



RESOLUTION 2017-993

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CAMP VERDE, ARIZONA, ACTING AS TRUSTEES OF CAMP VERDE SANITARY DISTRICT OF YAVAPAI COUNTY, ARIZONA, PURSUANT TO A.R.S. SECTION 48-2029 APPROVING AND AUTHORIZING THE SALE AND ISSUANCE OF CAMP VERDE SANITARY DISTRICT OF YAVAPAI COUNTY, ARIZONA GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017 AND ALL MATTERS RELATED THERETO; PRESCRIBING CERTAIN TERMS AND CONDITIONS OF SUCH BONDS INCLUDING THE DELEGATION TO THE MANAGER OF THE TOWN OF THE AUTHORITY TO DESIGNATE CERTAIN MATTERS WITH RESPECT TO SUCH BONDS; AWARDED A CONTRACT FOR THE PLACEMENT OF SUCH BONDS AND ADOPTING POST-ISSUANCE TAX COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF OBLIGATIONS OF THE DISTRICT.

WHEREAS, the Mayor and Common Council of the Town of Camp Verde, Arizona (the "Town"), acting as trustees of Camp Verde Sanitary District of Yavapai County, Arizona, a sanitary district duly organized and validly existing pursuant to the laws of the State of Arizona (the "District"), by virtue of Section 48-2029, Arizona Revised Statutes, hereby find and determine that it is expedient to refund the remaining principal amounts of the Loan Agreements, dated as of December 30, 2004, and as of July 26, 2006 (together, the "Agreements Being Refunded"), between the Water Infrastructure Finance Authority of Arizona ("WIFA") and the District remaining outstanding and that the issuance of certain refunding bonds by the District (the "Bonds") and the application of the net proceeds thereof to pay at earliest redemption the Agreements Being Refunded are necessary and advisable and in the best interests of the District and shall result in a present value debt service savings, net of costs associated with the Bonds, of not less than two and three fourths percent (2.75%) of the principal amount of the Agreements Being Refunded; and

WHEREAS, the total aggregate of taxes levied to pay principal of and interest on the Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Agreements Being Refunded from the date of issuance of the Bonds to the final date of maturity of the Agreements Being Refunded; and

WHEREAS, the Council will receive a proposal from Stifel, Nicolaus & Company, Incorporated, serving in the capacity of and designated as the placement agent (the "Placement Agent") and not acting as a municipal advisor as defined in the "Registration of Municipal Advisors" rule promulgated by the United States Securities and Exchange Commission, and has determined that the Bonds should be placed by the Placement Agent; and

WHEREAS, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder (the

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

WHEREAS, the Council hereby further finds and determines that the procedures attached hereto as Exhibit A should be adopted in order to ensure that Tax-Exempt Obligations (including the Bonds) issued by the District comply with the provisions of the Code and the Regulations (the "Procedures"); and

WHEREAS, all formal actions concerning and relating to the passage of this Resolution were taken in an open meeting, in compliance with all legal requirements, and all things required to be done preliminary to the authorization, sale and issuance of the Bonds have been duly done and performed in the manner required by law, and the sale and issuance of the Bonds is now to proceed;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CAMP VERDE, YAVAPAI COUNTY, ARIZONA, ACTING AS TRUSTEES OF THE CAMP VERDE SANITARY DISTRICT AS FOLLOWS:

Section 1. (a) The Bonds are authorized by the provisions of Title 35, Chapter 3, Article 4, Arizona Revised Statutes.

(b) The Bonds are hereby authorized to be sold and issued for the purposes set forth hereinabove. (All actions to refund the Agreements Being Refunded, whether taken before or after adoption of this Resolution, are ratified and confirmed and approved, respectively.)

(c) The Bonds Being Refunded shall be paid at maturity or redeemed on the earliest redemption date.

(d) Proceeds of the sale of the Bonds shall be paid to WIFA to pay the principal of and interest on the Agreements Being Refunded on the date of initial issuance of the Bonds. (Any proceeds of the sale of the Bonds not used for such purpose shall be held by the District and used to pay costs of issuance of the Bonds or deposited in the hereinafter defined "Interest Fund" in the same fashion as taxes.)

(e) The owners of the Bonds shall rely upon the sufficiency of the funds deposited as described in subsection (d) for the payment of the Agreements Being Refunded. The issuance of the Bonds shall in no way infringe upon the rights of WIFA to rely upon a tax levy for the payment of principal and interest on the Agreements Being Refunded if such redemption funds prove insufficient.

Section 2. The Bonds shall be designated "Camp Verde Sanitary District of Yavapai County, Arizona General Obligation Refunding Bonds, Series 2017."

Section 3. (a) The Bonds shall be in the form of two term bonds, one in the principal amount of \$254,000, maturing on July 1, 2024, bearing interest at the per annum rate of 2.01 percent, payable on July 1, 2018, and each January 1 and July 1 thereafter until maturity and being subject to mandatory redemption on the dates and in the principal amounts as follows:

| <u>Date</u> | <u>Amount</u> |
|-----------------|---------------|
| July 1, 2018 | \$37,000 |
| January 1, 2019 | 16,000 |
| July 1, 2019 | 16,000 |
| January 1, 2020 | 18,000 |
| July 1, 2020 | 18,000 |
| January 1, 2021 | 19,000 |
| July 1, 2021 | 18,000 |
| January 2022 | 19,000 |
| July 1, 2022 | 19,000 |
| January 1, 2023 | 19,000 |
| July 1, 2023 | 19,000 |
| January 1, 2024 | 18,000 |

and the other in the principal amount of \$2,199,000, maturing on July 1, 2026, bearing interest at the per annum rate of 2.18 percent, payable on July 1, 2018, and each January 1 and July 1 thereafter until maturity and being subject to mandatory redemption on the dates and in the principal amounts as follows:

| <u>Date</u> | <u>Amount</u> |
|-----------------|---------------|
| July 1, 2018 | \$280,000 |
| January 1, 2019 | 94,000 |
| July 1, 2019 | 94,000 |
| January 1, 2020 | 127,000 |
| July 1, 2020 | 127,000 |
| January 1, 2021 | 125,000 |
| July 1, 2021 | 127,000 |
| January 2022 | 125,000 |
| July 1, 2022 | 125,000 |
| January 1, 2023 | 123,000 |
| July 1, 2023 | 124,000 |
| January 1, 2024 | 123,000 |
| July 1, 2024 | 122,000 |
| January 1, 2025 | 122,000 |
| July 1, 2025 | 121,000 |
| January 1, 2026 | 120,000 |

Other than the mandatory redemptions described above (for which no notice is required to be given), the Bonds shall not be subject to redemption.

(b) The Manager of the Town is hereby authorized and directed to cause the Bonds to be sold at a price of par and determine

on behalf of the District the sales date of the Bonds and the dated date of the Bonds.

Section 4. (a) The Bonds shall separately be numbered, by maturity, from 1 consecutively upwards; shall be fully registered Bonds without coupons; shall be in the denomination of \$100,000 of principal due on a maturity date or any integral multiple of \$1,000 of principal amount thereof except that Bonds may be in denominations less than \$100,000 to effect redemptions ("authorized denominations") and shall bear interest from the most recent July 15 or January 15 to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their date. The principal of and premium, if any, and interest on the Bonds shall be payable by wire transfer of immediately available, federal funds to the entity with which they are placed pursuant to Section 9 (the "Purchaser") to the account designated by such registered owner and thereafter to any entity to which they are transferred as hereinafter described (for purposes of this section together with the Purchaser, "registered owners") at the close of business on the first day of the calendar month next preceding that interest payment date (the "regular record date"). Any interest which is not timely paid or duly provided for shall cease to be payable to the registered owner thereof (or of one or more predecessor Bonds) as of the regular record date and shall be payable to the registered owner thereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. Such special record date shall be fixed whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to the registered owners of the Bonds not less than ten (10) days prior thereto.

(b) (i) The Bonds may be transferred to a registered owner without the necessity of obtaining the consent of District; provided, that such transferee represents to the District that (i) it has sufficient knowledge and experience in financial and business matters to be able to evaluate the risks and merits of the investment in the Bonds, (ii) it understands that neither this Resolution nor the Bonds will be registered pursuant to the Securities Act of 1933, (iii) it is either an "accredited investor" within the meaning of Regulation D promulgated pursuant to the Securities Act of 1933, or a qualified institutional buyer within the meaning of Rule 144A promulgated under the Securities Act of 1933, and (iv) its present intention is to acquire such interest (A) for investment for its own account or (B) for resale in a transaction exempt from registration under the Securities Act of 1933; *provided, however,* that there shall only be three registered owners at any time and the District shall only report to and take direction from the entity which is the registered owner of a majority in the principal amount of the Bonds outstanding or designated for such purpose by the registered owners of a majority in principal amount of the Bonds outstanding (the "principal registered owner"); *provided further,* upon such transfer, if the Purchaser is no longer the registered owner of a majority in principal amount of the Bonds outstanding, the District reserves

the right to employ the services of third party paying agent and bond registrar. Upon transfer of any Bonds, the District shall execute and deliver new Bonds in the name of the transferee, in authorized denominations, in an aggregate principal amount equal to the unmatured and unredeemed principal amount of, and bearing interest at the same rate and maturing on the same date as, the Bonds submitted for transfer.

