounts to be invested, exclusive of amounts deposited in a Bona Fide Debt Service Fund and a reasonably required reserve or replacement fund;

(5) The terms of the Guaranteed Investment Contract, including collateral security requirements, are reasonable; and

(6) The obligor on the Guaranteed Investment Contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the Guaranteed Investment Contract.

(C) Safe harbor for certificates of deposit. The purchase price of a certificate of deposit shall be treated as its fair market value on the purchase date if all of the following requirements are met:

(1) The certificate of deposit has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal; and

(2) The Yield on the certificate of deposit is not less than (a) the Yield on reasonably comparable direct obligations of the United States, or (b) the highest Yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

Certificates evidencing the foregoing requirements should be obtained before purchasing any Guaranteed Investment Contract or certificate of deposit.

SECTION 3.04. CONSTRUCTIVE SALE/PURCHASE.

(A) Nonpurpose Investments that are held by the Issuer or Trustee as of any Computation Date (or Bond Year if the computations are required to be done annually) shall be treated for purposes of computing the Rebate Amount as of such date as having been sold for their fair market value as of such date. Investment Property which becomes allocated to Gross Proceeds of the Issue on a date after such Investment Property has actually been purchased shall be treated for purposes of the rebate requirements as having been purchased by the Issuer on such date of allocation at its fair market value on such date.

(B) For purposes of constructive or deemed sales or purchases of Investment Property (other than Investment Property in the Escrow Fund or that is otherwise not invested for a Temporary Period or is not part of a reasonably required reserve or replacement fund for the Issue) must be valued at its fair market value on the date of constructive or deemed sale or purchase.

Water Supply Development Revolving Fund

- (C) Except as set forth in (B), fixed rate Investment Property that is (1) issued with not more than 2% of original issue discount or original issue premium, (2) issued with original issue premium that is attributable exclusively to reasonable underwriters' compensation or (3) acquired with not more than 2% of market discount or market premium, may be treated as having a fair market value equal to its outstanding stated principal amount, plus accrued interest. Fixed rate Investment Property also may be treated as having a fair market value equal to its present value.

SECTION 3.05. ADMINISTRATIVE COSTS.

- (A) Administrative costs shall not be taken into account in determining the payments for or receipts from a Nonpurpose Investment unless such administrative costs are Qualified Administrative Costs. Thus, administrative costs or expenses paid, directly or indirectly, to purchase, carry, sell, or retire Nonpurpose Investments generally do not increase the Payments for, or reduce the Receipts from, Nonpurpose Investments.
- (B) Qualified Administrative Costs are taken into account in determining the Payments and Receipts on Nonpurpose Investments and thus increase the Payments for, or decrease the Receipts from, Nonpurpose Investments. In the case of a Guaranteed Investment Contract, a broker's commission or similar fee paid on behalf of either the Issuer or the provider is an administrative cost that is not a Qualified Administrative Cost to the extent that the present value (computed using the taxable discount rate used by the parties to compute the commission or, if not readily ascertainable, a reasonable taxable discount rate) of the commission, as of the date the contract is purchased, exceeds the present value of annual payments equal to 0.05 percent of the weighted average amount reasonably expected to be invested each year during the term of such contract.

PART IV: COMPLIANCE AND AMENDMENT**SECTION 4.01. COMPLIANCE.**

The Issuer, Trustee or Rebate Analyst, as applicable, shall take all necessary steps to comply with the requirements of these Instructions in order to ensure that interest on the Issue is excluded from gross income for federal income tax purposes under Section 103(a) of the Code. However, compliance shall not be required in the event and to the extent stated therein the Issuer and the Trustee receive a Bond Counsel's Opinion that either (A) compliance with such requirement is not required to maintain the exclusion from gross income for federal income tax purposes of interest on the Issue, or (B) compliance with some other requirement in lieu of such requirement will comply with Section 148(f) of the Code, in which case compliance with the other requirement specified in the Bond Counsel's Opinion shall constitute compliance with such requirement.

SECTION 4.02. LIABILITY.

If for any reason any requirement of these Instructions is not complied with, the Issuer and the Trustee, if applicable, shall take all necessary and desirable steps to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence. The Trustee shall have no duty or responsibility to independently verify any of the Issuer's, or the Rebate Analyst's, calculations with respect to the payments of the Rebate Amount due and owing to the United States. Under no circumstances whatsoever shall the Trustee be liable to the Issuer, any bondholder or any other person for any inclusion of the interest on the Issue in gross income for federal income tax purposes, or any claims, demands, damages, liabilities, losses, costs or expenses resulting therefrom.

Water Supply Development Revolving Fund

or in any way connected therewith, so long as the Trustee acts only in accordance with these Instructions and the operative documents pertaining to the Issue.

[Remainder of page intentionally blank.]

DRAFT



Loan Exhibit D

IRS Form 8038-G

The 8038G will be
prepared when
\$50,000 of loan funds
have been disbursed

DRAFT

TOWN OF CAMP VERDE

FY26 Capital Improvement Project

Project Title: *Water Systems Arsenic Treatment*

FY26 Impact: \$2,000,000

5-Yr Project Cost: \$3,600,000

New Project or Rollover: *Rollover*

Dept/Div: *Utilities*

Contact: *J. Low*

Requested by: *J. Low*

Date Completed: *3/12/25*

Project Summary:

Construct arsenic testing and treatment sites for Mongini well site, Verde River Estates well, and paint Tank 2.

Location: 5000 Genesis Way and 4311 N Verde River Drive



Community Impact:

The Town has been monitoring arsenic levels monthly. The arsenic levels have been increasing, and treatment is now required in all Town water systems.

Water usage at the Mongini Well site is at record levels for production, with arsenic levels increasing with additional usage. The project will assure a safe water supply for the town's drinking water. The project will also include recoating and repainting Tank 2.

Project Title: *Water Systems Arsenic Treatment*

Operational Impact:

Impact on Staffing: Staff will monitor the system and replace the filtration media as needed.

Impact on operational costs: Staff will need to maintain the system and replace the treatment media on an approximate annual timeframe. Additionally, the system will increase our electrical demand for the systems.

Project Budget:

Fiscal	Activity / Segment	Timeline	Cost
FY26	Project Construction	July - June	\$2,000,000
FY27	Project Construction	July27 – Oct27	\$1,600,000
	Total		\$3,600,000

Estimated Annual Operational Impact – Cost/(Savings):

Starting Year	Category	Cost
FY26	Wages & ERE	\$0
FY26	Supplies	\$125,000
	Total	\$ 125,000

Project Funding:

Tracking Fund: Water Fund

Funding Source: WIFA Grant - \$2.0M
WIFA Loan - \$1.6M

Staff Rating Score:

Need	Cost/ Efficiency	Safety	Strategic Plan	Total Points
3.4	2.5	3.2	2.7	11.8