(ii) Transfer of Bonds shall not be required (a) during a period beginning with the opening of business on the fifteenth (15th) business day next preceding either any interest payment date or any date of selection of Bonds to be redeemed and ending with the close of business on the interest payment date or day on which the applicable notice of redemption is given or (b) of any Bonds which have been selected for redemption.

Section 5. In case any Bond becomes mutilated or destroyed or lost, the District shall cause to be executed and delivered a new Bond of like maturity and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed or lost, upon the registered owner paying the reasonable expenses and charges of the District in connection therewith and, in the case of a Bond destroyed or lost, filing with the District by the registered owner evidence satisfactory to the District that such Bond was destroyed or lost, and furnishing the District with a sufficient indemnity bond pursuant to Section 47-8405, Arizona Revised Statutes.

Section 6. For purposes of Section 48-2029, Arizona Revised Statutes, pursuant to which administration of the affairs of the District are vested in trust in the Council, the Mayor of the Town shall act as Chairperson, Vice Mayor as Vice Chairperson, Town Clerk as District Clerk, Town Finance Director as District Treasurer and Town Manager as District Manager. The Bonds shall be executed on behalf of the District by the Mayor or Vice Mayor of the Town and attested by the Town Clerk of the Town and countersigned by the Treasurer of the Town (who is the Finance Director of the Town) with their manual or facsimile signatures, and such officials are hereby authorized and directed to execute, attest and countersign the Bonds as aforesaid. Unless a bond registrar and paying agent is employed by the District as hereinabove provided to do so, the Clerk of the Town shall authenticate and deliver Bonds upon original issuance and subsequent transfer as provided herein.

Section 7. The Bonds shall be in substantially the form attached hereto as Exhibit B, allowing those executing the Bonds to make the insertions and deletions necessary to conform the Bonds hereto.

Section 8. (a) In each year while any of the Bonds shall be outstanding, there shall be and hereby is levied upon all taxable property within the District a continuing, direct, annual, *ad valorem* tax over and above all other taxes authorized or limited by law, which tax, together with other funds then on hand and available for such purposes, shall be sufficient to pay the principal of and interest on

the Bonds as the same become due, provided, however, that the total aggregate of taxes levied to pay principal and interest on the Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Agreements Being Refunded from the date of issuance of the Bonds to the final date of maturity on the Agreements Being Refunded. The tax shall be extended and collected for the District, and the officials of the District and Yavapai County, Arizona charged with the annual extension and collection of taxes, without further instructions, shall extend and collect the tax upon issuance of the Bonds. All moneys collected through such tax shall be paid into the treasury of the District, to the credit of a separate "Bond Fund" of the District for the Bonds, from which funds the Bonds shall be payable, which tax moneys shall be held in subfunds in such fund to be known as the "Interest Fund" and the "Redemption Fund", which funds shall be kept separate and apart from and not commingled with any other funds or moneys and which shall be used solely for, respectively, payment of interest on and principal of the Bonds.

(b) Neither the full faith and credit nor the general taxing power of the Town is pledged to the payment of the Bonds. Nothing contained in this Resolution or any other instrument related to the Bonds shall be construed as obligating the Town, or as incurring a charge upon the general credit or any other credit or revenues of the Town nor shall the breach of any agreement contained in this Resolution or any other instrument or documents executed in connection therewith impose any charge upon the general credit or any other credit or revenues of the Town.

(c) Subject to the limitation of applicable laws of the State of Arizona (the "State") as they relate to the Bonds, an *ad valorem* property tax shall be collected, at the same time and in the same manner as other taxes are levied and collected on all taxable property in the boundaries of the District sufficient, together with moneys from the sources described herein, to pay debt service when due. All statutes relating to the levy and collection of State and county taxes, including the collection of delinquent taxes and sale of property for nonpayment of taxes, apply to the taxes provided for by this Section.

Section 9. The Manager of the Town is hereby authorized to accept a proposal of the Placement Agent for the placement of the Bonds in substantially the form attached hereto as Exhibit C (the "Placement Agent Agreement") which is hereby approved, and the Bonds are hereby ordered placed with the entity identified in accordance with the terms of the Placement Agent Agreement. The Manager of the District is hereby authorized to execute and deliver the Placement Agent Agreement, for and on behalf of the District, in substantially such form and in a final form satisfactory to the Manager of the District, and such execution and delivery by the Manager of the District shall indicate the approval thereof on behalf of the District. In accordance with the provisions of this Resolution and upon payment therefor, the Manager, the Clerk and the Finance Director of the Town, or any of them, are hereby authorized and directed to deliver the Bonds to the Purchaser upon receipt of payment therefor.

Section 10. (a) As provided in further detail in the Certificate Relating to Federal Tax Matters delivered on the delivery date of the Bonds by the District (the "Tax Certificate"), the District shall not make or direct the making of any investment or other use of the proceeds of any Bonds which would cause such Bonds to be "arbitrage bonds" as that term is defined in section 148 (or any successor provision thereto) of the Internal Revenue Code of 1986, as amended (the "Code"), or "private activity bonds" as that term is defined in section 141 (or any successor provision thereto) of the Code, and the District shall comply with the requirements of the Code sections and related regulations throughout the term of the Bonds. In consideration of the purchase and acceptance of the Bonds by the holders from time to time and of retaining the exclusion from income taxation of interest thereon and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, the appropriate officials of the Town are hereby directed to take all action required by the Code to maintain such exclusion and to refrain from taking any action prohibited by the Code which would adversely affect in any respect such exclusion.

(b) The District or the Town shall be the owner of the facilities refinanced with the proceeds of the sale of the Bonds (the "Facilities") for federal income tax purposes. Except as otherwise advised in a Bond Counsel's Opinion (as such term is defined in the next Section), (i) no management or service contract with any entity other than a governmental entity for the operation of any portion of the Facilities shall be entered into unless the management or service contract complies with the requirements of such other authority as may control at the time, and (ii) no lease or other arrangement with any entity other than a governmental entity that gives such entity special legal entitlements with respect to any portion of the Facilities shall be entered into. Also, the payment of principal and interest with respect to the Bonds shall not be guaranteed (in whole or in part) by the United States or any agency or instrumentality of the United States. The proceeds of the Bonds, or amounts treated as proceeds of the Bonds, shall not be invested (directly or indirectly) in federally insured deposits or accounts, except to the extent such proceeds (i) may be so invested for an initial temporary period until needed for the purpose for which the Bonds are being issued, (ii) may be so used in making investments of a bona fide debt service fund or (iii) may be invested in obligations issued by the United States Treasury.

(c) (i) The District shall take all necessary and desirable steps, as determined by the appropriate officials of the Town, to comply with the requirements hereunder in order to ensure that interest on the Bonds is excluded from gross income for federal income tax purposes under the Code; provided, however, compliance with any such requirement shall not be required in the event the District receives a Bond Counsel's Opinion (as such term is hereinafter defined) that either (i) compliance with such requirement is not required to maintain the exclusion from gross income of interest on the Bonds, or (ii) compliance with some other requirement will meet the requirements of the Code. In the event the District receives such a Bond Counsel's Opinion, the

parties agree to amend this Resolution to conform to the requirements set forth in such opinion.

(ii) If for any reason any requirement hereunder is not complied with, the District shall take all necessary and desirable steps, as determined by the appropriate officials of the Town, to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence and the District shall pay any required interest or penalty under Regulations section 1.148-3(h) with respect to the Code.

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

(e) The Bonds are designated as "qualified tax-exempt obligations" within the meaning of and pursuant to the provisions of Section 265(b) of the Code. It is represented and warranted that the reasonably anticipated amount of "qualified tax-exempt obligations" (other than private activity bonds within the meaning of the Code) which will be issued by the District during the 2017 calendar year will not exceed \$10,000,000.

(f) The procedures and covenants contained in any arbitrage rebate provision or separate agreement executed in connection with the issuance of the Bonds (originally as provided in Section 11 hereof) shall be complied with for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. However, (i) the District has general taxing powers, (ii) the Bonds are not private activity bonds within the meaning of the Code, (iii) 95 percent or more of the net proceeds of the Bonds shall be used for local governmental activities of the District and (iv) the aggregate face amount of all tax-exempt bonds or obligations (other than private activity bonds within the meaning of the Code) issued by the District during the 2017 calendar year is not reasonably expected to exceed \$5,000,000 and, as such, the District has an exception to the payment of rebate as described in the next Section available to it with respect to the Bonds.

Section 11. (a) Terms not otherwise defined in Subsection (b) hereof shall have the meanings given to them in the Tax Certificate.

(b) In addition to the terms defined elsewhere herein, the following terms shall have the following meanings:

Bond Counsel's Opinion shall mean an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the District.

Bond Year shall mean each one-year period beginning on the day after the expiration of the preceding Bond Year. The first Bond Year shall begin on the date of issue of the Bonds and shall end on the date selected by the District, provided that the first Bond Year shall not exceed one calendar year. The last Bond Year shall end on the date of retirement of the last Bond.

Bond Yield is as indicated in the Tax Certificate. Bond Yield shall be recomputed if required by Regulations section 1.148-4(b)(4) or 4(h)(3). Bond Yield shall mean the discount rate that produces a present value equal to the Issue Price of all unconditionally payable payments of principal, interest and fees for qualified guarantees within the meaning of Regulations section 1.148-4(f) and amounts reasonably expected to be paid as fees for qualified guarantees in connection with the Bonds as determined under Regulations section 1.148-4(b). The present value of all such payments shall be computed as of the date of issue of the Bonds and using semiannual compounding on the basis of a 360-day year.

Gross Proceeds shall mean:

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

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

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

(iv) replacement proceeds of the Bonds within the meaning of Regulations section 1.148-1(c). Replacement proceeds include amounts reasonably expected to be used directly or indirectly to pay debt service on the Bonds, pledged amounts where there is reasonable assurance that such amounts will be available to pay principal or interest on the Bonds in the event the District encounters financial difficulties and other replacement proceeds within the meaning of Regulations section 1.148-1(c)(4). Whether an amount is Gross Proceeds is determined without regard to whether the amount is held in any fund or account.

Investment Property shall mean any security, obligation (other than a tax-exempt bond within the meaning of Code section

148(b)(3)(A)), annuity contract or investment-type property within the meaning of Regulations section 1.148-1(b).

Issue Price is as indicated in the Tax Certificate.

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

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

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

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

(c) Within 60 days after the end of each Bond Year, if the exception to the requirement to do so described in Section 10(e) is not available, the District shall cause the Rebate Requirement to be calculated and, unless shall pay to the United States of America:

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

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

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

(d) 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.

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

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

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

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

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

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

(2) 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.

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

(1) A bona fide solicitation in writing for a specified guaranteed investment contract, including all material terms, is timely forwarded to all potential providers. The solicitation must include a statement that the submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the District or any other person (whether

or not in connection with the Bonds), and that the bid is not being submitted solely as a courtesy to the District or any other person for purposes of satisfying the requirements in the Regulations that the District receive bids from at least one reasonably competitive provider and at least three providers that do not have a material financial interest in the Bonds.

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

(3) At least three reasonably competitive providers (i.e. having an established industry reputation as a competitive provider of the type of investments being purchased) are solicited for bids. At least three bids must be received from providers that have no material financial interest in the Bonds (e.g., a lead underwriter within 15 days of the issue date of the Bonds or a financial advisor with respect to the investment) and at least one of such three bids must be from a reasonably competitive provider. If the District uses an agent to conduct the bidding, the agent may not bid.

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

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

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

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

(8) The District retains until three years after the last outstanding Bond is retired, (i) a copy of the guaranteed investment contract, (ii) a receipt or other record of the amount actually paid for the guaranteed investment contract, including any administrative costs paid by the District and a copy of the provider's certification described in (7) above, (iii) the name of the person and entity submitting each bid, the time and date of the bid, and the bid results and (iv) the bid solicitation form and, if

the terms of the guaranteed investment contract deviates from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose of the deviation.

(h) The employment of such experts and consultants to make, as necessary, any calculations in respect of rebates to be made to the United States of America in accordance with Section 148(f) of the Code, is hereby authorized.

Section 12. In consideration of the purchase and acceptance of any and all of the Bonds issued hereunder by those who shall be the registered owners of the same from time to time, this Resolution shall be deemed to be and shall constitute a contract among the District and the registered owners of the Bonds.

Section 13. (a) 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 Council hereby declares that it would have adopted this Resolution and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the issuance of the Bonds 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.

(b) All actions of the officers and agents of the District including the Council acting as trustees of the District of the District which conform to the purposes and intent of this Resolution and which further the issuance and sale of the Bonds as contemplated by this Resolution, whether heretofore or hereafter taken, are hereby ratified, confirmed and approved. The proper officers and agents of the District are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the District as may be necessary to carry out the terms and intent of this Resolution.

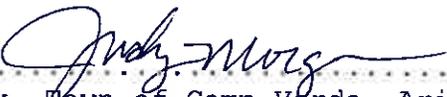
(c) All acts and conditions necessary to be performed by the District or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District will at the time of delivery of the Bonds have been performed and have been met, in 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 issuance of the Bonds.

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PASSED by the Mayor and Common Council of the Town of Camp Verde, Arizona, acting as trustees of Camp Verde Sanitary District of Yavapai County, Arizona this 13th day of December, 2017.


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

ATTEST:


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

APPROVED AS TO FORM:


~~GREENBERG TRAUERIG, LLP, Bond~~
Counsel 

By. 
.....
~~Michael Cafiso~~

EXHIBITS:

- Exhibit A - Procedures
- Exhibit B - Form of Bond
- Exhibit C - Form of Placement Agent Agreement

CERTIFICATION

I hereby certify that the foregoing Resolution No. ²⁰¹⁷⁻⁹⁹³ was duly passed and adopted by the Mayor and Common Council of the Town of Camp Verde, Arizona, at a meeting held on the 13th day of December, 2017, and the vote was ayes and nays.

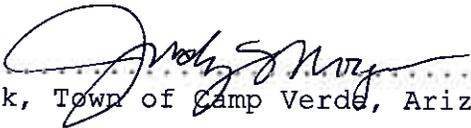

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Clerk, Town of Camp Verde, Arizona

EXHIBIT A
PROCEDURES

**WRITTEN POLICIES AND PROCEDURES
FOR TAX-ADVANTAGED OBLIGATIONS**

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

The Issuer has established the policies and procedures contained herein (the "Procedures") as of December 13, 2017, in order to ensure that the Issuer complies with the requirements of the Code that are applicable to its tax-advantaged obligations. The Procedures, coupled with requirements contained in the arbitrage and tax certificate or other operative documents (the "Tax Certificate") executed at the time of issuance of the tax-advantaged obligations, are intended to constitute written procedures for ongoing compliance with the federal tax requirements applicable to the tax-advantaged obligations and for timely identification and remediation of violations of such requirements.

A. GENERAL MATTERS.

1. Responsible Officer. The District Manager of the Issuer will have overall responsibility for ensuring that the ongoing requirements described in the Procedures are met with respect to tax-advantaged obligations (the "Responsible Officer").
2. Establishment of Procedures. The Procedures will be included with other written procedures of the Issuer.
3. Identify Additional Responsible Employees. The Responsible Officer shall identify any additional persons who will be responsible for each section of the Procedures, notify the current holder of that office of the responsibilities, and provide that person a copy of the Procedures. (For each section of the Procedures, this may be the Responsible Officer or another person who is assigned the particular responsibility.)
 - a. Upon employee or officer transitions, new personnel should be advised of responsibilities under the Procedures and ensure they understand the importance of the Procedures.

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

4. Training Required. The Responsible Officer and other responsible persons shall receive appropriate training that includes the review of and familiarity with the contents of the Procedures, review of the requirements contained in the Code applicable to each tax-advantaged obligation, identification of all tax-advantaged obligations that must be monitored, identification of all facilities (or portions thereof) financed with proceeds of tax-advantaged obligations, familiarity with the requirements contained in the Tax Certificate or other operative documents contained in the transcript, and familiarity with the procedures that must be taken in order to correct noncompliance with the requirements of the Code in a timely manner.

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

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

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

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

1. Consistent Accounting Procedures. Maintain or confirm maintenance of clear and consistent accounting procedures for

tracking the investment and expenditures of proceeds, including investment earnings on proceeds.

2. Reimbursement Allocations at Closing. At or shortly after closing of an issue, ensure that any allocations for reimbursement expenditures comply with the Tax Certificate.
3. Timely Expenditure of Proceeds. Monitor that sale proceeds and investment earnings on sale proceeds of tax-advantaged obligations are spent in a timely fashion consistent with the requirements of the Tax Certificate.
4. Requisitions. Utilize or confirm the utilization of requisitions to draw down proceeds, and ensure that each requisition contains (or has attached to it) detailed information in order to establish when and how proceeds were spent; review requisitions carefully before submission to ensure proper use of proceeds to minimize the need for reallocations.
5. Final Allocation. Ensure that a final allocation of proceeds (including investment earnings) to qualifying expenditures is made if proceeds are to be allocated to project expenditures on a basis other than "direct tracing" (direct tracing means treating the proceeds as spent as shown in the accounting records for draws and project expenditures). An allocation other than on the basis of "direct tracing" is often made to reduce the private business use of bond proceeds that would otherwise result from "direct tracing" of proceeds to project expenditures. *This allocation must be made within 18 months after the later of the date the expenditure was made or the date the project was placed in service, but not later than five years and 60 days after the date the tax-advantaged obligations are issued (or 60 days after the issue is retired, if earlier).* Bond counsel can assist with the final allocation of proceeds to project costs. Maintain a copy of the final allocation in the records for the tax-advantaged obligation.
6. Maintenance and Retention of Records Relating to Proceeds. Maintain or confirm the maintenance of careful records of all project and other costs (e.g., costs of issuance, credit enhancement and capitalized interest) and uses (e.g., deposits to a reserve fund) for which proceeds were spent or used. These records should be maintained separately for each issue of tax-advantaged obligations for the period indicated under Section H. below.

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

1. Identify Financed Facilities. Identify or "map" which outstanding issues financed which facilities and in what amounts.
2. Review of Contracts with Private Persons. Review all of the following contracts or arrangements with non-governmental persons or organizations or the federal government (collectively referred to as "private persons") with respect to the financed facilities which could result in private business use of the facilities:
 - a. Sales of financed facilities;
 - b. Leases of financed facilities;
 - c. Management or service contracts relating to financed facilities;
 - d. Research contracts under which a private person sponsors research in financed facilities; and
 - e. Any other contracts involving "special legal entitlements" (such as naming rights or exclusive provider arrangements) granted to a private person with respect to financed facilities.
3. Bond Counsel Review of New Contracts or Amendments. Before amending an existing agreement with a private person or entering into any new lease, management, service, or research agreement with a private person, consult bond counsel to review such amendment or agreement to determine whether it results in private business use.
4. Establish Procedures to Ensure Proper Use and Ownership. Establish procedures to ensure that financed facilities are not used for private use without written approval of the Responsible Officer or other responsible person.
5. Analyze Use. Analyze any private business use of financed facilities and, for each issue of tax-advantaged obligations, determine whether the 10 percent limit on private business use (5 percent in the case of "unrelated or disproportionate" private business use) is exceeded, and contact bond counsel or other tax advisors if either of these limits appears to be exceeded.
6. Remediation if Limits Exceeded. If it appears that private business use limits are exceeded, immediately consult with

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

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

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

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

1. Review Tax Certificate. Review each Tax Certificate to understand the specific requirements that are applicable to each tax-advantaged obligation issue.
2. Arbitrage Yield. Record the arbitrage yield of the issue, as shown on IRS Form 8038-G or other applicable form. If the tax-advantaged obligations are variable rate, yield must be determined on an ongoing basis over the life of the tax-advantaged obligations as described in the Tax Certificate.
3. Temporary Periods. Review the Tax Certificate to determine the "temporary periods" for each issue, which are the periods during which proceeds of tax-advantaged obligations may be invested without yield restriction.
4. Post-Temporary Period Investments. Ensure that any investment of proceeds after applicable temporary periods is at a yield that does not exceed the applicable yield, unless yield reduction payments can be made pursuant to the Tax Certificate.

5. Monitor Temporary Period Compliance. Monitor that proceeds (including investment earnings) are expended promptly after the tax-advantaged obligations are issued in accordance with the expectations for satisfaction of three-year or five-year temporary periods for investment of proceeds and to avoid "hedge bond" status.
6. Monitor Yield Restriction Limitations. Identify situations in which compliance with applicable yield restrictions depends upon later investments (e.g., the purchase of 0 percent State and Local Government Securities from the U.S. Treasury for an advance refunding escrow). Monitor and verify that these purchases are made as contemplated.
7. Establish Fair Market Value of Investments. Ensure that investments acquired with proceeds satisfy IRS regulatory safe harbors for establishing fair market value (e.g., through the use of bidding procedures), and maintaining records to demonstrate satisfaction of such safe harbors. Consult the Tax Certificate for a description of applicable rules.
8. Credit Enhancement, Hedging and Sinking Funds. Consult with bond counsel before engaging in credit enhancement or hedging transactions relating to an issue, and before creating separate funds that are reasonably expected to be used to pay debt service. Maintain copies of all contracts and certificates relating to credit enhancement and hedging transactions that are entered into relating to an issue.
9. Grants/Donations to Governmental Entities. Before beginning a capital campaign or grant application that may result in gifts that are restricted to financed projects (or, in the absence of such a campaign, upon the receipt of such restricted gifts), consult bond counsel to determine whether replacement proceeds may result that are required to be yield restricted.
10. Bona Fide Debt Service Fund. Even after all proceeds of a given issue have been spent, ensure that debt service funds, if any, meet the requirements of a "bona fide debt service fund," i.e., one used primarily to achieve a proper matching of revenues with debt service that is depleted at least once each bond year, except for a reasonable carryover amount not to exceed the greater of: (i) the earnings on the fund for the immediately preceding bond year; or (ii) one-twelfth of the debt service on the issue for the immediately preceding bond year. To the extent that a debt service fund qualifies as a bona fide debt service fund for a given bond year, the investment of amounts held in that fund is not subject to yield restriction for that year.

11. Debt Service Reserve Funds. Ensure that amounts invested in reasonably required debt service reserve funds, if any, do not exceed the least of: (i) 10 percent of the stated principal amount of the tax-advantaged obligations (or the sale proceeds of the issue if the issue has original issue discount or original issue premium that exceeds 2 percent of the stated principal amount of the issue plus, in the case of premium, reasonable underwriter's compensation); (ii) maximum annual debt service on the issue; or (iii) 125% of average annual debt service on the issue.

12. Rebate and Yield Reduction Payment Compliance. Review the arbitrage rebate covenants contained in the Tax Certificate. Subject to certain rebate exceptions described below, investment earnings on proceeds at a yield in excess of the yield (i.e., positive arbitrage) generally must be rebated to the U.S. Treasury, even if a temporary period exception from yield restriction allowed the earning of positive arbitrage.
 - a. Ensure that rebate and yield reduction payment calculations will be timely performed and payment of such amounts, if any, will be timely made. Such payments are generally due 60 days after the fifth anniversary of the date of issue, then in succeeding installments every five years. The final rebate payment for an issue is due 60 days after retirement of the last obligation of the issue. The Issuer should hire a rebate consultant if necessary.
 - b. Review the rebate section of the Tax Certificate to determine whether the "small issuer" rebate exception applies to the issue.
 - c. If the 6-month, 18-month, or 24-month spending exceptions from the rebate requirement (as described in the Tax Certificate) may apply to the tax-advantaged obligations, ensure that the spending of proceeds is monitored prior to semiannual spending dates for the applicable exception.
 - d. Make rebate and yield reduction payments and file Form 8038-T in a timely manner.
 - e. Even after all other proceeds of a given issue have been spent, ensure compliance with rebate requirements for any debt service reserve fund and any debt service fund that is not exempt from the rebate requirement (see the Arbitrage Rebate covenants contained in the Tax Certificate).

13. Maintenance and Retention of Arbitrage and Rebate Records. Maintain records of investments and expenditures of proceeds, rebate exception analyses, rebate calculations, Forms 8038-T, and rebate and yield reduction payments, and any other records relevant to compliance with the arbitrage restrictions for the period indicated in Section H. below.

G. RECORD RETENTION. The Responsible Officer or other responsible person shall ensure that for each issue of obligations, the transcript and all records and documents described in these Procedures will be maintained while any of the obligations are outstanding and during the three-year period following the final maturity or redemption of that issue, or if the obligations are refunded (or re-refunded), while any of the refunding obligations are outstanding and during the three-year period following the final maturity or redemption of the refunding obligations.

**ATTACHMENT I TO
WRITTEN PROCEDURES**

REMEDIAL ACTION PROCEDURES

Capitalized terms used herein but not defined have the meaning assigned thereto in Section 5 below and in the Written Policies and Procedures for Tax-Advantaged Obligations to which these Remedial Action Procedures are attached. This attachment describes written procedures that may be required to be taken by, or on behalf of, an issuer of Obligations.

1. **Background.** The maintenance of the tax status of the Obligations (e.g., as tax-exempt obligations under federal tax law) depends on the compliance with the requirements set forth in the Internal Revenue Code of 1986, as amended (the "Code"). *The purpose of this attachment is to set forth written procedures to be used in the event that any deliberate actions are taken that are not in compliance with the tax requirements of the Code (each, a "Deliberate Action") with respect to the Obligations, the proceeds thereof, or the property financed or refinanced by the Obligations (the "Financed Property").*

2. **Consultation with bond counsel.** If a Deliberate Action is taken with respect to the Obligations and the Financed Property subsequent to the issuance or execution and delivery of the Obligations, then the Issuer must consult with Greenberg Traurig, LLP or other nationally recognized bond counsel ("bond counsel") regarding permissible Remedial Actions that may be taken to remediate the effect of any such Deliberate Action upon the federal tax status of the Obligations. Note that remedial actions or corrective actions other than those described in this attachment may be available with respect to the Obligations and the Financed Property, including remedial actions or corrective actions that may be permitted by the Commissioner through the voluntary closing agreement programs (VCAP) provided by the Internal Revenue Service from time to time.

3. **Conditions to Availability of Remedial Actions.** None of the Remedial Actions described in this attachment are available to remediate the effect of any Deliberate Action with respect to the Obligations and the Financed Property unless the following conditions have been satisfied and unless bond counsel advises otherwise:

(a) The issuer of the Obligations reasonably expected on the date the Obligations were originally issued or executed and delivered that the Obligations would meet neither the Private Business Tests nor the Private Loan Financing Test of Section 141 of the Code and the Treasury Regulations thereunder for the entire term of the Obligations (such expectations may be based on the representations and expectations of the applicable conduit borrower, if there is one);

(b) The weighted average maturity of the Obligations did not, as of such date, exceed 120 percent of the Average Economic Life of the Financed Property;

(c) Unless otherwise excepted under the Treasury Regulations, the Issuer delivers a certificate, instrument, or other written records satisfactory to bond counsel demonstrating that the terms of the arrangement pursuant to which the Deliberate Action is taken is *bona fide* and arm's-length, and that the non-exempt Person using either the Financed Property or the proceeds of the Obligations as a result of the relevant Deliberate Action will pay fair market value for the use thereof;

(d) Any disposition must be made at fair market value and any Disposition Proceeds actually or constructively received by the Issuer as a result of the Deliberate Action must be treated as gross proceeds of the Obligations and may not be invested in obligations bearing a yield in excess of the yield on the Obligations subsequent to the date of the Deliberate Action; and

(e) Proceeds of the Obligations affected by the Remedial Action must have been allocated to expenditures for the Financed Property or other allowable governmental purposes before the date on which the Deliberate Action occurs (except to the extent that redemption or defeasance, if permitted, is undertaken, as further described in Section 4(A) below).

4. **Types of Remedial Action.** Subject to the conditions described above, and only if the Issuer obtains an opinion of bond counsel prior to taking any of the actions below to the effect that such actions will not affect the federal tax status of the Obligations, the following types of Remedial Actions may be available to remediate a Deliberate Action subsequent to the issuance of the Obligations:

(a) Redemption or Defeasance of Obligations.

(i) If the Deliberate Action causing either the Private Business Use Test or the Private Loan Financing Test to be satisfied consists of a fair market value disposition of any portion of the Financed Property exclusively for cash, then the Issuer may allocate the Disposition Proceeds to the redemption of Nonqualified Obligations pro rata across all of the then-outstanding maturities of the Obligations at the earliest call date of such maturities of the Obligations after the taking of the Deliberate Action. If any of the maturities of the Obligations outstanding at the time of the taking of the Deliberate Action are not callable within 90 days of the date of the Deliberate Action, the Issuer may (subject generally to the limitations described in (iii) below) allocate the Disposition Proceeds to the establishment of a

Defeasance Escrow for any such maturities of the Obligations within 90 days of the taking of such Deliberate Action.

(ii) If the Deliberate Action consists of a fair market value disposition of any portion of the Financed Property for other than exclusively cash, then the Issuer may use any funds (other than proceeds of the Obligations or proceeds of any obligation the interest on which is excludable from the gross income of the registered owners thereof for federal income tax purposes) for the redemption of all Nonqualified Obligations within 90 days of the date that such Deliberate Action was taken. In the event that insufficient maturities of the Obligations are callable by the date which is within 90 days after the date of the Deliberate Action, then such funds may be used for the establishment of a Defeasance Escrow within 90 days of the date of the Deliberate Action for all of the maturities of the Nonqualified Obligations not callable within 90 days of the date of the Deliberate Action.

(iii) If a Defeasance Escrow is established for any maturities of Nonqualified Obligations that are not callable within 90 days of the date of the Deliberate Action, written notice must be provided to the Commissioner of Internal Revenue Service at the times and places as may be specified by applicable regulations, rulings, or other guidance issued by the Department of the Treasury or the Internal Revenue Service. Note that the ability to create a Defeasance Escrow applies only if the Obligations to be defeased and redeemed all mature or are callable within ten and one-half (10.5) years of the date the Obligations are originally issued or executed and delivered. If the Obligations are not callable within ten and one-half years, and none of the other remedial actions described below are applicable, the remainder of this attachment is for general information only, and bond counsel must be contacted to discuss other available options.

(b) Alternative Use of Disposition Proceeds. Use of any Disposition Proceeds in accordance with the following requirements may be treated as a Remedial Action with respect to the Obligations:

(i) the Deliberate Action consists of a disposition of all or any portion of the Financed Property for not less than the fair market value thereof for cash;

(ii) the Issuer reasonably expects to expend the Disposition Proceeds resulting from the Deliberate Action within two years of the date of the Deliberate Action;

(iii) the Disposition Proceeds are treated as Proceeds of the Obligations for purposes of Section 141 of the Code and the Regulations thereunder, and the use of the Disposition

Proceeds in the manner in which such Disposition Proceeds are in fact so used would not cause the Disposition Proceeds to satisfy the Private Activity Bond Tests;

(iv) no action is taken after the date of the Deliberate Action to cause the Private Activity Bond Tests to be satisfied with respect to the Obligations, the Financed Property, or the Disposition Proceeds (other than any such use that may be permitted in accordance with the Treasury Regulations);

(v) Disposition Proceeds used in a manner that satisfies the Private Activity Bond Tests or that are not expended within two years of the date of the Deliberate Action must be used to redeem or defease Nonqualified Obligations in accordance with the requirements set forth in Section 4(a) hereof; and

(c) Alternative Use of Financed Property. The Issuer may be considered to have taken sufficient Remedial Actions to cause the Obligations to continue their applicable treatment under federal tax law if, subsequent to taking any Deliberate Action with respect to all or any portion of the Financed Property:

(i) the portion of the Financed Property subject to the Deliberate Action is used for a purpose that would be permitted for qualified tax-exempt obligations;

(ii) the disposition of the portion of the Financed Property subject to the Deliberate Action is not financed by a person acquiring the Financed Property with proceeds of any obligation the interest on which is exempt from the gross income of the registered owners thereof under Section 103 of the Code for purposes of federal income taxation or an obligation described in Sections 54A-54F, 54AA, or 6431 of the Code; and

(iii) any Disposition Proceeds other than those arising from an agreement to provide services (including Disposition Proceeds arising from an installment sale) resulting from the Deliberate Action are used to pay the debt service on the Obligations on the next available payment date or, within 90 days of receipt thereof, are deposited into an escrow that is restricted as to the investment thereof to the yield on the Obligations to pay debt service on the Obligations on the next available payment date.

Absent an opinion of bond counsel, no Remedial Actions are available to remediate the satisfaction of the Private Security or Payment Test regarding the same with respect to the Obligations. Nothing herein is intended to prohibit Remedial Actions not described herein

that may become available subsequent to the date the Obligations are originally issued or executed and delivered to remediate the effect of a Deliberate Action taken with respect to the Obligations, the proceeds thereof or the Financed Property.

5. **Additional Defined Terms.** For purposes of this attachment, the following terms have the following meanings:

"*Commissioner*" means the Commissioner of Internal Revenue, including any successor person or body.

"*Defeasance Escrow*" means an irrevocable escrow established to redeem obligations on their earliest call date in an amount that, together with investment earnings thereon, is sufficient to pay the entire principal of, and interest and call premium on, obligations from the date the escrow is established to the earliest call date. A Defeasance Escrow may not be invested in higher yielding investments or in any investment under which the obligor is a user of the proceeds of the obligations.

"*Deliberate Action*" means any action, occurrence, or omission by the Issuer (or, if applicable, by a conduit borrower) that is within the control of the Issuer (or, if applicable, by such conduit borrower) that causes either (1) the Private Business Use Test to be satisfied with respect to the Obligations or the Financed Property (without regard to the Private Security or Payment Test), or (2) the Private Loan Financing Test to be satisfied with respect to the Obligations or the proceeds thereof. An action, occurrence, or omission is not a Deliberate Action if (1) the action, occurrence, or omission would be treated as an involuntary or compulsory conversion under Section 1033 of the Code, or (2) the action, occurrence, or omission is in response to a regulatory directive made by the government of the United States.

"*Disposition Proceeds*" means any amounts (including property, such as an agreement to provide services) derived from the sale, exchange, or other disposition of property (other than Investments) financed with the proceeds of the Obligations.

"*Nonqualified Obligations*" means that portion of the Obligations outstanding at the time of a Deliberate Action in an amount that, if the outstanding Obligations were issued or executed and delivered on the date on which the Deliberate Action occurs, the outstanding Obligations would not satisfy the Private Business Use Test or the Private Loan Financing Test, as applicable. For this purpose, the amount of private business use is the greatest percentage of private business use in any one-year period commencing with the Deliberate Action.

"*Private Activity Bond Tests*" means, collectively, the Private Business Use Test, the Private Security or Payment Test, and the Private Loan Financing Test.

"*Private Business Tests*" means the Private Business Use Test and the Private Security or Payment Test.

"*Private Business Use Test*" has the meaning set forth in Section 141(b)(1) of the Code.

"*Private Loan Financing Test*" has the meaning set forth in Section 141(c) of the Code.

"*Private Security or Payment Test*" has the meaning set forth in Section 141(b)(2) of the Code.

"*Remedial Action*" means any of the applicable actions described in Section 4 hereof, or such other actions as may be prescribed from time to time by the Department of the Treasury or the Internal Revenue Service, which generally have the effect of rectifying noncompliance by the Issuer with certain provisions of Section 141 of the Code and the Regulations thereunder and are undertaken by the Issuer to maintain the federal tax status of the Obligations.

6. **Change in Law.** This attachment is based on law in effect as of this date. Statutory or regulatory changes, including but not limited to clarifying Treasury Regulations, may affect the matters set forth in this attachment.

EXHIBIT B
FORM OF BOND

REGISTERED
NO.

REGISTERED
\$.....

UNITED STATES OF AMERICA

STATE OF ARIZONA

COUNTY OF YAVAPAI

(THIS BOND IS ONLY TRANSFERABLE UPON COMPLIANCE WITH THE
RESTRICTED TERMS PROVIDED IN THE RESOLUTION DESCRIBED HEREIN)

CAMP VERDE SANITARY DISTRICT OF YAVAPAI COUNTY, ARIZONA
GENERAL OBLIGATION REFUNDING BOND, SERIES 2017

Interest Rate: Maturity Date: Dated as of:
.....% per annum July 1,, 2017

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

CAMP VERDE SANITARY DISTRICT OF YAVAPAI COUNTY, ARIZONA, a sanitary district, duly organized and existing under the laws of the State of Arizona (the "District"), for value received, hereby promises to pay to the Registered Owner indicated above, or registered assigns, the Principal Amount indicated above on the aforesaid Maturity Date, and to pay interest on the Principal Amount at the aforesaid Interest Rate on July 1, 2018, and on January 1 and July 1 of each year thereafter (each an "interest payment date") from the date of this Bond to its maturity or its redemption prior to maturity. The principal of and premium, if any, and interest on this Bond are payable by wire transfer of immediately available, federal funds to the registered owners (as described in the hereinafter described Resolution) to the account designated by such owners at the close of business on the first day of the calendar month next preceding that interest payment date (the "regular record date"). Any interest which is not timely paid or duly provided for shall cease to be payable to the registered owner hereof (or of one or more predecessor Bonds) as of the regular record date, and shall be payable to the registered owner hereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to the registered owners of the Bonds not less than 10 days prior thereto.

The bonds of this series (the "Bonds") are issued to refund all of the remaining principal amounts of the Loan Agreements, dated as of December 30, 2004, and as of July 26, 2006 (the "Agreements Being Refunded"), between the Water Infrastructure Finance Authority of Arizona ("WIFA") and the District. This Bond is one of a series of such bonds, issued in the aggregate principal amount of \$2,453,000, of like tenor except as to maturity date, rate of interest and number by virtue of a resolution (the "Resolution"), duly adopted prior to the issuance hereof, and pursuant to and in conformity with the Constitution and laws of the State of Arizona, including particularly, Article 4 Chapter 3 of Title 35 of the Arizona Revised Statutes and all other laws of the State of Arizona relating thereto.

For the punctual payment of this Bond, and the interest hereon, there shall be levied on all the taxable property in the District a continuing, direct, annual, *ad valorem* tax sufficient to pay all such principal and interest of and on this Bond as the same become due, such taxes to be levied, assessed and collected at the same time and in the same manner as other taxes are levied, assessed and collected; provided, however, that the issuance of the Bonds shall in no way infringe upon the rights of WIFA to rely upon a tax levy for payment of the principal and interest on the Agreements Being Refunded if the moneys or obligations of the United States government in which net proceeds of the Bonds are held to provide funds to pay when due, or called for redemption, the Agreements Being Refunded together with interest thereon, and with other funds legally available for such purposes deposited in the respective principal and interest redemption funds and held for the payment of the Agreements Being Refunded with interest on maturity or upon an available redemption date prove insufficient and further that the total aggregate of taxes levied to pay principal and interest on the Bonds in the aggregate shall not exceed the total aggregate principal and interest to become due on the Agreements Being Refunded from the date of issuance of the Bonds to the final date of maturity of the Agreements Being Refunded. The owners of the Bonds must rely on the sufficiency of the funds and securities held irrevocably in trust for payment of the Agreements Being Refunded.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE TOWN OF CAMP VERDE, ARIZONA (THE "TOWN"), OR THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (OTHER THAN THE DISTRICT) IS PLEDGED TO THE PAYMENT OF THE BONDS.

The Bonds are not subject to optional redemption.

The Bonds maturing on July 1, 2024, shall be redeemed prior to maturity on the dates and in the amounts set forth below, by payment of the principal amount of each Bond to be redeemed plus interest accrued to the date fixed for redemption, but without a premium:

| <u>Date</u> | <u>Amount</u> |
|-----------------|---------------|
| July 1, 2018 | \$37,000 |
| January 1, 2019 | 16,000 |

| | |
|-----------------|--------|
| July 1, 2019 | 16,000 |
| January 1, 2020 | 18,000 |
| July 1, 2020 | 18,000 |
| January 1, 2021 | 19,000 |
| July 1, 2021 | 18,000 |
| January 2022 | 19,000 |
| July 1, 2022 | 19,000 |
| January 1, 2023 | 19,000 |
| July 1, 2023 | 19,000 |
| January 1, 2024 | 18,000 |

A remaining principal amount of \$18,000 of Bonds maturing on July 1, 2024, shall mature on July 1, 2024. At the option of the District, whenever Bonds maturing on July 1, 2024 are purchased, redeemed (other than pursuant to the foregoing scheduled mandatory redemption) or delivered by the District for cancellation, the principal amount of such Bonds so retired will satisfy and be credited against the mandatory redemption requirement for such Bonds in such manner as the District determines; provided, however, that following such reduction each mandatory redemption requirement for such Bonds is an integral multiple of \$5,000 of principal.

Not more than seventy-five (75) nor less than sixty (60) days prior to the mandatory redemption date for the Bonds maturing on July 1, 2024, Bonds maturing on July 1, 2024, shall be selected for redemption (by lot) from all the Bonds maturing on July 1, 2024, outstanding a principal amount of the Bonds maturing on July 1, 2024, equal to the aggregate principal amount of the Bonds maturing on July 1, 2024, to be redeemed and shall redeem such Bonds maturing on July 1, 2024, on the next July 1.

The Bonds maturing on July 1, 2026, shall be redeemed prior to maturity on the dates and in the amounts set forth below, by payment of the principal amount of each Bond to be redeemed plus interest accrued to the date fixed for redemption, but without a premium:

| <u>Date</u> | <u>Amount</u> |
|-----------------|---------------|
| July 1, 2018 | \$280,000 |
| January 1, 2019 | 94,000 |
| July 1, 2019 | 94,000 |
| January 1, 2020 | 127,000 |
| July 1, 2020 | 127,000 |
| January 1, 2021 | 125,000 |
| July 1, 2021 | 127,000 |
| January 2022 | 125,000 |
| July 1, 2022 | 125,000 |
| January 1, 2023 | 123,000 |
| July 1, 2023 | 124,000 |
| January 1, 2024 | 123,000 |
| July 1, 2024 | 122,000 |

| <u>Date</u> | <u>Amount</u> |
|-----------------|---------------|
| January 1, 2025 | 122,000 |
| July 1, 2025 | 121,000 |
| January 1, 2026 | 120,000 |

A remaining principal amount of \$2,199,000 of Bonds maturing on July 1, 2026, shall mature on July 1, 2026. At the option of the District, whenever Bonds maturing on July 1, 2026 are purchased, redeemed (other than pursuant to the foregoing scheduled mandatory redemption) or delivered by the District for cancellation, the principal amount of such Bonds so retired will satisfy and be credited against the mandatory redemption requirement for such Bonds in such manner as the District determines; provided, however, that following such reduction each mandatory redemption requirement for such Bonds is an integral multiple of \$5,000 of principal.

Not more than seventy-five (75) nor less than sixty (60) days prior to the mandatory redemption date for the Bonds maturing on July 1, 2026, Bonds maturing on July 1, 2026, shall be selected for redemption (by lot) from all the Bonds maturing on July 1, 2026, outstanding a principal amount of the Bonds maturing on July 1, 2026, equal to the aggregate principal amount of the Bonds maturing on July 1, 2026, to be redeemed and shall redeem such Bonds maturing on July 1, 2026, on the next July 1.

Notice of any such redemptions shall not be required.

This Bond may be transferred only pursuant to the terms provided by the Resolution.

Transfer of Bonds will not be required (a) during a period beginning with the opening of business on the 15th business day next preceding either any interest payment date or any date of selection of Bonds to be redeemed and ending with the close of business on the interest payment date or day on which the applicable notice of redemption is given or (b) of any Bonds which have been selected for redemption.

This Bond shall not be entitled to any security or benefit under the Resolution or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the [Clerk of the Town].*

It is hereby certified, recited and declared (i) that all conditions, acts and things required by the Constitution and laws of the State of Arizona to happen, to be done, to exist and to be performed precedent to and in the issuance of this Bond and of the series of which it is one, have happened, have been done, do exist and have been performed in regular and due form and time as required by law; (ii) that the obligation evidenced by the series of Bonds of which this is one,

* Subject to change if a bond registrar and paying agent is employed as provided in the Resolution.

together with all other existing indebtedness of the District, does not exceed any applicable constitutional or statutory limitation; and (iii) that due provision has been made for the levy and collection of a direct, annual, *ad valorem* tax upon taxable property within the District over and above all other taxes authorized as limited by law, sufficient to pay the principal hereof and the interest hereon as each becomes due, with the limitations provided herein.

IN WITNESS WHEREOF, THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CAMP VERDE, ARIZONA, ACTING AS TRUSTEES OF CAMP VERDE SANITARY DISTRICT OF YAVAPAI COUNTY, ARIZONA, have caused this Bond to be executed in the name of the District by the facsimile signature of the Mayor of the Town and attested by the facsimile signature of the Clerk of the Town and countersigned by the facsimile signature of the Treasurer of the Town.

CAMP VERDE SANITARY DISTRICT OF
YAVAPAI COUNTY, ARIZONA

By (Facsimile)
Mayor, Town of Camp Verde, Arizona

ATTEST:

..... (Facsimile)
Clerk, Town of Camp Verde, Arizona

COUNTERSIGN:

..... (Facsimile)
Treasurer, Town of Camp Verde, Arizona

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolution and is one of Camp Verde Sanitary District of Yavapai County, Arizona General Obligation Refunding Bonds, Series 2017.

Date of Authentication:

.....
[Clerk, Town of Camp Verde, Arizona]*

* Subject to change if a bond registrar and paying agent is employed as provided in the Resolution.

EXHIBIT C

FORM OF PLACEMENT AGENT AGREEMENT

PLACEMENT AGENT AGREEMENT

....., 2017

MAYOR AND COMMON COUNCIL OF THE
TOWN OF CAMP VERDE, ARIZONA,
AS TRUSTEES OF CAMP VERDE SANITARY
DISTRICT OF YAVAPAI COUNTY, ARIZONA

Re: Camp Verde Sanitary District of Yavapai County, Arizona
General Obligation Refunding Bonds, Series 2017

Upon the terms and conditions and based upon the representations, warranties and covenants set forth herein, Stifel, Nicolaus & Company, Incorporated (the "Agreement") offers to enter into this Placement Agent Agreement (this "Placement Contract") with Camp Verde Sanitary District of Yavapai County, Arizona (the "Issuer"), which, upon acceptance of this offer, shall be binding upon the District and the Placement Agent. This offer is made subject to acceptance of this Placement Contract by the District before or on, 2017, and, if not so accepted, will be subject to withdrawal by the Placement Agent upon notice delivered to your office at any time prior to acceptance hereof. If the obligations of the Placement Agent shall be terminated for any reason permitted hereby, neither the Placement Agent nor the District shall be under further obligation hereunder.

The above-captioned bonds (the "Obligations") are to be issued pursuant to a Resolution adopted on December 13, 2017 (the "Resolution").

1. Purchase, Sale and Delivery of Obligations. On the basis of the representations and agreements contained herein, but subject to the terms and conditions herein set forth, the Placement Agent agrees, on a best efforts basis, to locate a purchaser for the Obligations (the "Purchaser") at a purchase price equal to the principal amount thereof (the "Purchase Price") and on terms consistent with the Resolution. The maturities, principal amounts, interest rates and other terms and conditions of the Obligations shall be as set forth in the Resolution.

For its services hereunder, and upon payment of the Purchase Price by the Purchaser to the Issuer (the date of such payment herein, the "Closing Date"), the Placement Agent shall receive compensation, payable by the Issuer, equal to \$..... (the "Fee"). On the Closing Date, the Issuer shall pay or cause to be paid the Fee to the Placement Agent by wire transfer of immediately available funds. The Fee does not include any services the Placement Agent may render in the future to the Issuer with respect to any offering or placement of municipal securities other than the Obligations.

2. Representations, Warranties, and Covenants of the Issuer. The undersigned, on behalf of the Issuer, but not individually, hereby represents and warrants to the Placement Agent (and it shall be a condition of the obligation of the Placement Agent to perform under this Agreement that it shall be represented and warranted on the Closing Date) that:

(a) The Issuer is duly organized and validly existing under the laws of the State of Arizona (the "State") with the power to adopt the Resolution, perform the agreements on its part contained therein and in the agreements approved thereby and cause the issuance of the Obligations.

(b) The Issuer has complied materially and, in all respects on the Closing Date will be in material compliance, with all of the provisions of applicable law of the State.

(c) The Issuer has duly adopted the Resolution, and the Issuer has duly authorized and approved the execution and delivery of this Agreement as well as the performance of its obligations contained in the Obligations and the consummation by it of all other transactions contemplated hereby.

(d) This Agreement has been duly authorized, executed and delivered by the Issuer, and, assuming due authorization, execution and delivery by the other party thereto, constitutes a legal, valid and binding agreement of the Issuer enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against the Issuer in the State.

(e) The Issuer is not in material breach of or material default under any applicable law or administrative regulation of the State or any department, division, agency or instrumentality thereof, or of the United States, or any applicable judgment or decree or any loan agreement, note, resolution, certificate, agreement or other instrument to which the Issuer is a party or is otherwise subject, which breach or default would materially and

adversely affect the Issuer or its ability to perform its duties and obligations under this Agreement, and the execution and delivery of this Agreement, the adoption of the Resolution and the issuance of the Obligations and compliance with the provisions of each will not conflict materially with or constitute a material breach of or default under any applicable law or administrative regulation of the State or under any certificate, agreement or other instrument to which the Issuer is a party or is otherwise subject, which breach or default would materially and adversely affect the Issuer or its ability to perform its duties and obligations under this Agreement.

(f) No action, suit, proceeding or investigation at law or in equity before or by any court of governmental agency or body is pending or overtly threatened in any way affecting the existence of the Issuer or the title of the members of the legislative body of the Issuer to their respective offices or seeking to restrain or to enjoin the sale or issuance of the Obligations, or the payment or collection of any amounts to pay the principal of and interest on the Obligations, or in any way contesting or affecting the validity or enforceability of the Obligations, the Resolution or this Agreement, or contesting the powers of the Issuer or the members of the legislative body of the Issuer with respect to the Obligations.

(g) The Issuer has furnished the Placement Agent with certain information and materials concerning the Issuer and the Obligations that the Placement Agent requested (the "Information Package"). The following documents and information comprise the Information Package: 10-year history of assessed values, 10-year history of secondary property tax rates per \$100, major taxpayers by net assessed valuation (Source: Assessor of Yavapai County) and secondary property taxes levied and collected (Source: Yavapai County Treasurer). To the extent necessary under applicable law if any, the Issuer represents and warrants that all information contained in the Information Package is, and will at all times during the period of the engagement of the Placement Agent hereunder be, true and correct in all material respects and 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 not misleading in light of the circumstances under which such statements are made.

3. Conditions to Closing. The obligations of the Placement Agent under this Agreement shall be subject, at the option of the Placement Agent, to the accuracy in all material respects of the representations, warranties and covenants on the part of the Issuer contained herein as of the date hereof and as of the Closing Date and to the performance by the issuer of its obligations to be performed hereunder and under the documents at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Obligations and this Agreement shall have been duly authorized, executed and delivered by the respective parties thereto, in substantially the forms heretofore submitted to the Placement Agent with only such changes as shall have been agreed to by the Placement Agent, and this Agreement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Placement Agent, and there shall have been taken in connection therewith, with the issuance of the Obligations and with the transactions described therein and in this Agreement, all such action as the Placement Agent and hereinafter defined Special Counsel shall deem to be necessary and appropriate;

(b) At or prior to the Closing Date, the Placement Agent shall have received the following documents, in each case satisfactory in form and substance to the Placement Agent:

(1) This Agreement (or certified copies thereof) duly executed and delivered by the respective parties thereto, with such amendments, modifications or supplements as may have been agreed to by the Placement Agent;

(2) The opinion of Greenberg Traurig, LLP, Bond Counsel, dated the Closing Date in form and substance satisfactory to the Placement Agent, relating to the validity of the Obligations and the tax-exempt status of the Obligations, together with a letter from such counsel, dated the Closing Date and addressed to the Placement Agent to the effect that the foregoing opinion may be relied upon by the Placement Agent to the same extent as if such opinion was addressed to them;

(3) A certificate of the Issuer, dated the Closing Date, in form and substance satisfactory to the Placement Agent, to the effect that:

(i) the Issuer has complied with and satisfied all the conditions on its part to be performed or satisfied under this Agreement at or prior to the Closing Date and

(ii) the representations, warranties and covenants of the Issuer contained in this Agreement are true and correct as if made on the Closing Date.

(4) An Investor Letter, in the form attached to this Agreement as the Exhibit and in form and substance acceptable to the Placement Agent, executed by the purchaser of the Obligations and addressed to the Placement Agent; and

(5) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Placement Agent or its counsel, if any, and Bond Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the Issuer, and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer.

4. Termination. This Agreement may be terminated by either party upon ten (10) business days' prior written notice; provided, however, that, to the extent the Issuer may agree to do so pursuant to applicable law, the Fee shall be immediately due and payable by the Issuer if the Issuer terminates this Agreement and sells the Obligations to an investor identified by the Placement Agent to the Issuer prior to such termination and such sale occurs within six (6) months after termination of this Agreement.

5. Expenses. In addition to the Fee as provided in Section 1, hereof, there shall be paid solely from the proceeds of the sale of the Obligations, upon or promptly after the Closing Date: (a) the cost, if any, of the preparation and printing of the Obligations and (b) the fees and disbursements of Bond Counsel and of any other counsel or consultants retained by the Issuer. The Placement Agent shall be under no obligation to pay any expenses incident to this Agreement.

6. Regulatory Disclosure: The Issuer acknowledges that, in connection with the purchase and sale of the Obligations, the offering of the Obligations for sale and the discussions and negotiations relating to the terms of the Obligations pursuant to and as set forth in this Agreement that (a) the Placement Agent has acted at "arm's length", is acting solely for its own account and is not agent of or advisor (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act)) and owes no fiduciary duty to, the Issuer or any other person, (b) the Placement Agent's duties and obligations to the Issuer shall be limited to those contractual duties and obligations set forth in this Agreement, (c) the Placement Agent may have interests that differ from those of the Issuer, and (d) the Issuer has consulted its legal and financial advisors to the extent it deemed appropriate in connection with the offering and sale of the Obligation. The Issuer further acknowledges and agrees that it is responsible for making its judgment with respect to the offering and sale of the Obligations and the process leading thereto. The Issuer agrees that it will not claim that the Placement Agent acted as a Municipal Advisor to the Issuer or rendered advisory services of any nature or respect, or

owes a fiduciary or similar duty to the Issuer, in connection with the offering or sale of the Obligations or the process leading thereto.

7. Survival of Certain Representations and Obligations. The respective agreements, covenants, representations, warranties and other statements of the Issuer and its officers set forth in or made pursuant to this Agreement shall survive delivery of and payment for the Obligations and shall remain in full force and effect, regardless of any investigation, or statements as to the results thereof, made by or on behalf of the Placement Agent.

8. Notices. Any notice or other communication to be given to the Issuer under this agreement may be given by delivering the same in writing to the Issuer at its address set forth above. Any notice or other communication to be given to the Placement Agent under this Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, 2325 East Camelback Road, Suite 750, Phoenix, Arizona 85016, attention: B. Mark Reader, Managing Director.

9. No Assignment. This Agreement has been made by the Issuer and the Placement Agent, and no person other than the foregoing shall acquire or have any right under or by virtue of this Agreement.

10. Applicable Law.

(a) This Agreement shall be interpreted, governed and enforced in accordance with the laws of the State.

(b) This Agreement as required by the provisions of Section 38-511, Arizona Revised Statutes, notice is hereby given that the State, its political subdivisions (including the Issuer) or any department or agency of either may, within three (3) years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either is, any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Governor or the chief executive officer or governing body of the political subdivision is received by all other parties to the contract unless the notice specifies a later time. The State, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract. This Section is not intended to expand or enlarge the rights of the Issuer hereunder

except as required by such Section. Each of the parties hereto hereby certifies that it is not presently aware of any violation of such Section which would adversely affect the enforceability of this Agreement and covenants that it shall take no action which would result in a violation of such Section.

11. Effectiveness. This Agreement shall become effective upon its execution by duly authorized officials of all parties hereto and shall be valid and enforceable from and after the time of such execution.

12. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

[Remainder of page left blank intentionally.]

13. Counterparts. This Agreement may be executed in several counterparts (including counterparts exchanged by email in PDF format), each of which shall be an original and all of which shall constitute but one and the same instrument.

Respectfully submitted,

STIFEL, NICOLAUS & COMPANY, INCORPORATED

.....
B. Mark Reader, Managing Director

ACCEPTED this day of, 2017.

TOWN OF CAMP VERDE, ARIZONA, AS TRUSTEES
OF CAMP VERDE SANITARY DISTRICT OF
YAVAPAI COUNTY, ARIZONA

By.....
Mayor

ATTEST:

.....
Clerk

EXHIBIT

FORM OF INVESTOR LETTER

Camp Verde Sanitary District of Yavapai County, Arizona (the "Issuer")

Stifel, Nicolaus & Company, Incorporated

Re: Camp Verde Sanitary District of Yavapai County, Arizona General
Obligation Refunding Bonds, Series 2017

The undersigned (the "Investor") hereby acknowledges that it is purchasing \$2,453,000 aggregate principal amount of the captioned Bonds. (the "Obligations") pursuant to a Resolution (the "Resolution") adopted December 13, 2017.

This letter is being provided pursuant to a Placement Agent Agreement, dated, 2017 (the "Placement Agreement"), between the Issuer and Stifel, Nicolaus & Company, Incorporated (the "Placement Agent").

The Obligations were issued to, and principal of the Obligations, together with interest thereon shall be payable from ad valorem property taxes on property in the Issuer.

In connection with the sale of the Obligations to the Investor, the Investor hereby makes the following certifications, representations and warranties upon which you may rely:

1. The Investor has the authority and is duly authorized to purchase the Obligations and to execute this letter and any other instruments and documents required to be executed by the Investor in connection with its purchase of the Obligations.

2. The Investor is (a) a "qualified institutional buyer" as that term is defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), or (b) an "accredited investor" as that term is defined in Regulation D under the Securities Act.

3. The Investor is not purchasing the Obligations for more than one account. The Obligations are being acquired by the Investor solely for investment and not with a view to, or for resale in connection with, any distribution of the Obligations, and the Investor intends to hold the Obligations solely for its own account for investment purposes for an indefinite period of time, and does not intend to dispose of all or any part of the Obligations. However, the Investor may sell the Obligations at any time the Investor deems appropriate, subject to the

transfer restrictions set forth in the Obligations. The Investor understands that it may need to bear the risks of this investment for an indefinite period of time, since a sale of the Obligations, or any portion thereof, prior to maturity may not be possible.

4. The Investor understands that the Obligations are not, and are not intended to be, registered under the Securities Act and that such registration is not legally required as of the date hereof and further understands that the Obligations (a) are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating agency, and (d) will be delivered in a form that may not be readily marketable.

5. The Investor acknowledges that it has either been supplied with or been given access to information, financial statements and other financial information to which a reasonable investor would attach significance in making investment decisions, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals, including its own counsel, concerning the Issuer and the Obligations and the security therefor so that, as a reasonable investor, the Investor has been able to make a decision to purchase the Obligations. The Investor has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Obligations.

6. The Investor acknowledges that the Obligations are payable solely from, and secured solely by, ad valorem property taxes on property in the Issuer.

7. The Investor has made its own inquiry and analysis with respect to the Obligations and the security therefor, and other material factors affecting the security and payment of the Obligations. The Investor is aware that there are certain economic and regulatory variables and risks that could adversely affect the security for the Obligations. The Investor has reviewed the documents executed in conjunction with the issue of the Obligations, or summaries thereof, including, without limitation, the Resolution.

8. The Investor acknowledges and agrees that the Issuer takes no responsibility for, and makes no representation to the Investor, or any subsequent purchaser, with regard to, a sale, transfer or other disposition of the Obligations in violation of the provisions hereof, or any securities law or income tax law consequences thereof. The investor also acknowledges that, with respect to the Issuer's obligations and liabilities, the Investor is solely responsible for compliance with the sales restrictions on the Obligations in connection with any subsequent transfer of the Obligations made by the Investor.

9. The Investor agrees that it is bound by and will abide by the provisions of the Resolution relating to transfer, the

restrictions noted on the face of the Obligations and this Investor Letter. The Investor shall comply with all applicable federal and state securities laws, rules and regulations in connection with any resale or transfer of the Obligations by the Investor.

10. The Investor acknowledges that the sale of the Obligations to the Investor is made in reliance upon the certifications, representations and warranties herein by the addressees hereto.

The interpretation of the provisions hereof shall be governed and construed in accordance with the laws of the State of Arizona without regard to principles of conflicts of laws.

All representations of the Investor contained in this letter shall survive the execution and delivery of the Obligations to the Investor as representations of fact existing as of the date of execution and delivery of this Investor Letter.

Date:, 2017

Very truly yours,

Investor:

By:

Printed Name:

Title: