COUNCIL MEETING AGENDA
TUESDAY, JUNE 24, 2014
Members may attend in person or by telephone

Ed Foster, Mayor
Michael Jewitt, Vice Mayor

Carol Kelley
Mark Orgeron
Monica Timberlake

Norma Crooks
Mary Scott

Quartzsite Town Hall
Council Chambers
465 North Plymouth Avenue
Quartzsite, Arizona

Regular Meeting
7:00 p.m.

SPEAKING TO THE COUNCIL

If you are interested in speaking to the Council during Public Hearings, Communications from Citizens, or other designated agenda items, you must fill out a speaker card (located on the table inside the front entrance to the Council Chambers) and deliver it to the Town Clerk prior to the convening of the meeting. Each individual will be limited to three (3) minutes for their remarks.

All persons attending the Council meeting, whether speaking to the Council or not, are expected to observe the Council Rules, as well as the rules of politeness, propriety, decorum and good conduct. Any person interfering with the meeting in any way, or acting rudely or loudly, will be asked to leave.

CELL PHONES AND RECORDING DEVICES

As a courtesy to others please turn off or silence all cell phones or pagers. Reporters or others with recording devices need to be staged at the back of the public seating area.

The times listed for agenda items are estimated.
Items may be discussed earlier or in a different sequence.

Est. Time		AGENDA ITEM	COUNCIL ACTION
7:00		**CALL TO ORDER OF REGULAR MEETING**	
7:00 – 7:05		**INVOCATION AND PLEDGE OF ALLEGIANCE** *The invocation may be offered by a person of any religion, faith, belief or non-belief. Interested persons should contact the Clerk for further information.*	
7:05 – 7:06		**ROLL CALL**	
7:06 – 7:07		**APPROVAL/AMENDMENT OF AGENDA**	Discussion, possible action by MOTION.
7:07 – 7:10		**CONSENT AGENDA** ***All items listed below are considered consent calendar items and may be approved by a single motion*** *unless removed at the request of Council for further discussion/action. Other items on the agenda may be added to the consent calendar and approved under a single motion.*	

	1-a.	**LEDGER OF ACCOUNTS PAID** – Consider approval of check series 37479 - 37578, totaling $88,285.12.	Discussion; possible action by MOTION; may be acted upon with single motion.
	1-b.	**MINUTES** – Consider approval of the minutes of the Regular Meeting of June 10, 2014.	Discussion; possible action by MOTION; may be acted upon with single motion.
		ADMINISTRATIVE ITEMS *Administrative items are for Council discussion and action. It is at the discretion of the majority of the Council regarding public input requests on any Administrative Item. Persons wishing to speak on an Administrative Item should complete a Request to Speak Form and indicate the Item they wish to address. Council may or may not accept public comment.*	
7:10 – 7:30	2.	**REFUNDING OF EXCISE TAX REVENUE OBLIGATIONS** – Consideration and possible adoption of a resolution approving the sale and execution and delivery of excise tax revenue refunding obligations evidencing a proportionate interest of the owners thereof in a purchase agreement from the town; approving the form and authorizing the execution and delivery of such purchase agreement and other necessary agreements for such sale; delegating authority to determine certain matters and terms with respect to the foregoing; authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this resolution and declaring an emergency.	Discussion; possible action by MOTION.
7:30 – 7:50	3.	**ED OPTIONS MEMORANDUM OF UNDERSTANDING** - Discussion and possible action regarding a modification to the annual lease payments provided by the Memorandum of Understanding (MOU) between the Town of Quartzsite, AZ and the Educational Options Foundation (Ed Options).	Discussion; possible action by MOTION.

7:50 – 8:20	4.	**LITIGATION AND SEWER IMPROVEMENT DISCUSSION** – The Town Attorney will provide an update in the matter of Foster v. Quartzsite, et al., CV2013-00115. The Town Council will discuss the memorandum of June 18, 2014, a summary of meetings with Town staff, USDA and WIFA which occurred on June 11, 2014, submitted by the Town Manager and implications of same. Discussion of the impacts of the case on water treatment plant improvements, potential solar projects and economic growth in the Town.	Discussion only.
8:20 – 8:40	5.	**FINAL DRAFT OF AMENDMENTS TO THE TOWN CODE** - Review, discussion and possible adoption of an ordinance adopting by reference amendments to the Town Code, Chapter 3 Administration.	Discussion; possible action by MOTION.
8:40 – 9:00	6.	**DISCUSSION OF RECALL PROCEDURES** - Presentation from Town Attorney regarding recall petition and election procedures and requirements.	Discussion only.
9:00 – 9:20	7.	**SCOTT LANE SEWER EXTENSION** – Consider approval of a bid for the S. Scott Lane sewer line extension project to Tri-Suns Engineering, Inc.	Discussion only.
9:20 – 9:40	8.	**SOLAR PROJECT** - Discussion and possible action to terminate the Power Purchase Agreement for solar energy with SunEdison Origination1, LLC; discussion of alternate solar energy options.	Discussion only.
9:40 – 10:00	9.	**EXECUTIVE SESSION** - An executive session pursuant to A.R.S. § 38-431.03(A)(4) for discussion or consultation with the Town Attorney in order to consider its position and instruct the Town Attorney regarding the Town's position regarding the *Foster v. Quartzsite* appeal and possible settlement discussions.	
		RETURN TO OPEN SESSION	

		COMMUNICATIONS	
10:00 – 10:05	10.	Announcements and Reports from the MAYOR on current events.	
10:05 – 10:10	11.	Announcements and Reports from the COUNCIL on current events.	
10:10 – 10:15	12.	Reports from the TOWN MANAGER to the Council.	
10:15 – 10:30		**COMMUNICATIONS FROM CITIZENS** *At this time, members of the public may comment on matters within the jurisdiction of the Town but not on the agenda. For the official record, individuals must state their name.* ***There is a 3 minute limit for each speaker****. The Council's response is limited to responding to criticism, asking staff to review a matter commented upon, or asking that a matter be put on a future agenda.*	
10:30		**ADJOURN**	MOTION to adjourn.

Certification of Posting

The undersigned hereby certifies that a copy of the attached notice was duly posted at the following locations: Quartzsite Town Hall, 465 N. Plymouth Ave, Quartzsite, AZ, U.S. Post Office, 80 W. Main Street, Quartzsite, AZ and The Senior Center, 40 Moon Mountain Ave, Quartzsite, AZ, on the _____ day of _____, 2014, at _____ a.m./p.m. in accordance with the statement filed by the Town of Quartzsite with the Town Clerk, Town of Quartzsite.

By: _____, Town Clerk's Office.

TOWN OF QUARTZSITE

REGULAR COUNCIL MEETING
Tuesday, June 24, 2014

Agenda Item #1-a. Consider approval of check series 37479-37578, totaling $88,285.12.

Summary: The Quartzsite Town Council Procedure Policy states that at least once each month the Council shall review a list of all the bills paid, and may ask for clarification at any time.

The Procedure Policy also states the Council should designate the check numbers being approved.

Responsible Person: Skylor Miller, Town Manager

Attachment: Ledger of Accounts Paid: check series 37479-37578.

Action Requested: **Motion to approve the Ledger of Accounts Paid; Check series 37479-37578.**

Quartzsite Town Council Meeting of
JUNE 24, 2014
Check Register/ Revenue/ Consent Agenda

Horizon Community Bank- Begin Check # 37479-37578

Balances on all cash accounts as of June 19, 2014

Checking Account	**$**	**2,380,039.29**
LGIP Account	**$**	**694,081.65**
WIFA Debt Reserve Account	**$**	**201,167.97**

Total Expensed Dollar Amount for Consent Agenda	**$**	**151,453.32**
Total Payroll fo Pay Period Ending 06/07/2014	**$**	**63,168.20**
YTD Total Revenue Dollar Amount for Consent Agenda	**$**	**1,478,843.53**
YTD Total Sewer Cap Revenue as of 06/19/14	**$**	**3,252.72**
YTD Total Sewer Sales Revenue as of 06/19/14	**$**	**836,924.24**
YTD Total Water Cap Revenue as of 06/19/14	**$**	**5,371.44**
YTD Total Water Sales Revenue as of 06/19/14	**$**	**633,295.13**

Report Criteria:
Report type: GL detail
Check.Check Number = 37479-37578

Check Issue Date	Check Number	Payee	Invoice Amount	Description	Invoice GL Account	Amount
37494						
06/12/14	37494	Allen & Foutz, PLLC	1,400.00	Prosecutorial Services	01-160-5036	1,400.00
Total 37494:			1,400.00			
37495						
06/12/14	37495	Alsco - Steiner Corp	292.79	Mat Cleaning Services - PW Dept	03-220-5030	292.79
06/12/14	37495	Alsco - Steiner Corp	33.99	Mat Cleaning Services for Town Hall	01-130-5035	33.99
06/12/14	37495	Alsco - Steiner Corp	30.33	Mat Cleaning Services for Comm Ctr	01-185-5053	30.33
Total 37495:			357.11			
37496						
06/12/14	37496	APS	2,509.38	Electric for main street lights	03-220-5049	2,509.38
Total 37496:			2,509.38			
37497						
06/12/14	37497	Arizona State Treasurer	6,254.77	Fees Collected: May 2014	01-000-2212	6,254.77
Total 37497:			6,254.77			
37498						
06/12/14	37498	C&D Disposal	103.90	4Yd Commercial Bin Fee (Parks)	01-180-5060	103.90
Total 37498:			103.90			
37499						
06/12/14	37499	Centerline Supply West	471.11	Street Signs	03-220-5028	471.11
Total 37499:			471.11			
37500						
06/12/14	37500	Chevron Usa	118.44	Fuel - Transit	01-230-5024	118.44
06/12/14	37500	Chevron Usa	203.49	Fuel - Administration	01-130-5024	203.49
Total 37500:			321.93			
37501						
06/12/14	37501	Connected Computer & Re	1,591.68	Computer Svcs - Administration	01-130-5035	1,591.68
06/12/14	37501	Connected Computer & Re	3,517.85	Computer Svcs - Police Dept	01-140-5048	3,517.85
06/12/14	37501	Connected Computer & Re	510.00	Phone Services - Police Dept	01-140-5048	510.00
06/12/14	37501	Connected Computer & Re	359.38	Computer Services - P&Z	01-160-5036	359.38
06/12/14	37501	Connected Computer & Re	359.37	Computer Services - WWTP	15-500-5035	359.37
06/12/14	37501	Connected Computer & Re	359.38	Computer Svcs - Water Dept	16-550-5035	359.38
06/12/14	37501	Connected Computer & Re	3,221.48	Computer Services - Library	01-170-5035	3,221.48
Total 37501:			9,919.14			
37502						
06/12/14	37502	Diamond Brooks Bottled W	10.25	Bulk Water	01-130-5035	10.25
06/12/14	37502	Diamond Brooks Bottled W	10.25	Bulk Water	01-140-5035	10.25

Check Issue Date	Check Number	Payee	Invoice Amount	Description	Invoice GL Account	Amount
06/12/14	37502	Diamond Brooks Bottled W	10.25	Bulk Water	01-150-5035	10.25
06/12/14	37502	Diamond Brooks Bottled W	10.25	Bulk Water	01-170-5035	10.25
Total 37502:			41.00			
37503						
06/12/14	37503	Empire Southwest	86.53	Equipment Parts	03-220-5060	86.53
Total 37503:			86.53			
37504						
06/12/14	37504	Galls, An Aramark Compan	45.77	Uniform Allowance - F. Garcia	01-140-5019	45.77
Total 37504:			45.77			
37505						
06/12/14	37505	Govenor's Office of Hwy S	50.00	Law Enforcement Trng: A. Ruvalcaba	01-140-5043	50.00
Total 37505:			50.00			
37506						
06/12/14	37506	Home Depot Credit Service	124.85	Supplies/parts for Parks Dept	01-180-5060	124.85
06/12/14	37506	Home Depot Credit Service	136.90	Supplies/Parts for Cemetery	01-181-5062	136.90
Total 37506:			261.75			
37507						
06/12/14	37507	La Paz County Landfill	471.65	SW-Sludge-WWTP	15-500-5050	471.65
Total 37507:			471.65			
37508						
06/12/14	37508	La Paz County Treasurer	19.60	Fees Collected: May 2014	01-000-2212	19.60
Total 37508:			19.60			
37509						
06/12/14	37509	Lowes	168.93	Supplies for Parks Dept	01-180-5060	168.93
Total 37509:			168.93			
37510						
06/12/14	37510	Parker Oil Products	71.55	Unleaded Gasoline - Admin	01-130-5024	71.55
06/12/14	37510	Parker Oil Products	2,232.06	Unleaded Gasoline - Police	01-140-5024	2,232.06
06/12/14	37510	Parker Oil Products	77.81	Unleaded Gasoline - P&Z	01-160-5024	77.81
06/12/14	37510	Parker Oil Products	739.85	Unleaded Gasoline - Parks	01-180-5024	739.85
06/12/14	37510	Parker Oil Products	1,411.62	Unleaded Gasoline - Public Works	03-220-5024	1,411.62
06/12/14	37510	Parker Oil Products	892.68	Unleaded Gasoline - Transit	01-230-5024	892.68
06/12/14	37510	Parker Oil Products	491.15	Unleaded Gasoline - WWTP	15-500-5024	491.15
06/12/14	37510	Parker Oil Products	1,030.23	Unleaded Gasoline - Water Dept	16-550-5024	1,030.23
06/12/14	37510	Parker Oil Products	556.26	Oil Allocation	03-220-5024	556.26
06/12/14	37510	Parker Oil Products	556.26	Oil Allocation	01-140-5024	556.26
06/12/14	37510	Parker Oil Products	185.42	Oil Allocation	01-230-5024	185.42
06/12/14	37510	Parker Oil Products	92.72	Oil Allocation	16-550-5024	92.72
06/12/14	37510	Parker Oil Products	92.71	Oil Allocation	15-500-5024	92.71
06/12/14	37510	Parker Oil Products	185.42	Oil Allocation	01-180-5024	185.42

Check Issue Date	Check Number	Payee	Invoice Amount	Description	Invoice GL Account	Amount
06/12/14	37510	Parker Oil Products	92.71	Oil Allocation	01-130-5024	92.71
06/12/14	37510	Parker Oil Products	92.71	Oil Allocation	01-160-5024	92.71
Total 37510:			8,801.16			
37511						
06/12/14	37511	Pioneer Landscaping Mate	1,906.93	Decorative Rock (3 types) - Cemetery	01-181-5062	1,906.93
Total 37511:			1,906.93			
37512						
06/12/14	37512	River City Newspapers	175.84	Public Notice: Call of Primary Elections	01-130-5035	175.84
06/12/14	37512	River City Newspapers	81.99	2 Wk Ad for Magistrate Court Clerk	01-150-5035	81.99
Total 37512:			257.83			
37513						
06/12/14	37513	Road Runner Sanitary Sup	13.21	Janitorial Supplies - Admin	01-130-5022	13.21
06/12/14	37513	Road Runner Sanitary Sup	13.20	Janitoral Supplies (Magistrate)	01-150-5034	13.20
06/12/14	37513	Road Runner Sanitary Sup	13.20	Janitorial Supplies (P & Z)	01-160-5034	13.20
06/12/14	37513	Road Runner Sanitary Sup	13.20	Janitorial Supplies (Library)	01-170-5034	13.20
06/12/14	37513	Road Runner Sanitary Sup	121.40	Janitorial Supplies (PW)	03-220-5028	121.40
06/12/14	37513	Road Runner Sanitary Sup	13.20	Janitorial Supplies (WWTP)	15-500-5034	13.20
06/12/14	37513	Road Runner Sanitary Sup	13.20	Janitorial Supplies (Water)	16-550-5034	13.20
06/12/14	37513	Road Runner Sanitary Sup	13.20	Janitorial Supplies (Rec/CDBG)	01-185-5053	13.20
06/12/14	37513	Road Runner Sanitary Sup	118.63	Janitorial Supplies (Park)	01-180-5034	118.63
Total 37513:			332.44			
37514						
06/12/14	37514	Sams Club Credit	60.70	Annual Membership Fee	03-220-5051	60.70
06/12/14	37514	Sams Club Credit	60.70	Annual Membership Fee	01-130-5051	60.70
06/12/14	37514	Sams Club Credit	60.70	Annual Membership Fee	01-185-5053	60.70
06/12/14	37514	Sams Club Credit	60.71	Annual Membership Fee	15-500-5060	60.71
06/12/14	37514	Sams Club Credit	60.71	Annual Membership Fee	16-550-5051	60.71
Total 37514:			303.52			
37515						
06/12/14	37515	Tamco Capital Corp.	115.80	Phone System Rental Pmt	01-110-5061	115.80
06/12/14	37515	Tamco Capital Corp.	592.66	Phone System Rental Pmt	01-130-5061	592.66
06/12/14	37515	Tamco Capital Corp.	276.20	Phone System Rental Pmt	01-150-5061	276.20
06/12/14	37515	Tamco Capital Corp.	223.38	Phone System Rental Pmt	01-160-5061	223.38
06/12/14	37515	Tamco Capital Corp.	223.38	Phone System Rental Pmt	01-170-5061	223.38
06/12/14	37515	Tamco Capital Corp.	170.57	Phone System Rental Pmt	01-185-5061	170.57
06/12/14	37515	Tamco Capital Corp.	223.38	Phone System Rental Pmt	03-220-5061	223.38
06/12/14	37515	Tamco Capital Corp.	170.57	Phone System Rental Pmt	15-500-5061	170.57
06/12/14	37515	Tamco Capital Corp.	168.63	Phone System Rental Pmt	16-550-5061	168.63
Total 37515:			2,164.57			
37553						
06/19/14	37553	ABM	60.00	Consultant Svcs for Community Development	01-160-5022	60.00
Total 37553:			60.00			

Check Issue Date	Check Number	Payee	Invoice Amount	Description	Invoice GL Account	Amount
37554						
06/19/14	37554	Amanda Lilly	88.00	Per Diem - 2014 Judicial Conf/Tuscon AZ - A. Lilly	01-150-5043	88.00
06/19/14	37554	Amanda Lilly	91.53	Mileage - 2014 Judicial Conf/Tuscon AZ - A. Lilly	01-150-5043	91.53
06/19/14	37554	Amanda Lilly	382.80	Hotel-2014 Judicial Conf/Tuscon AZ - A. Lilly	01-150-5043	382.80
Total 37554:			562.33			
37555						
06/19/14	37555	APS	25.89	Street Light-Sunrise & Plymouth	03-220-5049	25.89
Total 37555:			25.89			
37556						
06/19/14	37556	Arizona Investigations &	4,841.00	Professional Consultant Svcs 11/2013-2/2014	01-140-5035	4,841.00
Total 37556:			4,841.00			
37557						
06/19/14	37557	Caselle, Inc.	2,891.04	Annual Support & Maint. 7/1/14 - 6/30/15	03-220-5032	2,891.04
06/19/14	37557	Caselle, Inc.	2,891.04	Annual Support & Maint. 7/1/14 - 6/30/15	15-500-5035	2,891.04
06/19/14	37557	Caselle, Inc.	2,891.04	Annual Support & Maint. 7/1/14 - 6/30/15	16-550-5035	2,891.04
06/19/14	37557	Caselle, Inc.	2,891.04	Annual Support & Maint. 7/1/14 - 6/30/15	01-160-5051	2,891.04
06/19/14	37557	Caselle, Inc.	2,800.00	Annual Support & Maint. 7/1/14 - 6/30/15	01-130-5035	2,800.00
06/19/14	37557	Caselle, Inc.	91.04	Annual Support & Maint. 7/1/14 - 6/30/15	01-130-5022	91.04
Total 37557:			14,455.20			
37558						
06/19/14	37558	Connected Computer & Re	519.22	Computer Services - Police	01-140-5035	519.22
06/19/14	37558	Connected Computer & Re	524.08	Computer Services - Library	01-170-5035	524.08
06/19/14	37558	Connected Computer & Re	127.50	Computer Services - WWTP	15-500-5035	127.50
06/19/14	37558	Connected Computer & Re	127.50	Computer Services - Water Dept	16-550-5035	127.50
06/19/14	37558	Connected Computer & Re	255.00	Phone Services - Police	01-140-5048	255.00
Total 37558:			1,553.30			
37559						
06/19/14	37559	Creative Communications	190.33	Replace bad fuse block - Ford Explorer	01-140-5025	190.33
Total 37559:			190.33			
37560						
06/19/14	37560	Curtis, Goodwin, Sullivan,	4,682.91	General Council Svcs-April 2014	01-120-5071	4,682.91
06/19/14	37560	Curtis, Goodwin, Sullivan,	420.00	Special Council Svc-April 2014	15-500-5032	420.00
06/19/14	37560	Curtis, Goodwin, Sullivan,	179.00	Special Council Svc-April 2014	01-120-5072	179.00
06/19/14	37560	Curtis, Goodwin, Sullivan,	70.00	Special Council Svc-April 2014	15-500-5032	70.00
06/19/14	37560	Curtis, Goodwin, Sullivan,	5,165.79	Special Council Svc-April 2014	01-120-5072	5,165.79
Total 37560:			10,517.70			
37561						
06/19/14	37561	D And L Auto Parts	26.24	Auto parts/supplies/tools	01-140-5025	26.24
06/19/14	37561	D And L Auto Parts	44.97-	Auto parts/supplies/tools	03-220-5024	44.97-
06/19/14	37561	D And L Auto Parts	662.84	Auto parts/supplies/tools	03-220-5025	662.84
06/19/14	37561	D And L Auto Parts	127.66	Auto parts/supplies/tools	03-220-5060	127.66
06/19/14	37561	D And L Auto Parts	76.84	Auto parts/supplies/tools	01-180-5025	76.84

Check Issue Date	Check Number	Payee	Invoice Amount	Description	Invoice GL Account	Amount
06/19/14	37561	D And L Auto Parts	169.15	Auto parts/supplies/tools	01-230-5024	169.15
Total 37561:			1,017.76			
37562						
06/19/14	37562	Dennis Patterson	25.00	Pest Control Svcs 6/11/14	15-500-5035	25.00
06/19/14	37562	Dennis Patterson	37.00	Pest Control Svcs 6/11/14	01-130-5035	37.00
06/19/14	37562	Dennis Patterson	33.00	Pest Control Svcs 6/11/14	03-220-5035	33.00
06/19/14	37562	Dennis Patterson	30.00	Pest Control Svcs 6/11/14	01-140-5035	30.00
06/19/14	37562	Dennis Patterson	60.00	011855035	01-185-5035	60.00
Total 37562:			185.00			
37563						
06/19/14	37563	Everett's Towing	100.00	Tow Svc- Car/Missing Person	01-140-5025	100.00
Total 37563:			100.00			
37564						
06/19/14	37564	Herbs Hardware, Inc.	226.96	Mainentance and Repair Parts	03-220-5040	226.96
06/19/14	37564	Herbs Hardware, Inc.	5.49	Mainentance and Repair Parts	01-130-5030	5.49
06/19/14	37564	Herbs Hardware, Inc.	770.21	Mainentance and Repair Parts	01-180-5086	770.21
06/19/14	37564	Herbs Hardware, Inc.	8.10	Mainentance and Repair Parts	01-185-5023	8.10
06/19/14	37564	Herbs Hardware, Inc.	16.38	Mainentance and Repair Parts	15-500-5022	16.38
06/19/14	37564	Herbs Hardware, Inc.	437.78	Mainentance and Repair Parts	15-500-5060	437.78
06/19/14	37564	Herbs Hardware, Inc.	45.18	Mainentance and Repair Parts	16-550-5022	45.18
06/19/14	37564	Herbs Hardware, Inc.	213.05	Mainentance and Repair Parts	16-550-5040	213.05
Total 37564:			1,723.15			
37565						
06/19/14	37565	John Andoh	420.00	Transit Assistance - Feb 2014	01-230-5032	420.00
06/19/14	37565	John Andoh	420.00	Transit Assistance - Mar 2014	01-230-5032	420.00
06/19/14	37565	John Andoh	420.00	Transit Assistance - Apr 2014	01-230-5032	420.00
06/19/14	37565	John Andoh	420.00	Transit Assistance - May 2014	01-230-5032	420.00
Total 37565:			1,680.00			
37566						
06/19/14	37566	Lantis Fireworks & Lasers	2,000.00	Fireworks Show 7/4/14 50% Due upon receipt	01-145-5044	2,000.00
Total 37566:			2,000.00			
37567						
06/19/14	37567	Law Office Of Fred H. Welc	3,322.50	Indigent Defense Attorney Fees	01-150-5074	3,322.50
Total 37567:			3,322.50			
37568						
06/19/14	37568	Parker Motor Co.	282.87	Fuel System Kit-Vehicle #2233	03-220-5025	282.87
Total 37568:			282.87			
37569						
06/19/14	37569	Pitney Bowes Inc	674.05	Quarterly Postal Meter Rental	01-130-5038	674.05

Check Issue Date	Check Number	Payee	Invoice Amount	Description	Invoice GL Account	Amount
Total 37569:			674.05			
37570						
06/19/14	37570	Police & Sheriffs Press	12.49	Retired ID Card: J. Schultz	01-140-5019	12.49
Total 37570:			12.49			
37571						
06/19/14	37571	Purchase Power	71.43	Postage Refill	01-130-5042	71.43
06/19/14	37571	Purchase Power	71.43	Postage Refill	01-140-5042	71.43
06/19/14	37571	Purchase Power	71.43	Postage Refill	01-150-5042	71.43
06/19/14	37571	Purchase Power	71.43	Postage Refill	01-160-5042	71.43
06/19/14	37571	Purchase Power	71.43	Postage Refill	03-220-5042	71.43
06/19/14	37571	Purchase Power	71.43	Postage Refill	15-500-5042	71.43
06/19/14	37571	Purchase Power	71.42	Postage Refill	16-550-5042	71.42
Total 37571:			500.00			
37572						
06/19/14	37572	River City Newspapers	266.34	2 Week ad - Ordinance No. 14-03	01-160-5035	266.34
Total 37572:			266.34			
37573						
06/19/14	37573	Scott & Skelly, L.L.C.	1,963.34	CADRE Litigation Mediator	01-140-5035	1,963.34
Total 37573:			1,963.34			
37574						
06/19/14	37574	TDS Telecom	579.26	Phone Services	01-130-5048	579.26
06/19/14	37574	TDS Telecom	463.59	Phone Services	01-140-5048	463.59
06/19/14	37574	TDS Telecom	125.47	Phone Services	01-150-5048	125.47
06/19/14	37574	TDS Telecom	29.51	Phone Services	01-160-5048	29.51
06/19/14	37574	TDS Telecom	283.64	Phone Services	01-170-5048	283.64
06/19/14	37574	TDS Telecom	171.70	Phone Services	03-220-5048	171.70
06/19/14	37574	TDS Telecom	213.28	Phone Services	15-500-5048	213.28
06/19/14	37574	TDS Telecom	198.37	Phone Services	16-550-5048	198.37
Total 37574:			2,064.82			
37575						
06/19/14	37575	Tina Abriani	140.00	Per Diem- AZ Munic. Clerks Trng T.Abriani	01-130-5022	140.00
Total 37575:			140.00			
37576						
06/19/14	37576	V & V Manufacturing, Inc	155.90	Retirement Badge: J. Schultz	01-140-5019	155.90
Total 37576:			155.90			
37577						
06/19/14	37577	Ward Law Offices, PLLC	3,200.00	Prosecutorial Services	01-150-5073	3,200.00
Total 37577:			3,200.00			

Check Issue Date	Check Number	Payee	Invoice Amount	Description	Invoice GL Account	Amount
37578						
06/19/14	37578	West Payment Center	452.19	West Law Information Charges	01-150-5051	452.19
Total 37578:			452.19			
Grand Totals:			88,195.18			

Grand Totals:	88,285.12	88,285.12-	.00

Report Criteria:
Report type: GL detail
Check.Check Number = 37479-37578

TOWN OF QUARTZSITE

REGULAR COUNCIL MEETING
Tuesday, June 24, 2014

Agenda Item #1-b.	Consider approval of the minutes of the Regular Meeting of June 10, 2014.
Summary:	The Town Clerk shall keep the minutes of all meetings of the Common Council. Upon approval by the Council, the Clerk shall enter the approved minutes in a book constituting the official record of the Council.
Responsible Person:	Tina Abriani, Town Clerk
Attachment:	Minutes of the Regular Meeting of June 10, 2014.
Action Requested:	**Motion to approve the minutes of the Regular Meeting of June 10, 2014.**

MINUTES
TOWN OF QUARTZSITE
REGULAR MEETING OF THE COMMON COUNCIL
TUESDAY, JUNE 10, 2014, 7:00 PM

CALL TO ORDER: 7:00 p.m.

INVOCATION: None

PLEDGE OF ALLEGIANCE: Led by Council Member Orgeron

ROLL CALL: Mayor Foster, present; Vice Mayor Jewitt, present; Council Member Kelley, present; Council Member Crooks, present; Council Member Orgeron, present; Council Member Scott, present; Council Member Timberlake, present

ABSENT: None

STAFF PRESENT: Skylor Miller, Town Manager; Patricia Ronan, Town Attorney; Amy Daniel, Deputy Town Clerk

APPROVAL/AMENDMENT OF AGENDA: Motion to approve the agenda made by Vice Mayor Jewitt and seconded by Council Member Kelley. All in favor. Motion carried.

CONSENT AGENDA: Motion to approve the consent agenda amended to withhold check 37474 made by Vice Mayor Jewitt and seconded by Council Member Timberlake. All in favor. Motion carried.

1a. LEDGER OF ACCOUNTS PAID – Consider approval of check series 37424 - 37478, totaling $155,477.12.

1b. MINUTES – Consider approval of the minutes of the Regular Meeting of May 27, 2014, Work Session of May 29, 2014, and Work Session of June 3, 2014.

Check 37474. Council Member Scott requested information regarding check number 37474. Check 37474 to U S Bank is for administrative fees and expenses having to do with the 2004 bond series. Council Member Scott moved to approve check 37474 and Vice Mayor Jewitt seconded the motion. All in favor. Motion carried.

ADMINISTRATIVE ITEMS:

2. WATER RATES – Discussion and possible adoption of a Notice of Intent to Increase Water Rates and to establish a date for a public hearing.

Town Manager Miller discussed the solution to back bill of HURF funds for their water usage to help with relief of the water rates. Water use documentation only allowed going back 5 years, which will allow for $240,000 of back billing. The proposed rate plan shows $160,000 charge to HURF for FY 2014-2015 then an $80,000 charge for FY

2015-2016. This allows for a graduated step to allow for a less dramatic increase to consumers.

Mayor Foster had a question regarding borrowing of HURF funds for expenses. He indicated he would like to look at every line item of the budget before agreeing to the rate changes in the Utilities department.

Town Manager Miller responded that he seeks to be fiscally responsible and has taken steps to address council member's budget related questions.

Council Member Timberlake made a motion to table discussion of water rates until after the budget discussion. Vice Mayor Jewitt seconded. Six members Council voted with all in favor. Council Member Orgeron voted nay.

3. WIFA LOAN REFINANCE – Preliminary discussion of refinancing option for existing Water Infrastructure Finance Authority Loan.

Town Manager Miller advised the Council that there may be an opportunity to refinance 2004 series bonds associated with the WIFA loan. Currently those bonds have an interest rate of 6.25%. The option would reduce the interest rate to 3.49% which would allow for an annual savings of $10,600 and a onetime debt service release of $152,000 for the first year. Over the bond period, savings will be approximately $203,000. Mr. Miller advised that he would like to make a formal presentation at the next regular council meeting to answer any questions and concerns.

Mayor Foster would like to know if there are any additional conditions that are not currently in the loan.

Town Attorney Ronan discussed that the terms of the agreement have not been drafted yet but the goal is there would be no additional terms.

Council Member Scott would like to know if the loan terms would be extended.

Town Manager Miller responded that Mark Reader will make a presentation at the next council meeting to discuss the terms in greater detail. Council directed staff to move forward in getting the agreement drafted and to make a presentation at the next meeting.

4. 2014 – 2015 BUDGET WORK SHOP FOLLOW-UP Discussion of items from Work Session held June 3, 2014, to include: Magistrate Court filings; total cost of mandatory training for Court Clerks, review of contracts/fees with prosecutor and defense attorneys; salary and wage distribution; step system wage increases; Workers Compensation increases; Bad Debt; and telephone services and contracts.

Town Manager Miller discussed the follow up items from the Budget Work Session in further detail.

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Judge Lilly presented information about the Magistrate Court's yearly filings, as provided by the Arizona Supreme Court. Judge Lilly provided a 5 year analysis of Quartzsite and Parker Magistrate Court filings.

Council Member Scott inquired about the definition of filings and requested an explanation of what the monthly report covers. She was glad to see the comparison of Parker and Quartzsite.

Judge Lilly explained data shows a drop in Quartzsite filings and advised that it may be due to being short staffed at the police department. Supreme Court data shows Quartzsite handles more cases than Parker. Judge Lilly also explained that court revenues would increase because she incorporated a new fee schedule that was approved by Council in 2011 but not previously implemented. Judge Lilly also discussed details on mandatory training for Lori Callan which is a yearlong training for $3,700.

Town Manager Miller discussed Prosecutor and Public Defenders fees and contracts. The Town is currently operating without contracts with these attorneys. The Town Prosecutor is compensated at a fixed rate of $3200 per month. The Public Defender is $75 per hour. The Conflict Attorney on special cases is $150 per hour, but she is efficient in her billing, relying on teleconferencing and using a tenth of an hour billing rate. The Town may look at doing a request for proposals for Town Prosecutor and Public Defenders.

Town Manager Miller discussed reports on salary, wage distribution, and step system. The information about Town employees' salaries was provided to the Council. Town Manager Miller stated that he would like to conduct a salary study in the future and to simplify the step system for wages.

Town Manager Miller discussed Workers Compensation increases. The increases result from a clerk doing part-time work with the Public Works department, which required a higher classification. Additionally, the rates have increased.

Town Manager Miller discussed Bad Debt figures. These figures show customer bad debt in water and waste water department after subjecting the delinquent parties to collections. When collections were unsuccessful, the debt is shown as a loss.

Vice Mayor Jewitt asked about the Town's current policy, including shutting off of water and sewer services when a customer is delinquent.

Town Manager Miller explained that the current policy provided for shutting off the water after providing appropriate legal notice. Additionally, the Town had the option of capping the sewer. The Town tries to work with the customer to get amount paid. Mr. Miller explained that the budget is based on a worst case scenario. Mr. Miller also explained that the Town turns over delinquencies to a collection agency, which is also part of the expense.

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Town Manager Miller discussed the Verizon contract details. Currently the plan has 16 phones and is charged around $800 per month.

Vice Mayor Jewitt thinks that is a good rate.

Mayor Foster wants to know who has a cell phone and why so many staff need them.

Town Manager Miller explained that many employees are off-site, and cell phones are necessary to communicate efficiently and ensure prompt service to the community.

Council Member Scott wants to look into the phone services and contracts for TDS.

5. TENTATIVE BUDGET – Review and consider adoption of the Tentative Budget for Fiscal Year 2014-2015 and proposed Expenditure Limitation for the same year.

Town Manager Miller discussed all the budget presentations and the goal of ensuring that all questions are addressed. Mr. Miller described the changes that have been made since the last work session and the timeline for adopting the budget. The Town will hold a public hearing to adopt the final budget. The Town will benefit from cost savings in Community Development because Mr. Miller has committed to acting as director of that department for six months. Some of the savings in the Community Development Director salary have been reallocated to other areas, such as the mapping software that was previously discussed.

Town Manager Miller proposed a compromise on the expenditure and allocation of CADRE settlement funds. He proposed the funds be split equally among the police department and the general fund to reimburse general fund expenditures on the litigation. The net impact of those changes show a reduction in the projected general fund deficit from approximately $47,000 to $6,031. Mr. Miller explained that the Town is working with a reduced expenditure limitation figure from last year.

Mayor Foster asked whether the division in the CADRE settlement funds was after a full reimbursement of all the monies spent on the legal fess associated with the ligation.

Town Manager Miller clarified that the proposed division was of the total settlement amount of $97,500. The Police Department would receive $48,750 to purchase a single new vehicle and outfit a currently owned truck.

Council Member Timberlake observed that it appeared that there would be around $12,000 that was spent on litigation and not reimbursed to the general fund. Mr. Miller reminded the Council that the Town did not exceed its legal budget for FY 2012-2013.

Council Member Scott asked if the Council was required to adopt the budget by law.

Town Attorney Ronan clarified that the issue before Council was merely whether to adopt the budget. The Town is not bound by a tentative budget. Staff will endeavor to address all questions and Council's revisions will be part of the final budget. Council

should look at the bottom line of the tentative budget, because it establishes the maximum for expenditures. Council could continue to find ways to economize.

Town Manager Miller added that likewise the water rate notice is a maximum. Those have already been sent to customers which was a worst case scenario. Maximum limits must be set in order to be compliant with state laws, and the Town's goal is to make the water department self-sustainable.

Mayor Foster wants to know if staff is looking at labor, staff, salaries, cost of energy, shopping to get best prices on chemicals and supplies for this department.

Town Manager Miller stated salaries and labor have previously been discussed in budget discussions and invited any member of council to come in and discuss any concerns one on one.

Vice Mayor Jewitt made a motion to approve tentative budget as presented and Council Member Kelley seconded. Roll call vote: Mayor Foster: nay, Vice Mayor Jewitt: aye, Council Member Kelley: aye, Council Member Crooks: aye, Council Member Orgeron: aye, Council Member Scott: aye, Council Member Timberlake: aye. Motion carries.

Return to Agenda Item #2: Water Rates – Discussion and possible adoption of a Notice of Intent to Increase Water Rates and to establish a date for a public hearing.

Town Manager Miller ensured that the Staff is working with the same numbers used in the tentative budget. Those numbers have a direct impact on budget.

Council Member Scott does not like the fact that we wait until the summer to do major changes within the Town.

Council Member Kelley states this is a notice of intent. She wants to ensure that the Town takes necessary baby steps to ensure that the need for increases is consistently addressed and not put off, as was done in the past.

Council Member Scott would like to see the information for the public hearing go out to customers in their bill so all residents are fully aware of what is happening while they are away.

Vice Mayor Jewitt wants to ensure we do not follow the footsteps of previous council and prefers to look at doing incremental changes opposed to a huge change all at once.

Mayor Foster believes we are making a decision based on fictitious numbers and would like to see all the numbers for the operation of the utilities department before approving a notice.

Council Member Timberlake made a motion to approve the notice of intent and was seconded by Council Member Kelley. Roll call vote: Mayor Foster: nay, Vice Mayor Jewitt: aye, Council Member Kelley: aye, Council Member Crooks: aye, Council

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Member Orgeron: aye, Council Member Scott: aye, Council Member Timberlake: aye. Motion carries.

6. VOLUNTEER BOARDS – Preliminary review, discussion and possible direction regarding existing Boards, Committees, Commissions and their status.

Council Member Kelley made a motion to open for public discussion, seconded by Council Member Timberlake. The motion carried.

Town Manager Miller is performing a preliminary evaluation of the Town's volunteer boards and showed a list of the current boards and the current status of each boards' membership.

Council Member Kelley stated that she has spoken to previous members of boards who would like to see the boards reinstated especially the Health and Development Board.

Audrey Berger spoke about the Health and Development Board and how it listened to organizations in Town and presented the board with requests of help. Senior Center lost $7,000 due to this board not being in place. Council should look at reinstating boards.

Kay Mooring spoke on Health and Development board which assists council by providing information and recommendations. She also stated she is interested in the Town Museum. Boards receive written requests from organizations that need funds from the Town. This Board helps Council to know what is going on within the Town.

Sally Ford spoke on Health and Development board. She is looking to improve and expand boards. She believes that the boards had no power and could not make recommendations to Council. She observed that the Town used to have a waiting list of volunteers but because Council and previous management did not back the boards, there are no volunteers for these boards.

Jennifer Jones states administration has failed the boards and is looking for administration to have less power and the boards to have more power. She suggested that the boards should be replaced with community volunteer groups, because there was no obligation to post agendas or keep minutes. Look to get more volunteers and help stimulate volunteers. She also stated she was on a board and was removed from board which would not allow for a quorum of that board.

Marilyn McFate spoke on Board of Adjustment which did everything by the law. This board worked well until Mr. Field came in and wrote variances. Communication of the boards is key. Looks at approving items based on state law.

Norm Simpson spoke on Planning and Zoning and has had a problem with attendance on board and Council's treatment of Board members.

Council Member Kelley wants to get more volunteers and keep boards intact. She would like to see boards come in and provide reports to Council at meetings. Council

needs to listen to the board members and not micromanage the boards. Mayor Foster stated he would like to see the reports and Council agenda expanded to include reports from each of the boards.

Council Member Crooks states that the boards are subject to open meeting laws of the state. Need board members to know there are statutory regulations that must be followed.

Mayor Foster would like a community committee formed. This would not be subject to open meeting laws. Council Member Timberlake would like open meeting law training for the board members as boards are reestablished. Town Attorney Ronan clarified that all formal boards that are established to report to the Council are subject to open meeting laws.

Sally Ford states she would like to see organized boards based on the Town's past experiences.

Council Member Scott wants to see Town staff, council members, and legal staff assist boards as they are working for the Town for free. Town Manager Miller is looking to help provide additional training and update the codes behind the boards. Mr. Miller requested direction from Council for seeking candidates for the boards that are lacking in participation. Staff will work on a list of vacancies for each board posted to the public and on the website.

Council Member Crooks wants to explore adding a new board focused on economic development from a local stand point.

Town Attorney Ronan suggested a training session in the fall for a refresher for current board members and for new board members of open meeting laws.

Council Member Scott would like to see job descriptions for the boards as well as notifications to the boards of the plans and what was discussed tonight. Council Member Timberlake stated Health and Development board to focus on town promotion.

7. 4TH OF JULY 2014 – Preliminary discussion of Independence Day Celebration of Fireworks display and Community Festival.

Council Member Timberlake made a motion to open this topic to public discussion and was seconded by Council Member Kelley.

Town Manager Miller is looking to give back to the community. Who are the staff and town stakeholders for this holiday? Town budgets $4,000 for fireworks, fire department performs the lighting. In the past the Town has also done some grilling and children's activities. Mr. Miller would like to look at building this up by purchasing corn hole sets, re-greening a section of the field, planning a tug of war game, and building a misting / cooling station. One member of the community is donating a tent for the misting system.

Council Member Kelley states Rotary, Fire Department, Operation Hero Comfort, Food Bank, and the Recreation Department are all involved.

Violet Kiss stated the Lutheran Church wants to help, Yesenia at the Community Center is making T-shirts, Rotary and Interact will be helping. Violet has made calls to all local charitable organizations. Would like to build or rent dunk tanks. Ms. Kiss asked Mayor Foster and Town Manager Miller to volunteer to be in the dunk tank and both agreed.

Carol Stensin wants the Town to send out notices to Brenda and Bouse and wants to know what time activities begin?

COMMUNICATIONS:

Announcements and Reports from the MAYOR on current events. None

Announcements and Reports from the COUNCIL on current events.

Council Member Timberlake was at the community center and reports the summer program is doing well with a big number of children attending. Food Bank made donations to the kids.

Council Member Kelley stated the Food Bank received a large donation from Yuma, the Auction Tent. They will be donating hot dogs to the community center kid's summer program and are looking for someone to donate hot dog buns.

Reports from the TOWN MANAGER to the Council.

Vandalism to generator at the sewer plant. Town had to do an emergency rental but are looking to repair the generator.

Police Department will be holding a community update and awareness meeting on June 12th from 5-6 p.m. at Town Hall regarding the recent missing persons case of Eric Stapleton. Flyers have been posted in and around town.

Town Attorneys have completed final draft of Chapter 3 Code Amendments for next meeting.

Have received 2 resumes for police chief position. One more is pending. Once the third is received, Mr. Miller would like to plan and schedule the interview process.

Solar projects being evaluated. The Town is looking at alternatives for potential future projects. Look for more info and a report at next meeting.

Senior Center emergency shelter with maintenance to generator is getting finalized.

COMMUNICATIONS FROM CITIZENS

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Audrey Berger stated that due to a lack of participation the Senior Center will be open from 10-2 starting June 16 through July and August with regular hours resuming in September.

Jeff Gilbert commented on budget in regards to the police department. Requests Council to rethink the use of non-service vehicles as this is not safe practice and puts the lives of the officers at risk and possibly exposes the Town to a liability.

ADJOURNMENT: Motion to adjourn by Vice Mayor Jewitt and seconded by Council Member Kelley at 9:09 p.m.

CERTIFICATION:

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of June 10, 2014, of the Town Council of Quartzsite, Arizona, held on June 10, 2014.

I further certify that the meeting was duly called and held and that a quorum was present.

DATED this 24th day of June 2014.

_____

Amy Daniel, Deputy Town Clerk

On behalf of the Common Council

Approved:

_____

Ed Foster, Mayor

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TOWN OF QUARTZSITE

REGULAR COUNCIL MEETING
Tuesday, June 24, 2014

Agenda Item #2 Consideration and possible adoption of a resolution approving the sale and execution and delivery of excise tax revenue refunding obligations evidencing a proportionate interest of the owners thereof in a purchase agreement from the town; approving the form and authorizing the execution and delivery of such purchase agreement and other necessary agreements for such sale; delegating authority to determine certain matters and terms with respect to the foregoing; authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this resolution and declaring an emergency.

Summary: The Series 2014 Obligations are being executed and delivered to refund in advance of maturity $655,000 in aggregate principal amount of the Series 2004 Obligations of the Town. The refunding of the Series 2004 Obligations will result in a net present value debt service savings to the Town of nearly $54,000. Further, by refunding the Series 2004 Obligations, the moneys in the debt service reserve fund associated with the Series 2004 Obligations will be released, a portion of which will be used by the Town to finance improvements for the Love's Sewer Line.

The Series 2014 Obligations will be secured by a pledge of and first lien on the revenues from the Excise Taxes of the Town on a parity with (i) the Town's payment obligations pursuant to a Loan Repayment Agreement, dated as of November 1, 2006 between the Town and the Greater Arizona Development Authority (the "Loan Repayment Agreement"), and (ii) "Parity Lien Obligations" that may be hereafter issued on a parity therewith and with the Series 2014 Obligations.

Responsible Person: Skylor Miller, Town Manager

Attachments: Resolution
- Purchase Agreement
- Trust Agreement
- Placement Agent Agreement
- Policies and Procedures for Tax-Advantaged Obligations

Action Requested: Motion to adopt the resolution approving the sale and execution and delivery of excise tax revenue refunding obligations evidencing a proportionate interest of the owners thereof in a purchase agreement from the town; approving the form and authorizing the execution and delivery of such purchase agreement and other necessary agreements for such sale; delegating authority to determine certain matters and terms with respect to the foregoing; authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this resolution and declaring an emergency.

RESOLUTION NO. 14-03

RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF QUARTZSITE, ARIZONA (1) PROVIDING FOR THE SALE AND EXECUTION AND DELIVERY PURSUANT TO A FIRST EXCISE TAX TRUST AGREEMENT OF EXCISE TAX REVENUE REFUNDING OBLIGATIONS, SERIES 2014, EVIDENCING PROPORTIONATE INTERESTS OF THE HOLDERS THEREOF IN INSTALLMENT PAYMENTS OF THE PURCHASE PRICE TO BE PAID BY THE TOWN OF QUARTZSITE, ARIZONA, PURSUANT TO A FIRST EXCISE TAX PURCHASE AGREEMENT; (2) AUTHORIZING THE COMPLETION, EXECUTION AND DELIVERY WITH RESPECT THERETO OF AGREEMENTS NECESSARY OR APPROPRIATE AS PART OF REFINANCING AND PAYING RELATED FINANCING COSTS; (3) DELEGATING TO THE MAYOR, THE TOWN MANAGER AND THE FINANCE AND BUDGET DIRECTOR CERTAIN AUTHORITY WITH RESPECT TO THE PURPOSES HEREOF; (4) ADOPTING POST-ISSUANCE TAX COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF OBLIGATIONS OF THE TOWN (5) AUTHORIZING THE FINANCE AND BUDGET DIRECTOR TO EXPEND ALL NECESSARY FUNDS THEREFOR AND (6) DECLARING AN EMERGENCY

WHEREAS, the Mayor and Common Council of the Town of Quartzsite, Arizona (the "Town"), have determined to refinance the Fourth Town Lease, dated as of October 1, 2004 (the "Town Lease"), entered into between U.S. Bank National Association and the Town which was entered into for the purpose of paying in full a judgment against the Town and financing the costs of certain vehicles and equipment for, and of the reconstruction and improvement of certain facilities of the Town (collectively, the "Prior Project") by entering into a First Excise Tax Purchase Agreement, to be dated as of the first day of the month of the dated date of the hereinafter described Series 2014 Obligations (hereinafter referred to as the "First Excise Tax Purchase Agreement"), in substantially the form presented at the meeting at which this Resolution was adopted, by which the Town will agree to purchase a certain portion of the Prior Project; and

WHEREAS, the acquisition of such portion of the Prior Project will be financed through the sale and execution and delivery of certain proportionate interests (hereinafter referred to as the "Series 2014 Obligations") in the First Excise Tax Purchase Agreement pursuant to, and secured by, a First Excise Tax Trust Agreement, to be dated as of the date of the First Excise Tax Purchase Agreement (hereinafter referred to as the "First Excise Tax Trust Agreement"), from the Town to a trustee appointed as provided herein (including any successor appointed and acting in such capacity, hereinafter referred to as the "Trustee"), in substantially the form presented at the meeting at which this Resolution was adopted; and

WHEREAS, Stifel, Nicolaus & Company, Incorporated (hereinafter referred to as the "Placement Agent") will submit a proposal to place the 2014 Obligations pursuant to a Placement Agent Agreement, to be dated the date of placement of the 2014 Obligations (hereinafter referred to as the "Placement Contract"), by and between the Town and the Placement Agent; and

WHEREAS, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder (hereinafter referred to as 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 (hereinafter referred to as "Tax-Exempt Obligations"), are required to establish policies and procedures to ensure compliance with the applicable provisions of the Code and the Regulations; and

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

WHEREAS, there have been presented to the Mayor and Common Council of the Town at the meeting at which this Resolution was considered (i) the proposed form of the First Excise Tax Purchase Agreement; (ii) the proposed form of the First Excise Tax Trust Agreement; (iii) the proposed form of the Placement Contract and (iv) the proposed form of the Procedures; and

WHEREAS, the Town has the requisite power and authority to execute and deliver the First Excise Tax Purchase Agreement and to cause the sale and execution and delivery of the Series 2014 Obligations, and all acts, conditions and things required by the Constitution and laws of the State of Arizona and the requirements of the Town to happen, exist and be performed precedent to and as a condition to the adoption of this Resolution have happened, exist and been performed in the time and manner required to make the First Excise Tax Purchase Agreement a valid and binding limited, special obligation of the Town;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF QUARTZSITE, ARIZONA, as follows:

Section 1. Authorization and Execution and Delivery of Documents and Obligations.

(a) For the purpose of providing funds to finance the costs of the acquisition of certain portions of the Prior Project and the related costs of the sale and execution and delivery of the Series 2014 Obligations, the Series 2014 Obligations shall be sold and executed and delivered. The Series 2014 Obligations shall be dated the date of their initial authentication and delivery and shall be issued in such form and denominations, shall be executed in such manner and shall have such other provisions as set forth in the form of the First Excise Tax Trust Agreement, with such additions, deletions and modifications consistent with this Resolution as shall be approved by the officers of the Trustee executing and delivering the same on behalf of the Trustee, the execution and delivery thereof to constitute conclusive evidence of their approval and of such additions, deletions or modifications. The identity of the Trustee, the aggregate principal amount of the Series 2014 Obligations (but not to exceed $700,000) and the

dates the same shall be payable and prepayable, the period over which the Series 2014 Obligations shall mature (but not later than July 1, 2019), the date on and price at which the Series 2014 Obligations shall be sold (including provisions for any discount) and the entity to which they shall be sold and the rates of interest the Series 2014 Obligations shall bear (but, except in the case of default or an event of taxability, not greater than three percent) and the dates the same shall be payable shall be determined by the Mayor, the Town Manager or the Finance and Budget Director of the Town or the designees of any of them (hereinafter referred to as, collectively, the "Authorized Representatives") to which such authority is hereby delegated. (The Town Lease shall be prepaid on the earliest available date.)

(b) The Mayor or, in the absence thereof, the Vice Mayor are hereby authorized to execute, and the Clerk is hereby authorized to attest and deliver, respectively, the First Excise Tax Purchase Agreement, the First Excise Tax Trust Agreement and the Placement Contract which are hereby approved, with such additions, deletions and modifications as shall be approved by those officers executing and delivering the same on behalf of the Town, the execution and delivery thereof to constitute conclusive evidence of their approval, and of such additions, deletions and modifications.

(c) The Trustee is hereby requested to execute and deliver the Series 2014 Obligations, the First Excise Tax Purchase Agreement and the First Excise Tax Trust Agreement to accomplish the purposes hereof.

(d) The Authorized Representatives are hereby authorized to cause the sale and execution and delivery of the Series 2014 Obligations pursuant to the Placement Contract and are hereby delegated the authority to complete any information missing in, or necessary for the consummation of the transactions contemplated by, the First Excise Tax Purchase Agreement, the First Excise Tax Trust Agreement and the Placement Contract. The Finance and Budget Director is hereby authorized to receive and expend such funds as necessary to accomplish the purposes of this Resolution, including payment of installment payments related to debt service on the Series 2014 Obligations.

Section 2. Procedures in Connection with Tax-Exempt Obligations. The Procedures are hereby adopted to establish policies and procedures in connection with Tax-Exempt Obligations issued by the Town to ensure that all applicable post-issuance requirements of the Code and the Regulations needed to preserve the status of such Tax-Exempt Obligations are met. The right to use discretion as necessary and appropriate to make exceptions or request additional provisions with respect to the Procedures as may be determined is hereby reserved. The right to change the Procedures from time to time, without notice, is also reserved.

Section 3. Severability. All actions of the officers, employees and agents of the Town including the Council which conform to the purposes and intent of this Resolution and which further the issuance and sale of the Series 2014 Obligations as contemplated by this Resolution, whether taken before or after adoption of this Resolution, are hereby ratified, confirmed and approved. The proper officers and agents of the Town are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the Town as may be necessary to carry out the terms and intent of this Resolution.

Section 4. Ratification of Actions. All actions of the officers, employees and agents of the Town including the Council conform to the purposes and intent of this Resolution and which further the actions contemplated by this Resolution, whether taken before or after adoption of this Resolution, are hereby ratified, confirmed and approved. The proper officers and agents of the Town are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the Town as may be necessary to carry out the terms and intent of this Resolution.

Section 5. Emergency. The immediate operation of this Resolution is necessary for the preservation of the public health and welfare, particularly to be able to finance the capital needs of the Town on the most advantageous terms presently available, and an emergency is hereby declared to exist, and this Resolution shall be in full force and effect from and after its passage and approval by the Mayor and Common Council of the Town, as required by law, and it is hereby exempt from the referendum provisions of the Constitution and laws of the State of Arizona.

PASSED, ADOPTED, AND APPROVED this 24th day of June, 2014.

.....
Mayor, Town of Quartzsite, Arizona

ATTEST:

.....
Clerk, Town of Quartzsite, Arizona

APPROVED AS TO FORM:

.....
Town Attorney, Town of Quartzsite,
Arizona

CERTIFICATION

I hereby certify that the foregoing Resolution No. _____ was duly passed and adopted by the Mayor and Council of the Town of Quartzsite, Arizona, at a regular meeting held on the 24th day of June, 2014, and the vote was ..... ayes and ..... nays and that the Mayor and ..... Councilmembers were present thereat.

.....
Clerk, Town of Quartzsite, Arizona

331168213.1-6/18/2014

DRAFT
06/18/14

FIRST EXCISE TAX PURCHASE AGREEMENT

by and between

ZIONS FIRST NATIONAL BANK,
as Seller

and

THE TOWN OF QUARTZSITE, ARIZONA,
as Purchaser

Dated as of _____ 1, 2014

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FIRST EXCISE TAX PURCHASE AGREEMENT

THIS FIRST EXCISE TAX PURCHASE AGREEMENT, dated as of _____ 1, 2014 (this "Agreement"), by and between the TOWN OF QUARTZSITE, ARIZONA, a municipal corporation under the laws of the State of Arizona (the "Town"), as purchaser hereunder, and ZIONS FIRST NATIONAL BANK, a national banking association, as trustee under the First Excise Tax Trust Agreement, dated as of even date herewith (the "Trust Agreement"), but in its separate capacity as seller (the "Seller") hereunder,

W I T N E S S E T H:

WHEREAS, the Town heretofore determined that it would be beneficial to its citizens to refinance the costs of certain water and wastewater system improvements and finance the costs of certain new improvements to such water system; and

WHEREAS, in order to finance the costs thereof, the Town deemed it necessary and desirable to borrow $7,215,000 from the Greater Arizona Development Authority, a body corporate and politic constituting a governmental instrumentality duly organized and existing within the State of Arizona under the Constitution and laws of the State of Arizona ("GADA"); and

WHEREAS, in connection therewith, the Town and GADA entered into a Loan Repayment Agreement, dated as of November 1, 2006 (the "Loan Repayment Agreement (2006)"); and

WHEREAS, pursuant to Section 3 of the Loan Repayment Agreement (2006), the Town irrevocably pledged for the payment of the amounts due thereunder the revenues from the Excise Taxes and the State Shared Revenues (as such terms and all other terms not otherwise defined herein are defined in the Trust Agreement), such pledge being a first lien pledge upon such amounts of the revenues from the Excise Taxes and the State Shared Revenues as will be sufficient to make the payments pursuant thereto when due; and

WHEREAS, pursuant to such Section of the Loan Repayment Agreement (2006), except as limited by Section 10(a)(iii) of the Loan Repayment Agreement (2006) and by the corresponding sections in any Additional Agency/Authority Loan Agreements, the rights of GADA to payment from the revenues the Excise Taxes and the State Shared Revenues are on a parity with the rights to payment from the revenues from the Excise Taxes and the State Shared Revenues of the Loan Repayment Agreement (2006) and of the other of the Parity Lien Obligations; and

WHEREAS, pursuant to Section 6 of the Loan Repayment Agreement (2006), so long as any amounts due thereunder remain unpaid or unprovided for, the Town may not further encumber the revenues from the Excise Taxes and the State Shared Revenues on a basis equal to the pledge thereunder unless certain requirements of the Loan Repayment Agreement (2006) are satisfied; and

WHEREAS, pursuant to such Section of the Loan Repayment Agreement (2006), the Town shall not further encumber the revenues from the Excise Taxes and the State Shared Revenues on a basis equal to the pledge under the Loan Repayment Agreement (2006) unless the revenues from the Excise Taxes plus the State Shared Revenues, when combined mathematically for such purpose only, in the most recently completed fiscal year of the Town, shall have amounted to at least two (2) times the highest combined interest and principal requirements for any succeeding fiscal year of the Town for the Loan Repayment Agreement (2006) and the other of the Parity Lien Obligations secured or so proposed to be secured by such pledge of the revenues from the Excise Taxes and the State Shared Revenues on a parity of lien therewith; and

WHEREAS, Section 10(a) of the Loan Repayment Agreement (2006) provides that GADA may in the case of nonpayment, among other things, certify to the Treasurer of the State and notify the Mayor and Common Council of the Town that the Town has failed to make a required payment and request enforcement of the State Intercept of Funds, and Additional Agency/Authority Loan Agreements may provide that GADA or WIFA provide for enforcement of the State Intercept of Funds; and

WHEREAS, pursuant to Resolution No. _____ adopted on June 24, 2014, the Mayor and Common Council of the Town determined to refinance the lease-purchase of the Prior Project; and

WHEREAS, for the purpose of refinancing the lease-purchase of the Prior Project, the Mayor and Common Council of the Town requested that the Trustee sell and execute and deliver the Obligations; and

WHEREAS, this Agreement is a Parity Lien Obligation; and

WHEREAS, the Town is a municipal corporation duly incorporated and validly existing under the laws of the State; the Constitution and the laws of the State authorize the Town to enter into this Agreement and the transactions contemplated by this Agreement; the Town has duly authorized and executed this Agreement; this Agreement is a lawful, valid and binding obligation of the Town, enforceable against the Town in accordance with its terms; all required procedures for execution and performance of this Agreement, including publication of notice, public hearing or competitive bidding, if applicable, have been or will be complied with in a timely manner; the Payments will be paid when due out of funds which are legally available for such purposes; neither the execution and delivery of this Agreement or the Trust Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Town is now a party or by which the Town is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Town; the Town has disclosed in writing to the Seller all facts that do or will materially adversely affect the properties, operations or financial condition of the Town and that any financial statements, notices or other written statements provided by the Town to the Seller pursuant hereto will not contain any untrue statement of a material fact or omit any material fact necessary to make such statements or information not misleading and the Prior Project complies with all applicable environmental

laws, rules and regulations (including, without limitation, all federal, state and local laws) and with Title III of the Americans with Disabilities Act and the regulations issued thereunder by the United States Department of Justice concerning accessibility of places of public accommodation and commercial facilities if and to the extent such Act and regulations apply to the Prior Project; and

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

NOW THEREFORE, pursuant to law and for and in consideration of the mutual covenants hereinafter contained, it is hereby agreed as follows:

Section 1. Term and Payments.

(a) In order to finance the costs of the Prior Project which have not been paid to date pursuant to the terms hereof, the Town sells and conveys any interests it has in the Prior Project to the Seller, without warranty, for the sum of $10.00 and other valuable consideration had and received. For the amounts payable pursuant hereto (including the Payments), the Seller in turn hereby sells and conveys back to the Town, without recourse, representation or warranty, and the Town hereby purchases from the Seller, any interests the Seller has in the Prior Project.

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

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

(c) This Agreement shall be deemed and construed to be a "*net purchase agreement*," and the Payments shall be an absolute net return to the Seller, free and clear of any expenses or charges whatsoever, except as otherwise specifically provided herein. The obligation of the Town to pay the amounts described in paragraph (b) hereof (including the Payments) from the sources described herein and to comply with the other provisions hereof shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, abatement, counterclaim, or recoupment arising out of any breach by the Seller of any obligation to the Town or otherwise, or out of indebtedness or liability at any time owing to the Town by the Seller. Until such time as all of the payments described in paragraph (b) hereof (including the Payments) shall have been fully paid or provided for, the Town (i) shall not suspend or discontinue the same, (ii) shall comply with the other provisions hereof and (iii) shall not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Prior Project, the taking by *eminent domain* of title to or temporary use of any or all of the Prior Project, commercial frustration of purpose, abandonment of the Prior Project by the Town, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of the Seller to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Trust Agreement

or this Agreement. Nothing contained in this Section shall be construed to release the Seller from the performance of any of the agreements on its part herein or in the Trust Agreement contained and in the event the Seller shall fail to perform any such agreements on its part, the Town may institute such action against the Seller as the Town may deem necessary to compel performance so long as such action does not abrogate the obligations of the Town contained in the first sentence of this paragraph.

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

(e) Amounts payable to the Seller shall be paid by means instructed to the Town in writing.

Section 2. Pledge; Limited Obligations.

(a) Subject to the State Intercept of Funds with regard to the Loan Repayment Agreement (2006) and the other of the Parity Lien Obligations which is also an Additional Agency/Authority Loan Agreement, the revenues from the Excise Taxes and the State Shared Revenues have been pledged by the Town to the payment of all amounts described in Subsection 1(b) hereof (including the Payments), and payment of such amounts shall be secured by a paramount and first lien on and pledge of the revenues from the Excise Taxes and the State Shared Revenues on parity with the pledge and lien hereby granted by the Town for the payment and security of the Loan Repayment Agreement (2006) and the other of the Parity Lien Obligations. All of the Payments are coequal as to the pledge of and lien on the revenues from the Excise Taxes and the State Shared Revenues and share ratably, without preference, priority or distinction, as to the source or method of payment from the revenues from the Excise Taxes and the State Shared Revenues or security therefor.

(b) The Town shall remit to the Seller from the revenues from the Excise Taxes and the State Shared Revenues all amounts due under this Agreement in the amounts and at the times and for the purposes as required herein. The obligation of the Town to make payments of any amounts due under this Agreement, including amounts due after default hereof, is limited to payment from the revenues from the Excise Taxes and the State Shared Revenues and shall under no circumstances constitute a general obligation or a pledge of the full faith and credit of the Town, the State or any of its political subdivisions, or require the levy of, or be payable from the proceeds of, any *ad valorem* property taxes.

(c) The Town may, at the sole option of the Mayor and Common Council of the Town, make payments due pursuant to Section 1 hereof from its other funds as permitted by law and as the Town shall determine from time to time, but the Seller acknowledges that it has no claim hereunder to such other funds. No part of the purchase price payable pursuant to this Agreement shall be payable out of any *ad valorem* property taxes imposed by the Town or from bonds or other obligations, the payment of which the Town's general taxing authority is pledged, unless (i) the same shall have been duly budgeted by the Town according to law, (ii) such payment or payments shall be within the budget limitations of

the statutes of the State and (iii) any such bonded indebtedness or other obligation are within the debt limitations of the Constitution of the State.

Section 3. Surplus and Deficiency of the Revenues from the Excise Taxes and the State Shared Revenues. Subject to the rights with respect to the revenues from the Excise Taxes and the State Shared Revenues with respect to the Loan Repayment Agreement (2006) and the other of the Parity Lien Obligations, the revenues from the Excise Taxes and the State Shared Revenues in excess of amounts, if any, required to be deposited with or held by the Seller for payments due under this Agreement shall constitute surplus revenues and may be used by the Town for any lawful purpose for the benefit of the Town, including the payment of obligations to which the revenues from the Excise Taxes and the State Shared Revenues may from time to time be pledged on a basis subordinate hereto. If at any time the moneys in the funds held for payment of amounts due under this Agreement are not sufficient to make the deposits and transfers required, any such deficiency shall be made up from the first moneys thereafter received and available for such transfers under the terms of this Agreement and, with respect to payment from the revenues from the Excise Taxes and the State Shared Revenues, *pro rata*, with amounts due with respect to the Loan Repayment Agreement (2006) and the other of the Parity Lien Obligations, and the transfer of any such sum or sums to said fund as may be necessary to make up any such deficiency shall be in addition to the then-current transfers required to be made pursuant hereto.

Section 4. Parity Lien Obligations. So long as any amounts due hereunder remain unpaid or unprovided for, the Town shall not further encumber the revenues from the Excise Taxes and the State Shared Revenues on a basis equal to the pledge hereunder unless the revenues from the Excise Taxes plus the State Shared Revenues, when combined mathematically for such purpose only, in the most recently completed fiscal year of the Town, shall have amounted to at least two (2) times the highest combined interest and principal requirements for any succeeding fiscal year of the Town for the Loan Repayment Agreement (2006), this Agreement and the other of the Parity Lien Obligations secured or so proposed to be secured by such pledge of the revenues from the Excise Taxes and the State Shared Revenues on a parity of lien therewith. For purposes of this Section, any variable rate indebtedness shall be assumed to bear interest at the maximum permissible rate.

Section 5. Town Control over Revenue Collection. To the extent permitted by applicable law, the revenues from the Excise Taxes shall be retained and maintained so that the amounts received from the revenues from the Excise Taxes and the State Shared Revenues, when combined mathematically for such purpose only, all within and for the most recently completed fiscal year of the Town, shall have been equal to at least two (2) times the total of interest and principal requirements for the current fiscal year of the Town for the Loan Repayment Agreement (2006), this Agreement and the other of the Parity Lien Obligations. If the revenues from the Excise Taxes and the State Shared Revenues for any such fiscal year shall not have been equal to at least one and one-quarter (1-1/4) times the total of the interest and principal requirements for the current fiscal year of the Town for the Loan Repayment Agreement (2006), this Agreement and the other of the Parity Lien Obligations or if at any time it appears that the revenues from the Excise Taxes and the State Shared Revenues will not be sufficient to meet such requirements, the Town shall, to the extent permitted by applicable law,

impose new exactions of the type of the Excise Taxes which will be part of the Excise Taxes or increase the rates for the Excise Taxes currently imposed fully sufficient at all times, after making allowance for contingencies and errors, in each fiscal year of the Town in order that (a) the revenues from the Excise Taxes and the State Shared Revenues will be sufficient to meet all current requirements hereunder and (b) the revenues from the Excise Taxes and the State Shared Revenues will be reasonably calculated to attain the level as required by the first sentence of this subsection.

Section 6. Certain Matters with Respect to the Prior Project.

(a) Except with respect to its power and authority to enter into this Agreement and to perform its covenants hereunder, the Seller has made and makes no representation or warranty, express or implied, and assumes no obligation with respect to the title, merchantability, condition, quality or fitness of the Prior Project for any particular purpose or the conformity of the Prior Project to any plans, specifications, construction contract, purchase order, model or sample, or as to their design, construction, delivery, installation, construction oversight and operation or their suitability for use by the Town after completion. All such risks shall be borne by the Town without in any way excusing the Town from its obligations under this Agreement, and the Seller shall not be liable to the Town for any damages on account of such risks. Except with respect to any acts by the Seller which are not undertaken at the request of the Town or with the prior approval of the Town, the Town waives all claims against the Seller growing out of the acquisition of the Prior Project. The Seller shall have no liability to the Town for any failure of any contractor to perform any contract or other undertaking with respect to the Prior Project in any respect. The Seller shall have no obligation to obtain or insure compliance with any required permits or approval procedures with respect to the Prior Project. In the event of any defect in any item of the Prior Project or other claim with respect to the Prior Project, recourse of the Town shall be against the contractors, manufacturers, suppliers, etc. of the Prior Project and, where applicable, the person selling the property to the Seller, and not against the Seller. For such purpose, the Seller hereby assigns and transfers to the Town the right, title and interest of the Seller in and to all representations, warranties, guarantees and service agreements relating to the Prior Project made or entered into by the Seller and by any contractor, manufacturers, suppliers, etc. of the Prior Project. The Seller further designates the Town as its attorney-in-fact granting to the Town the right to initiate and take all actions necessary to enforce any and all construction contracts and all such warranties and service agreements. The Seller is entering into this Agreement solely as the Seller, shall not be personally liable hereunder and shall be afforded the same rights, protections, immunities and indemnities acting hereunder as afforded to it as the Trustee under the Trust Agreement. Notwithstanding anything to the contrary herein, at no time shall the Seller be listed in the chain of title to the Prior Project. Provisions governing the rights, immunities and protections of the Trustee under the Trust Agreement are herein incorporated by reference into this agreement as though fully set forth herein.

(b) The Town, by keeping and performing the covenants and agreements herein contained, shall at all times during the term of this Agreement, peaceably and quietly, have, hold and enjoy the Prior Project, without suit, trouble or hindrance from the Seller. The Town hereby grants and conveys to The Seller, and all persons claiming by, through or

under the Seller, including its successors and assigns under the Trust Agreement and the Owners for whom it acts, a nonexclusive easement upon, in and to the Prior Project for the purpose of permitting the Prior Project to be maintained upon the premises.

(c) Notwithstanding any other terms or provisions of this Agreement, the interest of the Seller in the Prior Project is solely in its capacity as the Seller for the financing of the Prior Project, and the Seller shall not have the power, authority or obligation to assume any responsibility for the overall management or maintenance of the Prior Project, including, without limitation, any day-to-day decision-making or operational aspects of the Prior Project.

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

(a) by paying the Payments as provided herein as and when the same become due and payable at their scheduled due dates pursuant to Section 1 hereof or on a date on which they can be prepaid;

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

(c) by depositing with a Depository Trustee, in trust for such purpose, any Defeasance Obligations which are noncallable, in such amount as shall be certified to the Seller and the Town, by a national firm of certified public accountants acceptable to both the Seller and the Town, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit with the Seller and available for the Payments, to make, or cause to be made, the Payments at their scheduled due dates or on a date on which they can be prepaid.

Section 8. Term of Agreement. This Agreement shall not terminate so long as any payments are due and owing pursuant to the Obligations. Subject to Section 8 hereof, upon full payment or provision for payment and in consideration of the timely payment of all of the amounts described in Subsection 1(b) hereof (including the Payments) and provided that the Town has performed all the covenants and agreements required by the Town to be performed, this Agreement shall cease and expire. The obligations of the Town under this Agreement, including, without limitation, its obligation to pay the Payments, shall survive any action brought as provided in the next Section hereof, and the Town shall continue to pay the Payments and perform all other obligations provided in this Agreement; provided, however, that the Town shall be credited with any amount received by the Seller pursuant to actions brought under the next Section hereof.

Section 9. Default; Remedies Upon Default.

(a) (i) Upon (A) the nonpayment of the whole or any part of any of the amounts described in Subsection 1(b) hereof (including the Payments) at the time when the same are to be paid as provided herein or in the Trust Agreement, (B) the violation by the Town of any other covenant or provision of this Agreement or the Trust

Agreement, (C) the occurrence of an event of default with respect to the Loan Repayment Agreement (2006) or the other of the Parity Lien Obligations or (D) the insolvency or bankruptcy of the Town as the same may be defined under any law of the United States of America or the State, or any voluntary or involuntary action of the Town or others to take advantage of, or to impose, as the case may be, any law for the relief of debtors or creditors, including a petition for reorganization, and

(ii) if such default has not been cured (A) in the case of nonpayment of any of the amounts described in Subsection 1(b) hereof (including the Payments) as required hereunder or under the Trust Agreement on the due date or the nonpayment of principal or interest due with respect to the Loan Repayment Agreement (2006) or the other of the Parity Lien Obligations on their due dates; (B) in the case of the breach of any other covenant or provision of the Trust Agreement or this Agreement not cured within sixty (60) days after notice in writing from the Seller specifying such default and (C) in the case of any other default under the Loan Repayment Agreement (2006) or the other of the Parity Lien Obligations after any notice and passage of time provided for under the proceedings under which such obligations were issued then,

(iii) subject to the limitations of the Trust Agreement, the Seller may take whatever action at law or in equity, including the remedy of specific performance, may appear necessary or desirable to collect the Payments and any other amounts payable by the Town under the Trust Agreement or this Agreement then due (but not the Payments and such other amounts accruing), or to enforce performance and observance of any pledge, obligation, agreement or covenant of the Town under the Trust Agreement or this Agreement, and with respect to the revenues from the Excise Taxes and, subject to the State Intercept of Funds with regard to the Loan Repayment Agreement (2006) and the other of the Parity Lien Obligations which is also an Additional Agency/Authority Loan Agreement, the State Shared Revenues, without notice and without giving any bond or surety to the Town or anyone claiming under the Town, have a receiver appointed of the revenues from the Excise Taxes and, subject to the State Intercept of Funds with regard to the Loan Repayment Agreement (2006) and the other of the Parity Lien Obligations which is also an Additional Agency/Authority Loan Agreement, the State Shared Revenues which are pledged to the payment of amounts due hereunder, with such powers as the court making such appointment shall confer (and the Town does hereby irrevocably consent to such appointment); provided, however, that under no circumstances may the Payments be accelerated.

Each right, power and remedy of the Seller provided for in this Agreement shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for herein, or, unless prohibited by the terms hereof, now or hereafter existing at law or in equity or by statute or otherwise, in any jurisdiction where such rights, powers and remedies are sought to be enforced, and the exercise or beginning of the exercise by the Seller of any one or more of the rights, powers or remedies provided for herein or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by either party of any or all of such other rights, powers or remedies. The failure to insist upon strict performance of any of the covenants or agreements herein set forth shall not be considered or taken as a waiver

or relinquishment for the future of the rights of the Seller to insist upon a strict compliance by the Seller with all the covenants and conditions hereof. The Town shall, upon not less than 10 days' prior request by the Seller, execute, acknowledge and deliver to the Seller a statement in writing certifying that this Agreement is unmodified and in full force and effect (or, if this Agreement has been modified, that it is in full force and effect except as modified, and stating the modification), and the dates to which the amounts payable hereunder have been paid in advance, if any.

(b) The Seller shall in no event be in default in the performance of any of its obligations hereunder unless and until the Seller shall have failed to perform such obligation within 30 days or such additional time as is reasonably required to correct any such default after notice by the Town properly specifying wherein the Seller has failed to perform any such obligation. No default by the Seller shall relieve the Town of its obligations to make the various payments herein required, so long as any of the Obligations remain outstanding; however, the Town may exercise any other remedy available at law or in equity to require the Seller to remedy such default so long as such remedy does not interfere with or endanger the payments required to be made by the Seller under the Trust Agreement.

Section 10. Assignment.

(a) Except as otherwise provided herein, the Town shall not assign, transfer, pledge or hypothecate or otherwise dispose of this Agreement or any interest therein, and any assignment in contravention hereof shall be void.

(b) Subject to the terms of the Trust Agreement, all and every part of the right, title and interest of the Town in and to this Agreement and all payments of any kind due or which become due to the Seller hereunder are sold, pledged, assigned and transferred pursuant to the Trust Agreement.

Section 11. Federal Law Provisions.

(a) (i) No direction for the making of any investment or other use of the proceeds of any of the Obligations or of the Prior Project shall be made which would cause the Obligations to be "arbitrage bonds" as that term is defined in section 148 (or any successor provision thereto) of the Code or "private activity bonds" as that term is defined in section 141 (or any successor provision thereto) of the Code, and the requirements of such sections and related regulations of the Code shall be complied with throughout the term of the Obligations. Particularly, the Town shall be the owner of the Prior Project for federal income tax purposes. The Town shall not enter into any management or service contract with any entity other than a governmental entity for the operation of any portion of the Prior Project unless the management or service contract complies with the requirements of Revenue Procedure 97-13 or such other authority as may control at the time or any lease or other arrangement with any entity other than a governmental entity that gives such entity special legal entitlements with respect to any portion of the Prior Project. Also, the payment of principal and interest with respect to the Obligations shall not be guaranteed (in whole or in part) by the United States or any agency or instrumentality of the United States. The proceeds of the Obligations, or amounts treated as proceeds of the Obligations, shall not be invested (directly or indirectly) in federally insured

deposits or accounts, except to the extent such proceeds may be so invested for an initial temporary period until needed for the purpose for which the Obligations are being executed and delivered, may be so used in making investments in a *bona fide* debt service fund or may be invested in obligations issued by the United States Treasury. The Town shall comply with the procedures and covenants contained in any arbitrage rebate provision or separate agreement executed in connection with the execution and delivery of the Obligations (initially those in subsection (b)) for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion. In consideration of the purchase and acceptance of the Obligations by the owners from time to time thereof and of retaining such exclusion and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, the Town shall, and the appropriate officials of the Town are hereby directed, to take all action required to retain such exclusion or to refrain from taking any action prohibited by the Code which would adversely affect in any respect such exclusion.

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

(B) If for any reason any requirement hereunder is not complied with, the Town shall take all necessary and desirable steps, as determined by 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 Town shall pay any required interest or penalty under hereinafter described Regulations section 1.148-3(h) with respect to the Code.

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

(D) Written procedures for post-issuance compliance with the requirements of the Code have been adopted, with which the Town will comply.

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

(ii) Unless an exception is available to the satisfaction of the Town Representative, within 60 days after the end of each Bond Year, the Town shall cause the Rebate Requirement to be calculated and shall pay to the United States of America:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 12. Covenant as to Conflict of Interest; Other Statutory Restrictions.

(a) To the extent applicable by provision of law, the Seller acknowledges that this Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated herein and which provides that the Town may within three (3) years after its execution cancel any contract (including this Agreement) without penalty or further obligation made by the Town if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Town is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice is received by all other parties to the contract unless the notice specifies a later time. The Seller covenants not to employ as an employee, an agent or, with respect to the subject matter of this Agreement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Seller within three years from the execution of this Agreement, unless a waiver of Section 38-511, Arizona Revised Statutes, is provided by the Town. No basis exists for the Town to cancel this Agreement pursuant to Section 38-511, Arizona Revised Statutes, as of the date hereof.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, the Seller shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes. The breach by the Seller of the foregoing shall be deemed a material breach of this Agreement and may result in the termination of the services of the Seller by the Town. The Town retains the legal right to randomly inspect the papers and records of the Seller to ensure that the Seller is complying with the above-mentioned warranty. The Seller shall keep such papers and records open for random inspection during normal business hours by the Town. The Seller shall cooperate with the random inspections by the Town including granting the Town entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

Section 13. Miscellaneous.

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

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

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

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

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

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

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

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day of and year first above written.

The Seller:

_____,
as seller

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

The Town:

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

By.....
Mayor

ATTEST:

By.....
Town Clerk

331131031.3-6/18/2014

SCHEDULE

Payment Date	Principal	Interest	Total Payment
	$	$	$

DRAFT
06/18/14

FIRST EXCISE TAX TRUST AGREEMENT

by and between

ZIONS FIRST NATIONAL BANK,
as Trustee

and

THE TOWN OF QUARTZSITE, ARIZONA,
as Purchaser

Dated as of _____ 1, 2014

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EXHIBIT FORM OF OBLIGATION

* * *

FIRST EXCISE TAX TRUST AGREEMENT

THIS FIRST EXCISE TAX TRUST AGREEMENT, made and entered into as of the 1st day of _____, 2014 (this "Trust Agreement"), by and between the TOWN OF QUARTZSITE, ARIZONA, a municipal corporation under the laws of the State of Arizona (the "Town") and ZIONS FIRST NATIONAL BANK, a national banking association authorized to exercise trust powers in the State of Arizona, as trustee, and any successor to its duties hereunder (the "Trustee"), and;

W I T N E S S E T H:

WHEREAS, pursuant to Resolution No. _____ adopted on June 24, 2014, the Mayor and Common Council of the Town determined to refinance the Town's obligations under the Fourth Town Lease, dated as of October 1, 2004 (the "Town Lease"), between U.S. Bank National Association and the Town which was entered into for the purpose of paying in full a judgment against the Town and financing the costs of certain vehicles and equipment for, and of the reconstruction and improvement of certain facilities of, the Town (collectively, the "Prior Project"); and

WHEREAS, for the purpose of refinancing the lease-purchase of the Prior Project, the Mayor and Common Council of the Town requested that the Trustee sell and execute and deliver Excise Tax Revenue Refunding Obligations, Series 2014, in the principal amount of $_____,000 (the "Obligations"), and the Trustee has, as described in this Trust Agreement, caused a payment to be made for such purpose;

GRANTING CLAUSES

NOW, THEREFORE, In order to secure the payment of principal and interest (to the extent provided herein) related to the Obligations, the rights of the Owner of the Obligations and the performance and the observance of the covenants and conditions contained in the Obligations, the Purchase Agreement and herein, and the performance and the observance of all of the covenants and conditions contained therein, the Town absolutely and irrevocably pledges and assigns to the Trustee, and the Trustee hereby declares an irrevocable trust and acknowledges its acceptance of, all right, title and interest in and to the following described trust estate, which shall be administered by the Trustee according to the provisions of this Trust Agreement:

A. All right, title and interest of Seller in, under and pursuant to the Purchase Agreement, the Payments and any other amounts payable by the Town under the Purchase Agreement and the present and continuing right to (i) make claim for, collect or cause to be collected, receive or cause to be received all such revenues, receipts and other sums of money payable or receivable thereunder, (ii) to bring acts and proceedings thereunder or for the enforcement of such rights, and (iii) to do any and all other things which the Seller is or may become entitled to do thereunder;

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

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

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

IN TRUST, however, for the benefit and security of the Owners from time to time of the Obligations executed and delivered hereunder, none of the Obligations being entitled to priority or distinction one over the other in the application of the revenues from the Excise Taxes and the State Shared Revenues pledged by the Purchase Agreement to the Payments, regardless of the delivery of any of the Obligations prior to the delivery of any other of the Obligations, or regardless of the time or times principal related to the Obligations is paid or is subject to prepayment, all of the Obligations being co-equal as to the pledge of and lien on the revenues from the Excise Taxes and the State Shared Revenues pledged for the Payments thereof and sharing ratably, without preference, priority or distinction, as to the source or method of payment from the revenues from the Excise Taxes and the State Shared Revenues or security therefor and conditioned, however, that if the Town shall well and truly pay or cause to be paid fully and promptly when due all indebtedness, liabilities, obligations and sums at any time secured hereby, including interest and attorneys' fees, and shall promptly, faithfully and strictly keep, perform and observe or cause to be kept, performed and observed all of its covenants, warranties and agreements contained herein, this Trust Agreement shall be and become void and of no further force and effect; otherwise, the same shall remain in full force and effect, and upon the trust and subject to the covenants and conditions hereinafter set forth.

For such purposes, the Town and the Trustee hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. In addition to the terms defined in the first paragraph hereof and in the Recitals hereto and unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Trust Agreement, have the meanings herein specified.

"*Additional Agency/Authority Loan Agreement*" means an agreement for any additional loan from GADA or for any loan from WIFA subject to Section 49-1225(F) or 49-1245(F), Arizona Revised Statutes hereafter consummated.

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

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

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

"*Closing Date*" means _____, 2014.

"*Code*" means the Internal Revenue Code of 1986, as amended. References to the Code and sections thereof include applicable regulations and temporary regulations thereunder and any successor provisions to those sections, regulations or temporary regulations and any applicable regulations or temporary regulations issued pursuant to the Internal Revenue Code of 1954, as amended.

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

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

"*Defaulted Interest*" has the meaning provided in Section 2.10(d).

"*Defeasance Obligations*" means, to the extent permitted by law, (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, or any combination thereof.

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

"*Depository Trustee*" means any bank or trust company, which may include the Trustee, designated by the Town, with a combined capital and surplus of at least Fifty Million Dollars ($50,000,000) and subject to supervision or examination by federal or State of Arizona authority.

"*electronically*" or "*electronic method*" means, with respect to notice, one transmitted through a timesharing terminal, computer network or facsimile machine, if operative as between any two parties, or if not operative, by telephone (promptly confirmed in writing).

"*Event of Default*" means an event of default described in Section 10 of the Purchase Agreement.

"*Excise Taxes*" means the unrestricted transaction privilege (sales) taxes, business license and franchise fees, parks and recreation fees and permits and fines and forfeitures the Town now imposes; provided that the Mayor and Common Council of the Town may impose other transaction privilege taxes in the future, the uses of revenue from which will be restricted, at the discretion of such Council.

"*Fiscal Year*" means the fiscal year for the Town, currently July 1 through and including June 30.

"*Gross Proceeds*" means:

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

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

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

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

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

"*Interest Payment Date*" means each January 1 and July 1, while principal related to the Obligation is outstanding provided that, pursuant to Section 9.6, if any such day is not a Business Day, any payment due on such date may be made on the next Business Day, without additional interest and with the same force and effect as if made on the specified date for such payment.

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

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

"*Issue Price*" means the initial offering price to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters of wholesalers) at which price the Obligation was sold, less any bond insurance premium and reserve surety bond premium. Issue price shall be determined as provided in Regulations section 1.148-1(b).

"*Market Value*" means the indicated bid value of the investment or investments to be valued as shown in The Wall Street Journal or any publication having general acceptance as a source of valuation of the same or similar types of securities or any securities pricing service available to or used by the Trustee and generally accepted as a source of valuation.

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

"*Notification*" shall have the meaning provided in Section 10.3(b).

"*Owner*" or any similar term, when used with respect to the Obligation means the person in whose name such Obligation shall be registered.

"*Parity Lien Obligation*" means an obligation issued on a parity with the Loan Repayment Agreement (2006), as permitted by Section 6 of the Loan Repayment Agreement (2006), which includes Additional Agency/Authority Loan Agreements.

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

"*Payments*" means the Payments required to be paid by the Town pursuant to Subsection 1(b) of the Purchase Agreement and as set forth in the Schedule to the Purchase Agreement, subject to the provisions of [Subsection 5.2(b).**???**]

"*Permitted Investments*" means any investment permitted by applicable law.

"*Purchase Agreement*" means the First Excise Tax Purchase Agreement, dated as of _____ 1, 2014, by and between the Town and the Trustee, in its capacity as "Seller."

"*Rebate Payment*" means any payment within the meaning of Regulations section 1.148-3(d)(1) with respect to a Nonpurpose Investment.

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

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

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

"*Regulations*" means the sections 1.148-1 through 1.148-11 and section 1.150-1 of the regulations of the United States Department of the Treasury promulgated under the Code, including and any amendments thereto or successor regulations.

"*Responsible Officer*" means, when used with respect to the Trustee, the president, any vice president, any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any senior associate, any associate or any other officer of the Trustee within the Corporate Trust Office customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the Corporate Trust Office because of such person's knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Trust Agreement.

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

"*Special Record Date*" has the meaning provided in Section 2.10(d).

"*State*" means the State of Arizona.

"*State Intercept of Funds*" means the withholding of the State Shared Revenues as provided in Sections 41-1554.06(L) and (M) and 41-1554.07(I), (J), and (K), Arizona Revised Statutes.

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

"*Town Representative*" means the Town Manager, the Town Finance Director or any other person authorized by the Town Manager or the Mayor and Common Council to act on behalf of the Town with respect to this Trust Agreement.

"*WIFA*" means the Water Infrastructure Finance Authority of Arizona.

Words importing persons include firms, associations and corporations, and the singular and plural forms of words shall be deemed interchangeable wherever appropriate.

Section 1.2. Interpretation.

(a) Any reference herein to the Mayor and Common Council of the Town or any officer of the Town shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(c) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof. References to "Articles" and "Sections" are to those in this Agreement.

Section 1.3. Obligations Not General Obligations of the Town. The Obligations shall be payable solely out of the revenues and other security pledged hereby and shall not constitute an indebtedness or general obligation of the Town within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Town or be a charge against the Town's general credit or a charge against the general credit or the taxing powers of the State or any political subdivision thereof.

ARTICLE II
EXCISE TAX REVENUE OBLIGATIONS

Section 2.1. Authorization of the Obligations. The Trustee is hereby authorized and directed to execute and deliver to the original purchaser thereof, the initial Obligation representing proportionate ownership interests in the Payments. In no event shall the Obligations be deemed liabilities, debts or obligations of the Trustee.

Section 2.2. Date; Interest Accrual. The Obligation shall be dated the Closing Date, and interest related thereto shall be payable from such date or from the most recent Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Obligation.

Section 2.3. Payment Amounts and Dates and Interest Rates. The Obligation originally executed and delivered shall be in the authorized denomination of the principal amount payable at maturity of $____,000, which shall be payable on July 1, 20__, and interest related to the Obligation shall be computed at the rate of _____% from the Closing Date (calculated on the basis of a 360-day year of twelve 30-day months).

Section 2.4. Interest on Obligations. Interest related to the Obligation shall be payable semiannually on January 1 and July 1 of each year commencing _____ 1, 20__, to and including the date of payment or prepayment of the amount of principal of the Obligation. Said interest shall represent the portion of the Payments designated as interest and coming due during the six-month period preceding each Interest Payment Date with respect to the Obligation.

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

Section 2.6. Execution. The Obligation shall be executed by and in the name of the Trustee by the manual signature of an authorized representative of the Trustee. If the representative whose signature appears on the Obligation ceases to be such representative before the Closing Date, such signature shall nevertheless be as effective as if the representative had

remained in office until the Closing Date. Any Obligation may be executed on behalf of the Trustee by such person as at the actual date of the execution of such Obligation shall be the proper authorized representative of the Trustee although at the nominal date of such Obligation such person shall not have been such authorized representative of the Trustee. No Obligation shall be valid or become obligatory for any purpose or shall be entitled to any security or benefit under this Trust Agreement unless and until executed and delivered by the Trustee. The execution by the Trustee of any Obligation shall be conclusive evidence that the Obligation so executed has been duly authorized and delivered hereunder and is entitled to the security and benefit of this Trust Agreement.

Section 2.7. Application of Proceeds. The proceeds received by the Trustee from the sale of the Obligations shall forthwith be transferred by the Trustee as follows, in the following order of priority:

(a) $_____ shall be deposited in the Costs of Issuance Fund and

(b) $_____ shall be _____.

Section 2.8. Transfer and Exchange.

(a) Any Obligation may, in accordance with its terms, be transferred upon the registration books for the Obligations required to be kept pursuant to the provisions of Section 2.12 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Obligation for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever the Obligation shall be surrendered for transfer, the Trustee shall execute and deliver a new Obligation in fully registered form for the then remaining unpaid principal amount.

(b) The Trustee may, but shall not be obligated to, register the transfer of the Obligation (i) if principal of the Obligation is to be prepaid, or (ii) during a period of fifteen (15) days preceding the giving of a notice of prepayment. Any notice of prepayment which has been given to the transferor shall be binding on the transferee and a copy of the notice of prepayment shall be delivered by the Trustee to the transferee along with the duly registered Obligation.

Section 2.9. Obligations Mutilated, Lost, Destroyed or Stolen. If the Obligation shall become mutilated, the Trustee, at the expense of the Owner of said Obligation, shall execute and deliver a new Obligation for the then remaining unpaid principal amount in exchange and substitution for the Obligation so mutilated, but only upon surrender to the Trustee of the Obligation so mutilated. Any mutilated Obligation so surrendered to the Trustee shall be cancelled by it and redelivered to, or upon the order of, the Owner of such Obligation. If any Obligation shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and, if an indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner of such Obligation, shall execute and deliver a new Obligation for the then remaining unpaid principal amount, numbered as the Trustee shall determine in lieu of and in substitution for the Obligation

so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each new Obligation delivered under this Section and of the expenses which may be incurred by the Trustee in carrying out the duties under this Section. Any Obligation issued under the provisions of this Section in lieu of any Obligation alleged to be lost, destroyed or stolen shall be entitled to the benefits of this Trust Agreement. The Trustee shall not be required to treat both the original Obligation and any replacement Obligation as being outstanding for the purpose of determining the principal amount of Obligations which may be executed and delivered hereunder, but both the original and replacement Obligation shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Obligation for an Obligation which has been mutilated, lost, destroyed or stolen, and which has become due, the Trustee may make payment with respect to such Obligation upon receipt of the aforementioned indemnity.

Section 2.10. Payment.

(a) Payment of interest related to the Obligation on any Interest Payment Date shall be made to the person appearing on the registration books for the Obligation maintained by the Trustee as the Owner thereof as of the Regular Record Date immediately preceding such Interest Payment Date.

(b) The principal and interest related to the Obligation shall be payable in lawful money of the United States of America.

(c) Interest and principal payable to the Owner shall be paid by wire transfer in immediately available funds to an account in the United States of America as directed by the Owner specifying the account address. The notice may provide that it shall remain in effect for subsequent payments until otherwise requested in a subsequent written notice.

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

therefor having been mailed as aforesaid, such Defaulted Interest and interest thereon shall be paid to the person in whose name the Obligation is registered on such Special Record Date.

Section 2.11. Execution of Documents and Proof of Ownership.

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

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

(2) The fact of the ownership of the Obligation by any person and the amount, the payment date and the number of such Obligation and the date of his holding the same be proved on the registration books maintained pursuant to Section 2.12.

(b) Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of the Obligation shall bind every future Owner of the Obligation in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

Section 2.12. Obligation Register. The Trustee will keep or cause to be kept, at the Corporate Trust Office, sufficient books for the registration and transfer of the Obligations which shall at all times during regular business hours on any Business Day be open to inspection by the Town and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Obligations as hereinbefore provided.

ARTICLE III
COSTS OF ISSUANCE FUND

Section 3.1. Establishment and Application of Costs of Issuance Fund.

(a) The Trustee shall establish a special trust fund designated as the "Town of Quartzsite Excise Tax Revenue Refunding Obligations Costs of Issuance Fund," shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided in this Trust Agreement.

(b) Amounts in the Costs of Issuance Fund shall be disbursed for Delivery Costs. Disbursements from the Costs of Issuance Fund shall be made by the Trustee upon receipt of a requisition for disbursement (on which the Trustee is entitled to rely) executed or approved by the Town Representative. Each such certificate shall set forth the amounts to be disbursed for payment, or reimbursement of previous payments, of Delivery Costs and the person or persons to whom said amounts are to be disbursed.

(c) On the earlier of _____ 1, 20__, or when all Delivery Costs associated with the Obligations have been paid (as shown by a certificate of a Town Representative, if requested by the Trustee), the Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the Payment Fund and the Costs of Issuance Fund shall be closed.

ARTICLE IV
PREPAYMENT OF OBLIGATIONS[???]

Section 4.1. Prepayment Provisions.

(a) Principal of the Obligations is subject to prepayment from prepayments made by the Town pursuant to Section 8 of the Purchase Agreement, in whole on any date on or after July 1, 20__, at a price equal to the principal amount thereof to be prepaid, together with accrued interest to the date fixed for prepayment, without a premium.

(b) Principal of the Obligations shall be prepaid on July 1 of the years indicated and in the amounts indicated at a price equal to the amount thereof plus accrued interest to the date of prepayment, without a premium:

Year Prepaid	Principal Amount Prepaid
20__	$
20__	
20__	
20__	
20__	
20__	
20__	
20__	

Section 4.2. Selection of Obligations for Prepayment. The Town shall, at least forty-five (45) days prior to the optional prepayment date, notify the Trustee of such prepayment date and the amount to be prepaid on such date.

Section 4.3. Notice of Prepayment; Effect.

(a) The Trustee shall cause notice of the optional prepayment hereunder to be transmitted electronically to the Owner of the Obligations to be prepaid at the addresses appearing in the Register kept for such purpose pursuant to Section 2.12. Each such notice shall be sent no more than 60 nor less than 30 calendar days prior to the prepayment date.

(b) If at the time of giving of notice of the optional prepayment of principal of the Obligations, there has not been deposited with the Trustee moneys or Defeasance Obligations sufficient to prepay the Obligations and the requirements of (d) below are not satisfied, then such notice shall state that the prepayment is conditional upon the deposit of moneys or Defeasance Obligations sufficient for the prepayment with the Trustee and satisfaction of such requirements not later than the opening of business on the prepayment date, and such notice will be of no effect and such Obligations shall not be prepaid unless such moneys or Defeasance Obligations are so deposited and such requirements in (d) below are met.

(c) Notice having been provided in the manner provided in (b) above, the Obligations shall become due and payable on the prepayment date and shall be paid at the prepayment price, plus accrued interest to the prepayment date.

(d) If the money or Defeasance Obligations for the prepayment of the all of the Obligations, together with accrued interest thereon to the prepayment date, is held by the Trustee on the prepayment date, so as to be available therefor on that date, then from and after the prepayment date such principal thereof to be prepaid shall cease to bear interest, and the Obligations no longer shall be considered to be outstanding hereunder. If those moneys shall not be so available on the prepayment date, such principal shall continue to bear interest, until paid, at the same rate as they would have borne otherwise.

ARTICLE V
PAYMENT FUND

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

Section 5.2. Establishment and Application of Payment Fund.

(a) The Trustee shall establish a special trust fund designated as the "Town of Quartzsite Excise Tax Revenue Refunding Obligations Payment Fund." So long as any Obligations are outstanding, the Town shall have no beneficial right or interest in the Payment Fund or the moneys deposited therein, except only as provided in this Trust Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

(b) Not less than thirty (30) Business Days prior to each Interest Payment Date, the Trustee shall notify the Town of the amount required to be paid, after taking into account amounts which will be transferred to the Payment Fund in accordance herewith, on or before such Interest Payment Date, so that a sufficient amount will then be on deposit for both principal and interest related to the Obligation then due. All amounts received by the Trustee as Payments pursuant to the Purchase Agreement and transfers pursuant hereto shall be deposited in the Payment Fund.

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

Section 5.3. Transfers of Investment Earnings to Payment Fund. Except as otherwise directed by the Town, the Trustee shall, on or before the next Interest Payment Date occurring on July 1, transfer any income or profit on the investment of moneys in the funds hereunder to the Payment Fund.

Section 5.4. Surplus. Any surplus remaining in any of the funds created hereunder, after prepayment and payment or provision for prepayment and payment of all amounts of the Obligation, including accrued interest and payment of any applicable fees, expenses or indemnities to the Trustee, or provision for such prepayment and payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the Town.

ARTICLE VI
MONEYS IN FUNDS; INVESTMENT; CERTAIN TAX COVENANTS

Section 6.1. Held in Trust. The moneys and investments held by the Trustee under this Trust Agreement are irrevocably held in trust for the benefit of the Owner and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Town or the Owner.

Section 6.2. Investments Authorized. Upon written order of the Town Representative, moneys held by the Trustee hereunder shall be invested and reinvested by the Trustee, to the maximum extent practicable in Permitted Investments having the highest yield reasonably obtainable. The Town Representative shall direct such investment in specific Permitted Investments. Such investments, if registrable, shall be registered in the name of the Trustee and shall be held by the Trustee. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as purchaser or agent in the making or disposing of any investment. The Trustee shall have no obligation to invest and reinvest any cash held by it hereunder in the absence of timely and specific written direction from the Town Representative. In no event shall the Trustee be liable for the selection of investments. The Trustee may conclusively rely upon such written direction from the Town Representative as to both the suitability and legality of the directed investments. The Town acknowledges that regulations of the Comptroller of the Currency grant the Town the right to receive brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the Town specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Trustee that no brokerage confirmations need be sent relating to the security transactions as they occur.

Section 6.3. Accounting. The Trustee shall furnish to the Town, not less than semiannually, an accounting (which may be in the form of its customary statement) of all investments made by the Trustee. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 6.2.

Section 6.4. Allocation of Earnings. Any income, profit or loss on such investments shall be deposited in or charged to the respective funds from which such investments were made, and any interest on any deposit of funds shall be deposited in the fund from which such deposit was made, except as otherwise provided herein. At the direction of the Town Representative, any such income, profit or interest shall be transferred and applied if necessary to pay amounts due pursuant to section 148 of the Code.

Section 6.5. Valuation and Disposition of Investments. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at Market Value. The Trustee may sell or present for redemption, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to

which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

Section 6.6. Limitation of Investment Yield. In the event the Town is of the opinion that it is necessary to restrict or limit the yield on the investment of any amounts paid to or held by the Trustee hereunder in order to avoid the Obligations, or any of them, being considered "arbitrage bonds" within the meaning of section 148 of the Code, the Town Representative may issue to the Trustee a written certificate to such effect (along with appropriate instructions), in which event the Trustee will take such action as is instructed so to restrict or limit the yield on such investment in accordance with the specific instructions contained in such certificate, irrespective of whether the Trustee shares such opinion.

ARTICLE VII
THE TRUSTEE

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

Section 7.2. Liability of Trustee; Standard of Care. Except with respect to its authority and power generally and authorization to execute this Trust Agreement, the recitals of facts, covenants and agreements herein, in the Purchase Agreement and in the Obligation shall be taken as statements, covenants and agreements of the Town, and the Trustee assumes no responsibility for the correctness of the same, or makes any representations as to the validity hereof or sufficiency of this Trust Agreement, the Purchase Agreement or the Obligation or shall incur any responsibility in respect hereof or thereof, other than in connection with the duties or obligations herein or in the Obligation assigned to or imposed upon it. Prior to the occurrence of an Event of Default, or after the timely cure of an Event of Default, the Trustee shall perform only such duties as are specifically set forth in this Trust Agreement and no implied obligations or covenants should be read into this Trust Agreement against the Trustee. After the occurrence of an Event of Default, the Trustee shall exercise such of the rights and powers vested in it, and use the same degree of care and skill in such exercise, as a prudent person would exercise under the circumstances in the conduct of the affairs of the Trustee.

Section 7.3. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting

from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible under Section 7.1, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 7.4. Protection and Rights of the Trustee.

(a) The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificates, statements, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Trust Agreement, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as an Owner of the Obligation or to take any action at his request unless such Obligation shall be deposited with the Trustee and satisfactory evidence of the ownership of such Obligation shall be furnished to the Trustee. The Trustee may consult with counsel with regard to legal questions, and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

(b) Whenever in the administration of its duties under this Trust Agreement, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by the certificate of the Town Representative and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of this Trust Agreement upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

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

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

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

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

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

(h) The Trustee makes no representation or warranty, express or implied, as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the Town of the Prior Project. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Purchase Agreement or this Trust Agreement for the acquisition of the Prior Project.

(i) Notwithstanding any provision in this Trust Agreement or the Purchase Agreement to the contrary, the Trustee shall not be required to take notice or be deemed to have notice of an Event of Default, except an Event of Default under Section 10(a)(i)(A) of the Purchase Agreement, unless a Responsible Officer of the Trustee has actual notice thereof or is specifically notified in writing of such default by the Town or the Owner.

(j) The Trustee agrees to accept and act upon instructions of directions pursuant to this Trust Agreement sent by unsecured email, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Town elects to give the Trustee email or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict

or are inconsistent with a subsequent written instruction. The Town agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(k) The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

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

(m) Before taking any action under this Trust Agreement relating to an Event of Default or in connection with its duties under this Trust Agreement other than making payments of principal and interest related to the Obligation as they become due, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances and except liability which is adjudicated, to have resulted from its gross negligence or willful default in connection with any action so taken.

(n) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owner relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Trust Agreement.

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

Section 7.6. Removal and Resignation of Trustee.

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

(b) The Trustee may at any time resign by giving written notice to the Town. Upon receiving such notice of resignation, the Town shall promptly appoint a successor trustee by an instrument in writing; provided, however, that in the event that the Town does not appoint a successor trustee within thirty (30) days following receipt of such notice of resignation or its giving notice of removal, the retiring Trustee may petition the appropriate court having jurisdiction to appoint a successor trustee. Any resignation or removal of the Trustee and appointment of a successor trustee shall become effective upon acceptance of appointment by the successor trustee. The Trustee and the Town shall execute any documents reasonably required to effect the transfer of rights and obligations of the Trustee to the successor trustee subject, however, to the terms and conditions herein set forth, including, without limitation, the right of the predecessor Trustee to be paid and reimbursed in full for its reasonable charges and expenses (including reasonable fees and expenses of its counsel) and the indemnification under Sections 7.4 and 10.3. Upon such acceptance, the successor trustee shall mail notice thereof to the Owner at its address as set forth on the registration books for the Obligations maintained pursuant to Section 2.12.

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

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

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

ARTICLE VIII
MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 8.1. Amendments Permitted.

(a) This Trust Agreement and the rights and obligations of the Owner and the Purchase Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental or amending agreement which shall become effective when the written consent of the Owner shall have been filed with the Trustee. No such modification or amendment shall modify any of the rights or obligations of the Trustee without its written assent thereto. Any such supplemental or amending agreement shall become effective as provided in Section 8.2.

(b) This Trust Agreement and the rights and obligations of the Owner, and the Purchase Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental or amending agreement, without the consent of the Owner, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein reserved to the Trustee (for its own behalf) or the Town, (2) to secure additional revenues or provide additional security or reserves for payment of the Obligations, (3) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder, (4) to provide for the appointment of a successor trustee pursuant to the terms hereof, (5) to preserve the exclusion of interest of the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the Town to continue to issue bonds or incur other obligations the interest on which is likewise exempt from federal and State income taxes, (6) to cure, correct or supplement any ambiguous or defective provision contained herein or therein, (7) with respect to rating matters or (8) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not materially adversely affect the interests of the Owner as evidenced by a Special Counsel's Opinion delivered by the Town to the Trustee. Any such supplemental or amending agreement shall become effective upon execution and delivery by the parties hereto or thereto as the case may be. The Trustee may rely upon a Special Counsel's Opinion as conclusive evidence that any such supplemental or amending agreement complies with this Section.

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

(a) This Trust Agreement and the Purchase Agreement may be amended by supplemental or amending agreement as provided in this Section in the event the consent of the Owner is required pursuant to Section 8.1. A copy of such supplemental or amending agreement, together with a request to the Owner for its consent thereto, shall be mailed by the Trustee to the Owner at the address thereof as set forth on the registration books for the Obligations maintained pursuant to Section 2.12, but failure to mail copies of such supplemental

or amending agreement and request shall not affect the validity of the supplemental or amending agreement when assented to as provided in this Section 8.2.

(b) Such supplemental or amending agreement shall not become effective unless there shall be filed with the Trustee the written consent of the Owner and a notice shall have been mailed as hereinafter in this Section provided. The consent of the Owner shall be effective only if accompanied by proof of ownership of the Obligation, which proof shall be such as is permitted by Section 2.11. Any such consent shall be binding upon the Owner and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

(c) After the Owner shall have filed its consent to such supplemental or amending agreement, the Trustee shall mail a notice to the Owner in the manner hereinbefore provided in this Section for the mailing of such supplemental or amending agreement of the notice of adoption thereof, stating in substance that such supplemental or amending agreement has been consented to by the Owner and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental or amending agreement shall become effective upon the mailing of such last-mentioned notice, and such supplemental or amending agreement shall be deemed conclusively binding upon the parties hereto and the Owner after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within sixty (60) days.

Section 8.3. Effect of Supplemental Trust Agreement. From and after the time any supplemental or amending agreement becomes effective pursuant to this Article VIII, this Trust Agreement or the Purchase Agreement, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and the Owner, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental or amending agreement shall be deemed to be part of the terms and conditions of this Trust Agreement or the Purchase Agreement, as the case may be, for any and all purposes.

Section 8.4. Endorsement or Replacement of Obligations Delivered After Amendments. The Trustee may determine that Obligations delivered after the effective date of any action taken as provided in this Article shall bear a notation, by endorsement or otherwise, in form approved by the Trustee, as to such action. In that case, upon demand of the Owner of any Obligation outstanding at such effective date and presentation of his Obligation for the purpose at the office of the Trustee, a suitable notation shall be made on such Obligation. The Trustee may determine that the delivery of substitute Obligations, so modified as in the opinion of the Trustee is necessary to conform to such Obligation Owners' action, which substitute Obligations

shall thereupon be prepared, executed and delivered. In that case, upon demand of the Owner of the Obligation, such substitute Obligation shall be exchanged at the Corporate Trust Office of the Trustee, without cost to the Owner, for the Obligation then outstanding, upon surrender of such outstanding Obligation.

Section 8.5. Amendatory Endorsement of Obligations. The provisions of this Article shall not prevent the Owner from accepting any amendment or supplement as to the Obligation, provided that proper notation thereof is made on the Obligation.

ARTICLE IX
COVENANTS, NOTICES

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

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

Section 9.3. Recordation and Filing. The Town shall file this Trust Agreement (or a memorandum thereof or a financing statement with respect thereto), and all such documents as may be required by law (and shall take all further actions which may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee and the Owner.

Section 9.4. Further Assurances. The Trustee (at the reasonable request of the Town) and the Town shall make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement and the Purchase Agreement and for the better assuring and confirming unto the Owner the rights and benefits provided herein.

Section 9.5. Notification to the Town of Failure to Make Payments. The Trustee shall notify the Town of any failure by the Town to make any Payment or other payment required under the Purchase Agreement to be made to the Trustee, in writing and within one (1)

Business Day of any such failure. Such notice shall not be a prerequisite for the occurrence of an Event of Default.

Section 9.6. Business Days. Except as otherwise required herein, if this Trust Agreement or the Purchase Agreement requires any party to act on a specific day and such day is not a Business Day, such party need not perform such act until the next succeeding Business Day, and such act shall be deemed to have been performed on the day required.

ARTICLE X
LIMITATION OF LIABILITY

Section 10.1. Limited Liability of the Town. Except for the payment of Payments from the revenues from the Excise Taxes and the State Shared Revenues when due in accordance with the Purchase Agreement and the performance of the other covenants and agreements of the Town contained in the Purchase Agreement and herein, the Town shall have no pecuniary obligation or liability to any of the other parties or to the Owner with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Obligations or the distribution of Payments to the Owner by the Trustee.

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

Section 10.3. Indemnification of the Trustee.

(a) To the extent permitted by law, the Town shall indemnify and save the Trustee and its officers, directors, agents and employees, harmless for, from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of: (1) the use, maintenance, condition or management of, or from any work or thing done on, the Prior Project or any portion thereof or interest therein by the Town; (2) any breach or default on the part of the Town in the performance of any of its obligations under this Trust Agreement and any other agreement made and entered into for purposes of the Prior Project or any interest therein; (3) any act of negligence of the Town or of any of its agents, contractors, servants, employees or licensees with respect to the Prior Project; (4) any act of negligence of any assignee of, or purchaser from, the Town or of any of its or their agents, contractors, servants, employees or licensees with respect to the Prior Project; (5) the acquisition of the Prior Project or any interest therein; (6) the actions of any other party, including but not limited to the operation or use of the Prior Project or interest therein by the Town; (7) the ownership of the Prior Project or interest therein or (8) the exercise and performance by the Trustee of its powers and duties hereunder, under the Purchase Agreement or the Obligation or in connection with any document or transaction contemplated herewith or therewith. No indemnification will be made under this Section or elsewhere in this Trust Agreement for willful misconduct, negligence or breach of duty under this Trust Agreement by the Trustee, or by its officers, agents, employees, successors or assigns. As security for the payment of amounts due under Section 7.5 and this Section, the Trustee shall be secured under this Trust Agreement by a lien prior to that for the Obligations.

The obligations of the Town hereunder for indemnification under this Section shall remain valid and binding notwithstanding, and shall survive, the payment of principal related to the Obligations or resignation or removal of the Trustee or the termination of this Trust Agreement.

(b) Promptly after determining that any event or condition which requires or may require indemnification by the Town hereunder exists or may exist, or after receipt of notice of the commencement of any action in respect of which indemnity may be sought hereunder, the Trustee shall notify the Town in writing of such circumstances or action (the "Notification"). Failure to give such notification shall not affect the right of the Trustee to receive the indemnification provided for herewith. Upon giving of the Notification, the Trustee shall cooperate fully with the Town in order that the Town may defend, compromise or settle any such matters or actions which may result in payment by the Town hereunder. The Town shall give the Trustee notice of its election within fifteen (15) days after receiving the Notification whether the Town, at its sole cost and expense, shall represent and defend the Trustee in any claim or action which may result in a request for indemnification hereunder. If the Town timely gives the notice that it will represent and defend the Trustee thereafter, the Trustee shall not settle or compromise or otherwise interfere with the defense or undertakings of the Town hereunder. The Town shall not settle or compromise any claim or action against the Trustee without the written approval of the Trustee, except to the extent that the Town shall pay all losses and the Trustee shall be fully released from such claim or action. If the Town either fails to timely give its notice or notifies the Trustee that the Town will not represent and defend the Trustee, the Trustee may defend, settle, compromise or admit liability as it shall determine in the reasonable exercise of its discretion, at the expense of the Town. In the event the Town is required to and does indemnify the Trustee as herein provided, the rights of the Town shall be subrogated to the rights of the Trustee to recover such losses or damages from any other person or entity.

Section 10.4. Opinion of Counsel. Before being required to take any action, the Trustee may require an opinion of Independent Counsel acceptable to the Trustee, which opinion shall be made available to the other parties hereto upon request or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Trustee shall be absolutely protected in relying thereon.

ARTICLE XI
EVENTS OF DEFAULT AND REMEDIES OF OBLIGATION OWNERS

Section 11.1. Seller's Rights Held in Trust. As provided herein, the Trustee holds in trust hereunder all of the Seller's rights in and to the Purchase Agreement, including without limitation all of the Seller's rights to exercise such rights and remedies conferred on the Seller pursuant to the Purchase Agreement as may be necessary or convenient to enforce payment of the Payments and any other amounts required to be deposited in the Payment Fund and enforcement of the pledge of the revenues from the Excise Taxes and the State Shared Revenues for the payment of the Obligation.

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

Section 11.3. Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken pursuant to the provisions of this Article XI or Section 10 of the Purchase Agreement shall be applied by the Trustee in the order following:

First, to the payment of the fees, costs and expenses of the Trustee and then of the Owner in declaring such Event of Default, including reasonable compensation to the Trustee's or the Owner's agents, attorneys and counsel and

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

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

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

Section 11.6. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owner, it shall have full power, in the exercise of its discretion for the best interests of the Owner, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee

shall not discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, without the consent of the Owner.

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

(a) The Owner shall not have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (1) the Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (2) the Owner shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (3) the Owner shall have tendered to the Trustee indemnity satisfactory to it against the costs, expenses, and liabilities to be incurred in compliance with such request and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

(b) Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by the Owner of any remedy hereunder; it being understood and intended that the Owner shall not have any right in any manner whatever by its action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the benefit of the Owner.

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

ARTICLE XII
MISCELLANEOUS

Section 12.1. Defeasance.

(a) If and when the Obligation shall be paid and discharged in any one or more of the following ways:

(1) By paying or causing to be paid the principal and interest related to the Obligation, as and when the same become due and payable;

(2) By depositing with a Depository Trustee, in trust for such purpose, at or before the payment date therefor, money which, together with the amounts then on deposit in the Payment Fund is fully sufficient to pay or cause to be paid all principal and interest related to the Obligation due on such Obligation; or

(3) By depositing with a Depository Trustee, in trust for such purpose, Defeasance Obligations which are noncallable in such amount as shall be certified to the Trustee by a verification report of an independent nationally recognized certified public accountant or firm of such accountants acceptable to the Trustee, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit in the Payment Fund together with the interest to accrue thereon, to pay and discharge or cause to be paid and discharged all principal and interest of the Obligation at its respective payment or prepayment dates, which deposit may be made in accordance with the provisions of Section 7 of the Purchase Agreement.

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

(c) The Obligation may be paid and discharged as provided in this Section; provided however, that if principal related to the Obligation is to be optionally prepaid, notice of such prepayment shall have been given in accordance with the provisions hereof or the Town shall have submitted to the Trustee instructions to be irrevocable as to the date upon which the Obligation is to be prepaid and as to the giving of notice of such prepayment; and provided further, that if any of the Obligation will not be payable within sixty (60) days of the deposit referred to in subsections (a)(2) or (3) of this Section, the Trustee shall give notice of such deposit by first class mail to the Owner.

(d) The Obligation may not be provided for as described in this Section if, as a result thereof, or of any other action in connection with which the provisions for payment of the Obligation is made, the interest payable on the Obligation is thereby made includable in gross income for federal income tax purposes. The Trustee, the Depository Trustee, and the Town may rely upon a Special Counsel's Opinion to the effect that the provisions of this Subsection will not be breached by so providing for the payment of any Obligations.

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

If to the Town: Town of Quartzsite, Arizona
465 North Plymouth Avenue
P.O. Box 2812
Quartzsite, Arizona 85346
Attention: Finance Director

If to the Trustee: _____

_____

_____

Attention: Corporate Trust Department

Section 12.3. Incorporation of State Statutes.

(a) As required by the provisions of Section 38-511, Arizona Revised Statutes, notice is hereby given that the Town may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the Town if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Town is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice is received by all other parties to the contract unless the notice specifies a later time. The Trustee covenants not to employ as an employee, an agent or, with respect to the subject matter of this Trust Agreement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Trust Agreement on behalf of the Town within three years from the execution of this Trust Agreement, unless a waiver of Section 38-511, Arizona Revised Statutes, is provided by the Town. No basis exists for the Town to cancel this Trust Agreement pursuant to Section 38-511, Arizona Revised Statutes, as of the date hereof.

(b) To the extent applicable under Section 41-440, Arizona Revised Statutes, the Trustee shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes. The breach by the Trustee of the foregoing shall be deemed a material breach of this Trust Agreement and may result in the termination of the services of the Trustee. The Town retains the legal right to randomly inspect the papers and records of the Trustee to ensure that the Trustee is complying with the above-mentioned warranty. The Trustee shall keep such papers and records open for random inspection during normal business hours by the Trustee. The Trustee shall cooperate with the random inspections by the Town including granting the Town entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

Section 12.4. Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State.

Section 12.5. Binding Effect and Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Trust Agreement either the Town or the Trustee is named or referred to, such reference shall be deemed to include successors or assigns thereof, and all the covenants and agreements in this Trust Agreement contained by or on behalf of the Town or the Trustee shall bind and inure to the benefit of their respective successors and assigns thereof whether so expressed or not.

Section 12.6. Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Trust Agreement.

Section 12.7. Destruction of Cancelled Obligations. Whenever in this Trust Agreement provision is made for the surrender to or cancellation by the Trustee and the delivery to the Town of any Obligations, the Trustee may destroy such Obligations and, upon the Town's request, deliver a certificate of such destruction to the Town instead.

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

Section 12.9. Parties Interested Herein. Nothing in this Trust Agreement or the Obligation, expressed or implied, is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Town, the Trustee and the Owners, any legal or equitable right, remedy or claim under or by reason of this Trust Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, provisions and agreements in this Trust Agreement contained by and on behalf of the Town shall be for the sole and exclusive benefit of the Town, the Trustee and the Owners, from time to time, of the Obligations.

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

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

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

ZIONS FIRST NATIONAL BANK, as Trustee

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

TOWN OF QUARTZSITE, ARIZONA

By.....
Mayor

ATTEST:

.....
Town Clerk

331130888.3-6/18/2014

EXHIBIT

(Form of Obligation)

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

TOWN OF QUARTZSITE, ARIZONA
EXCISE TAX REVENUE REFUNDING OBLIGATION, SERIES 2014

Interest Rate:	Payment Date:	Dated Date:
_____%	July 1, 20___	_____, 2014

REGISTERED OWNER: .....

PRINCIPAL AMOUNT: ..... DOLLARS

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns, as the registered owner of this Excise Tax Revenue Obligation, Series 2014 (this "Obligation") is the owner of the right to receive certain "Payments" under and defined in that certain First Excise Tax Purchase Agreement, dated as of _____ 1, 2014 (the "Purchase Agreement"), by and between ..... (the "Trustee"), and the Town of Quartzsite, Arizona, a municipal corporation under the laws of the State of Arizona (the "Town"), which Payments and other rights and interests under the Purchase Agreement are held by the Trustee in trust under that certain First Excise Tax Trust Agreement, dated as of _____ 1, 2014 (the "Trust Agreement"), by and between the Town and the Trustee. The Trustee maintains a corporate trust office for transfer of this Obligation (the "Designated Office").

The registered owner of this Obligation is entitled to receive, subject to the terms of the Purchase Agreement, on the payment date set forth above, the principal amount hereof and to receive semiannually on January 1 and July 1 of each year commencing _____ 1, 2014 (the "Interest Payment Dates"), until payment in full of said principal or prepayment prior thereto, the registered owner's proportionate share of the portion of the Payments designated as interest coming due during the period commencing on the last date on which interest was paid and ending on the day prior to the Interest Payment Date or, if no interest has been paid, from the Dated Date specified above. Said interest is the result of the multiplication of said principal by the interest rate per annum set forth above. Interest shall be calculated on the basis of a 360-day year composed of twelve (12) months of thirty (30) days each.

Principal and interest related to this Obligation and the other amounts due with respect hereto are payable in lawful money of the United States of America by wire transfer in immediately available funds.

The Trustee has no obligation or liability to the registered owner of the Obligation for the payment of interest or principal related to this Obligation. The Trustee's sole obligations are to administer, for the benefit of the registered owner of this Obligation, the various funds and accounts established pursuant to the Trust Agreement. (The recitals, statements, covenants and representations made in this Obligation shall be taken and construed as made by and on the part of the Town, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.)

This Obligation has been executed and delivered by the Trustee pursuant to the terms of, and for the purposes described in, the Trust Agreement. The Town is authorized to enter into the Purchase Agreement and the Trust Agreement under the laws of the State of Arizona and by resolution of the Mayor and Common Council of the Town adopted _____, 2014 (the "Resolution"). Reference is hereby made to the Purchase Agreement and the Trust Agreement (copies of which are on file at the Designated Office) for further definitions, the terms, covenants and provisions pursuant to which this Obligation is delivered, the rights thereunder of the registered owner of this Obligation, the terms under which the Trust Agreement or the Purchase Agreement may be modified or supplemented, the rights, duties and immunities of the Trustee and the security for, and the rights and obligations of the Town under the Purchase Agreement (including with respect to certain obligations secured on a prior lien basis, and to be secured on a parity lien basis, with the security for the Payments and to certain limitations on such security), to all of the provisions of which Purchase Agreement and Trust Agreement the registered owner of this Obligation, by acceptance hereof, assents and agrees. (To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement and the Purchase Agreement may be amended by the parties thereto with the written consent of the owner the Obligation, and may be amended without such consent under certain circumstances but in no event such that the interest of the owner of the Obligation is adversely affected, provided that no such amendment shall impair the right of the owner to receive in any case the owner's proportionate share of any Payment thereof in accordance with this Obligation.)

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

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

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

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

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

The registered owner of this Obligation shall have no right to enforce the provisions of the Trust Agreement or the Purchase Agreement or to institute any action to enforce the covenants thereof, or to take any action with respect to a default thereunder or hereunder, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Trust Agreement.

Principal of this Obligation is subject to prepayment in whole on any date on or after July 1, 20__, at a price equal to the principal amount to be prepaid, together with accrued interest to the date fixed for prepayment without a premium.

Principal on this Obligation shall be prepaid on July 1 of the years indicated and in the principal amounts indicated at a price equal to the amount thereof plus accrued interest to the date of prepayment, but without premium:

Year Prepaid	Principal Amount Prepaid
20__	$
20__	
20__	
20__	
20__	
20__	
20__	
20__	

The Trustee shall give notice of any prepayment of this Obligation as provided above no more than 60 nor less than 30 calendar days prior to the prepayment date to the registered owner at its address shown on the registration books maintained by the Trustee. A certificate of the Trustee shall conclusively establish the mailing of any such notice for all purposes.

If at the time of mailing of the notice of prepayment there has not been deposited with the Trustee moneys or eligible securities sufficient to prepay and other requirements set forth in the Trust Agreement are not met, such notice shall state that it is conditional, subject to the deposit of moneys sufficient for the prepayment and satisfaction of such conditions. If the principal of the Obligations is subject to prepayment and if on the prepayment date moneys for the prepayment thereof are held by the Trustee and those other conditions are met, thereafter such principal to be prepaid shall cease to bear interest, and shall cease to be secured by, and shall not be deemed to be outstanding under, the Trust Agreement.

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

This Obligation shall not be entitled to any security or benefit under the Trust Agreement until executed by the Trustee.

IN WITNESS WHEREOF, this Obligation has been executed and delivered by the Trustee, acting pursuant to the Trust Agreement.

Date of Execution: .....

……., as Trustee

By.....
Authorized Representative

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned ..... (the "Transferor"), hereby sells, assigns and transfers unto ..... (the "Transferee"), whose address is ..... and whose social security number (or other federal tax identification number) is

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE
.....
.....

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints ..... as attorney to register the transfer of the within certificate on the books kept for registration and registration of transfer thereof, with full power of substitution in the premises.

Date: .....

.....
NOTICE: No transfer will be registered and no new certificate will be issued in the name of the Transferee, unless that signature(s) to this assignment correspond(s) with the name as it appears on the face of the within certificate in every particular, without alteration or enlargement or any change whatever and name, address and the Social Security Number or federal employee identification number of the Transferee is supplied.

The following abbreviations when used in the inscription on the face of the within certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT/TRANS MIN ACT - ..... Custodian for .....
(Cust.) (Minor)

under Uniform Gifts/Transfers to Minors Act of .....
(State)

Additional abbreviations may also be used though not in list above.

DRAFT
06/18/14

PLACEMENT AGENT AGREEMENT

June ___, 2014

MAYOR AND COMMON COUNCIL
TOWN OF QUARTZSITE, ARIZONA

Re: Town of Quartzsite, Arizona Excise Tax Revenue Refunding Obligations, Series 2014

Upon the terms and conditions and based upon the representations, warranties and covenants set forth herein, Stifel, Nicolaus & Company, Incorporated (the "Placement Agent") offers to enter into this Placement Agent Agreement (this "Placement Contract") with the Town of Quartzsite, Arizona (the "Town"), which, upon acceptance of this offer and subject to Paragraph 5 hereof, shall be binding upon the Town and the Placement Agent. This offer is made subject to acceptance of this Placement Contract by the Town before or on June ___, 2014, and, if not so accepted, will be subject to withdrawal by the Placement Agent upon notice delivered to your office at any time prior to acceptance hereof. If the obligations of the Placement Agent shall be terminated for any reason permitted hereby, neither the Placement Agent nor the Town shall be under further obligation hereunder.

The above-captioned obligations (the "Obligations") are to be executed and delivered pursuant to a Resolution of the Mayor and Common Council of the Town adopted on June 24, 2014 (the "Resolution"), and the hereinafter defined Trust Agreement.

1. The Placement Agent shall use its best efforts to locate purchasers for all, but not less than all, of the Obligations (the "Purchasers") at a purchase price determined as provided in the Resolution (the "Purchase Price") and on terms consistent with the Resolution. If the Purchasers purchase the Obligations on the hereinafter defined Closing Date, the Town will pay a placement fee equal to $20,790.00 (the "Fee") to the Placement Agent.

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

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

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

(c) The Town has duly adopted the Resolution, and the Town has duly authorized and approved the execution and delivery of this Placement Contract and the Purchase Agreement and the Trust Agreement (as such terms are defined in the Resolution and, with this Purchase Contract, collectively, the "Documents"), as well as the performance of its obligations contained in the Obligations and the consummation by it of all other transactions contemplated hereby.

(d) The Town is not in breach of or default under any applicable law or administrative regulation of the State or any department, division, agency or instrumentality thereof, or of the United States, or any applicable judgment or decree or any loan agreement, note, resolution, certificate, agreement or other instrument to which the Town is a party or is otherwise subject, which breach or default would materially and adversely affect the Town or its ability to perform its duties and obligations under the Documents, and the execution and delivery of the Documents, the adoption of the Resolution and the execution and delivery of the 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 Town is a party or is otherwise subject, which breach or default would materially and adversely affect the Town or its ability to perform its duties and obligations under the Documents.

(e) No litigation is pending or overtly threatened in any court in any way affecting the existence of the Town or the title of the members of the Council of the Town to their respective offices or seeking to restrain or to enjoin the sale, execution or delivery of the Obligations, or the collection or pledge of any revenues pledged or to be pledged under the Documents to pay the principal of and interest on the Obligations, or in any way contesting or affecting the validity or enforceability of the Obligations, the Resolution or the Documents, or contesting the powers of the Town or the members of the Council with respect to the Obligations.

3. (a) At or prior to 11 a.m. M.S.T. on July 21, 2014, or such other date agreed to by the Town and the Placement Agent ("the Closing Date"), the Obligations will be delivered, in definitive fully registered form, duly executed, and, if to be delivered through The Depository Trust Company, New York, New York ("DTC"),

registered in the name of Cede & Co., as the nominee of DTC, in denominations specified by the Purchasers, together with the other documents hereinabove mentioned, upon payment of the Purchase Price by wire transfer, in immediately available funds, to the Town. Delivery as aforesaid shall be made at a time and place, as shall have been mutually agreed upon by authorized representatives of the Placement Agent and the Town, and such payment shall be made simultaneously therewith. This payment and delivery is herein called the "Closing."

(b) On the Closing Date, the Placement Agent shall receive a copy of each of the following documents, each dated the Closing Date:

(i) a certified copy of the Resolution;

(ii) an opinion of Special Counsel, Greenberg Traurig, LLP ("Special Counsel") in form and substance satisfactory to the Placement Agent;

(iii) a certificate, signed by an authorized officer of the Town, to the effect that (i) the representations, warranties and covenants of the Town contained herein are true and correct in all material respects on and as of the Closing Date, with the same effect as if made on the Closing Date; (ii) no litigation is pending or, to the knowledge of such officer, threatened in any court in any way affecting the existence of the Town or the titles of its officers or directors to their respective positions, or seeking to restrain or to enjoin the sale, execution or delivery of the Obligations, or the collection of any revenues or assets of the Town pledged or to be pledged to pay the principal of and interest on the Obligations, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Obligations, the Resolution or the Documents, or contesting the powers of the Town or its authority with respect to the Obligations, the Resolution or the Documents (but in lieu of or in conjunction with such certificate, the Placement Agent may, in the sole discretion of an authorized representative thereof, accept certificates or opinions of counsel to the Town, acceptable to such representative, that in the opinion of such counsel the issues raised in any pending or threatened litigation are without substance or that the contentions of all plaintiffs therein are without merit) and (iii) the Town has complied in all material respects with the Resolution and the terms of the Obligations and the Documents and satisfied all material conditions on its part to be performed or satisfied at or prior to the delivery of the Obligations and

(iv) such additional certificates, instruments or opinions as Special Counsel, the Town or the Placement Agent may deem necessary or desirable.

All certificates, instruments, opinions and documents referred to above and any resolutions shall be in form and substance satisfactory to authorized representatives of Special Counsel, the Town and the Placement Agent.

4. The obligation of the Placement Agent to use its best efforts to place the Obligations shall be subject to the performance by the Town of the obligations thereof provided hereby in all material respects at or prior to the Closing, and the accuracy in all material respects of the representations and warranties of the Town contained herein and shall also be subject to the following conditions:

(a) The Documents shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to by the Placement Agent;

(b) The Town shall have arranged for payment of the Fee at the time of the Closing and

(c) All of the other obligations of the Town required under or specified in this Placement Contract and the Resolution to be performed at or prior to the Closing shall have been performed in all material respects.

5. This Placement Contract may be terminated by the Placement Agent by notification in writing to you at your office if at any time subsequent to the date hereof and at or prior to the Closing: (i) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or the State legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Obligations or, with respect to State taxation, of the interest on the Obligations or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated herein; (ii) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the offering, sale and execution and delivery of the Obligations without registration thereof or obligations of the general character of the Obligations is in violation of any provision of the Securities Act of 1933 or of the Trust Indenture Act of 1939; (iii) in the Congress of the United States, legislation shall be enacted or a bill shall be favorably reported out of committee of either house, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that securities of the Town or of any similar body are not exempt from the registration, qualification or other requirements of the Securities Act of 1933 or the Trust Indenture Act of 1939; (iv) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency; (v) there shall have occurred a general suspension of

trading on the New York Stock Exchange; (vi) a general banking moratorium shall have been declared by the United States, State of New York, or the State authorities; (vii) there shall have occurred since the date of this Placement Contract any materially adverse change in the affairs or financial condition of the Town or (viii) the purchase of and payment for the Obligations on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

6. There shall be paid solely from the proceeds of the sale of the Obligations, upon or promptly after the Closing: (a) the cost of the preparation and printing of the Obligations; (b) the fees and disbursements of Special Counsel and of any other counsel or consultants retained by the Town and (c) the Fee. The Placement Agent shall be under no obligation to pay any expenses incident to this Placement Contract.

7. The agreements and all representations and warranties herein set forth have been and are made for the benefit of the Placement Agent and the Town, and no other person shall acquire or have any right under or by virtue of this Placement Contract.

8. This Placement Contract shall become effective upon the execution of the acceptance hereof by an authorized officer of the Town and shall be valid and enforceable as of the time of such acceptance. This Placement Contract may be executed in several counterparts, each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

9. This Placement Contract shall be governed by and construed in accordance with the law of the State. As required by the provisions of Section 38-511, Arizona Revised Statutes, as amended, notice is hereby given that the State, its political subdivisions (including the Town) or any department or agency of either may, within three (3) years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either is, any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Governor or the chief executive officer or governing body of the political subdivision is received by all other parties to the contract unless the notice specifies a later time. The State, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract. This Section is not intended to expand or enlarge the rights of the Town hereunder except as required by such Section. Each of the parties hereto hereby certifies that it is not presently aware of any violation of such Section which would adversely affect the enforceability of this Placement Contract and covenants that it shall take no action which would result in a violation of such Section.

10. If any provision of this Placement Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Placement Contract invalid, inoperative or unenforceable to any extent whatever.

Respectfully submitted,

STIFEL, NICOLAUS & COMPANY, INCORPORATED

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

ACCEPTED this ____ day of June, 2014.

TOWN OF QUARTZSITE, ARIZONA

By.....
Mayor

ATTEST:

.....
Town Clerk

331164636.1-6/18/2014

WRITTEN POLICIES AND PROCEDURES FOR TAX-ADVANTAGED OBLIGATIONS

The Town of Quartzsite, 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 June 24, 2014, 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 Administrative Officer of the Issuer will have overall responsibility for ensuring that the ongoing requirements described in the Procedures are met with respect to tax-advantaged obligations (the "Responsible Officer").

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

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

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

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

4. Training Required. The Responsible Officer and other responsible persons shall receive appropriate training that includes the review of and familiarity with the

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

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

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

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

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

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

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

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

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

requisitions carefully before submission to ensure proper use of proceeds to minimize the need for reallocations.

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

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

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

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

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

   a. Sales of financed facilities;

   b. Leases of financed facilities;

   c. Management or service contracts relating to financed facilities;

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

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

3. Bond Counsel Review of New Contracts or Amendments. Before amending an existing agreement with a private person or entering into any new lease, management, service, or research agreement with a private person, consult bond counsel to review such amendment or agreement to determine whether it results in private business use.

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

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

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

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

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

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

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

2. Arbitrage Yield. Record the arbitrage yield of the issue, as shown on IRS Form 8038-G or other applicable form. If the tax-advantaged obligations are variable

rate, yield must be determined on an ongoing basis over the life of the tax-advantaged obligations as described in the Tax Certificate.

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

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

5. Monitor Temporary Period Compliance. Monitor that proceeds (including investment earnings) are expended promptly after the tax-advantaged obligations are issued in accordance with the expectations for satisfaction of three-year or five-year temporary periods for investment of proceeds and to avoid "hedge bond" status.

6. Monitor Yield Restriction Limitations. Identify situations in which compliance with applicable yield restrictions depends upon later investments (e.g., the purchase of 0 percent State and Local Government Securities from the U.S. Treasury for an advance refunding escrow). Monitor and verify that these purchases are made as contemplated.

7. Establish Fair Market Value of Investments. Ensure that investments acquired with proceeds satisfy IRS regulatory safe harbors for establishing fair market value (e.g., through the use of bidding procedures), and maintaining records to demonstrate satisfaction of such safe harbors. Consult the Tax Certificate for a description of applicable rules.

8. Credit Enhancement, Hedging and Sinking Funds. Consult with bond counsel before engaging in credit enhancement or hedging transactions relating to an issue, and before creating separate funds that are reasonably expected to be used to pay debt service. Maintain copies of all contracts and certificates relating to credit enhancement and hedging transactions that are entered into relating to an issue.

9. Grants/Donations to Governmental Entities. Before beginning a capital campaign or grant application that may result in gifts that are restricted to financed projects (or, in the absence of such a campaign, upon the receipt of such restricted gifts), consult bond counsel to determine whether replacement proceeds may result that are required to be yield restricted.

10. Bona Fide Debt Service Fund. Even after all proceeds of a given issue have been spent, ensure that debt service funds, if any, meet the requirements of a "bona fide debt service fund," i.e., one used primarily to achieve a proper matching of revenues with debt service that is depleted at least once each bond year, except for

a reasonable carryover amount not to exceed the greater of: (i) the earnings on the fund for the immediately preceding bond year; or (ii) one-twelfth of the debt service on the issue for the immediately preceding bond year. To the extent that a debt service fund qualifies as a bona fide debt service fund for a given bond year, the investment of amounts held in that fund is not subject to yield restriction for that year.

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

12. Rebate and Yield Reduction Payment Compliance. Review the arbitrage rebate covenants contained in the Tax Certificate. Subject to certain rebate exceptions described below, investment earnings on proceeds at a yield in excess of the yield (i.e., positive arbitrage) generally must be rebated to the U.S. Treasury, even if a temporary period exception from yield restriction allowed the earning of positive arbitrage.

    a. Ensure that rebate and yield reduction payment calculations will be timely performed and payment of such amounts, if any, will be timely made. Such payments are generally due 60 days after the fifth anniversary of the date of issue, then in succeeding installments every five years. The final rebate payment for an issue is due 60 days after retirement of the last obligation of the issue. The Issuer should hire a rebate consultant if necessary.

    b. Review the rebate section of the Tax Certificate to determine whether the "small issuer" rebate exception applies to the issue.

    c. If the 6-month, 18-month, or 24-month spending exceptions from the rebate requirement (as described in the Tax Certificate) may apply to the tax-advantaged obligations, ensure that the spending of proceeds is monitored prior to semiannual spending dates for the applicable exception.

    d. Make rebate and yield reduction payments and file Form 8038-T in a timely manner.

    e. Even after all other proceeds of a given issue have been spent, ensure compliance with rebate requirements for any debt service reserve fund and any debt service fund that is not exempt from the rebate requirement (see the Arbitrage Rebate covenants contained in the Tax Certificate).

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

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

TOWN OF QUARTZSITE

REGULAR COUNCIL MEETING
Tuesday, June 24, 2014

Agenda Item #3 Discussion and possible action regarding a modification to the annual lease payments provided by the Memorandum of Understanding (MOU) between the Town of Quartzsite, AZ and the Educational Options Foundation.

Summary: In August 2012, the Town entered into a Memorandum of Understanding with the Educational Options Foundation for the lease of land upon which the Educational Options Foundation High School facility is located.

The current agreement provides for annual lease payments of $18,000, with the first year's lease payment, due in FY 12/13, waived. The term is for three (3) years, with automatic one-year renewal periods thereafter.

Mr. John Owen, of the Educational Options Foundation, has requested consideration to modify the lease terms of the existing MOU as follows:

1. FY 12/13 lease payment, $ 0
2. FY 13/14 lease payment, $ 6,000
3. FY 14/15 lease payment, $ 6,000
4. FY 15/16 and thereafter lease payment, $12,000

Mr. Owen will present on behalf of the Educational Options Foundation.

Attachment: Current Memorandum of Understanding

Action Requested: **Motion to consider action to modify the lease payment terms of the Memorandum of Understanding between the Town of Quartzsite and the Educational Options Foundation.**

MEMORANDUM OF UNDERSTANDING
BETWEEN THE TOWN OF QUARTZSITE, AZ
AND
THE EDUCATIONAL OPTIONS FOUNDATION

This Memorandum of Understanding ("MOU") is entered into between the Town of Quartzsite and The Educational Options Foundation.

I. Background Information

The Educational Options Foundation, a 501 (c) (3) non-profit corporation in the State of Arizona, operates EdOptions High School and the EdOptions AOI Program under a charter granted by the Arizona State Board for Charter Schools. On June 29, 2012, the Foundation purchased the assets, including 3 large buildings, 2 storage sheds, school contents, and improvements made to the facility and site, of a charter high school that operated on land leased from the Town of Quartzsite, at 560 Coyote.

For the purpose of this MOU, the Town of Quartzsite and The Educational Options Foundation desire to enter into an agreement to allow The Educational Options Foundation to lease the property located at 560 Coyote, Quartzsite, AZ for the purpose of operating the EdOptions High School Quartzsite Learning Center. The learning center will provide an opportunity for high school students in grade 9-12 to attend school in Quartzsite.

Providing an opportunity for students to attend school will provide a mutual benefit for the Town, the members of the community, students, and the Foundation. It is our collective belief that strong schools help build strong communities. The Educational Options Foundation is proud to be part of the Quartzsite community.

II. Terms and Conditions Regarding MOU

A. Lease

The Town and Foundation desire to enter into a lease for the land located at 560 Coyote, Quartzsite, AZ, (see attached site plan). The Educational Options Foundation owns real property including buildings and equipment at that location. Property will be used to operate EdOptions High School Quartzsite Learning Center and other educational uses as may be deemed beneficial by the Foundation.

B. Payment

The parties agree to an annual lease payment for the land of Eighteen thousand dollars ($18,000) per year beginning July 1, 2012. The first years lease payment will be waved. Monthly lease payments will be paid to the Town beginning on June 1, 2013 in the amount of $1,500. per month. Payments delivered to the

Town by the tenth (10) day of the month will be considered paid in a timely manner.

C. Term

The initial term of this MOU shall be for three (3) years, and the agreement shall be automatically renewed for additional one (1) year periods, unless otherwise terminated pursuant to paragraph E.

D. Agreement Amendment

The parties to this MOU may amend, modify, or supplement this MOU in writing at any time by mutual consent. All other unaffected provisions set forth in this MOU shall remain in effect.

E. Termination

Either party may terminate this MOU, with ninety (90) days notice in writing, to the other party. Such notice shall be given by personal delivery or by registered or certified mail at the other party's official mailing address. The Foundation shall have the option to finish the current school year if the MOU is terminated by the Town. Each school year begins on July 1 and ends on June 30. In the event of termination the Foundation will have a minimum of one-hundred and eighty days (180) to remove the buildings and contents from the property.

F. Insurance

The Foundation agrees to maintain liability insurance coverage and to provide the Town evidence of insurance showing the town as an additional insured.

G. Miscellaneous Provisions

1. **Assignment.** This MOU is non-assignable in whole or in part by either party without the written consent of the other party.

2. **Authority of Signatory.** Each individual executing this MOU on behalf of either party represents and warrants that he/she is duly authorized to execute and deliver this Agreement on behalf of the Town of Quartzsite or The Educational Options Foundation.

3. **Cancellation.** This MOU is subject to cancellation for conflict of interest without penalty or further obligation as provided by A.R.S. § 38-511.

4. **Entire Agreement.** This MOU and any attachments represent the entire agreement between the parties and supersede all prior negotiations,

representations or agreements, whether express or implied, written or oral.

5. **Governing Law and Venue.** The terms and conditions of this MOU shall be governed by and interpreted in accordance with the laws of the State of Arizona. Any action at law or in equity brought by either party for the purpose of enforcing a right or rights provided for in this Agreement shall be tried in the Superior Court of La Paz County, State of Arizona. The parties hereby waive all provisions of law providing for a change of venue in such proceeding to any other county. In the event either party shall bring suit to enforce any term of this Agreement or to recover any damages for on account of the breach of any term or conditions of this Agreement, it is mutually agreed that the prevailing party in such action shall recover all costs including: all litigation and appeal expenses, collection expenses, reasonable attorneys' fees, necessary witness fees and court costs to be determined by the court in such action.

6. **Incorporation of Documents.** All documents referred to in this MOU are hereby incorporated by reference into the MOU.

7. ***Integration.*** This MOU contains the entire arrangement between the parties. No statement, promise or inducement made by either party that is not contained in this written MOU and signed by both parties shall be valid or binding.

8. **No Third Party Beneficiaries.** Only the parties may enforce this MOU. The parties do not intend through this MOU to confer enforceable rights on any non-party and do not intend to create any third party beneficiaries to this MOU.

9. **Notices.** Any notice or demand under this MOU from either party to the other shall be in writing and shall be deemed to have been given when the notice is delivered personally or deposited in a U.S. mailbox, in a stamped envelope addressed to the other party's official business address provided herein. Either party may at any time change such address by delivering or mailing, as aforesaid, to the other party a notice stating the change.

Town of Quartzsite
P.O. Box 2812
465 N Plymouth Ave
Quartzsite, AZ 85346-2812
Attn: Town Manager

The Educational Options Foundation
Steve Durand
2150 E Southern Ave
Temple, AZ 85282

10. **Section Headings.** Captions and section headings used herein are for convenience only, are not a part of this MOU, shall not be deemed to limit or alter any provisions hereof, and shall not be deemed relevant in construing this MOU.

11. **Severability.** The provisions of this MOU shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of any other provisions.

12. **Waiver of Terms and Conditions.** The failure of either party to insist on any one or more instances of performance of any of the terms of conditions of this MOU or to exercise any right or privilege contained herein shall not be considered as thereafter waiving such terms, conditions, rights or privileges, and they shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this MOU on the date and year specified below.

DATED: Aug. 17, 2012

THE TOWN OF QUARTZSITE RESPRESENTATIVE:

Signature

TOWN MANAGER

Title

DATED: 8/27/12

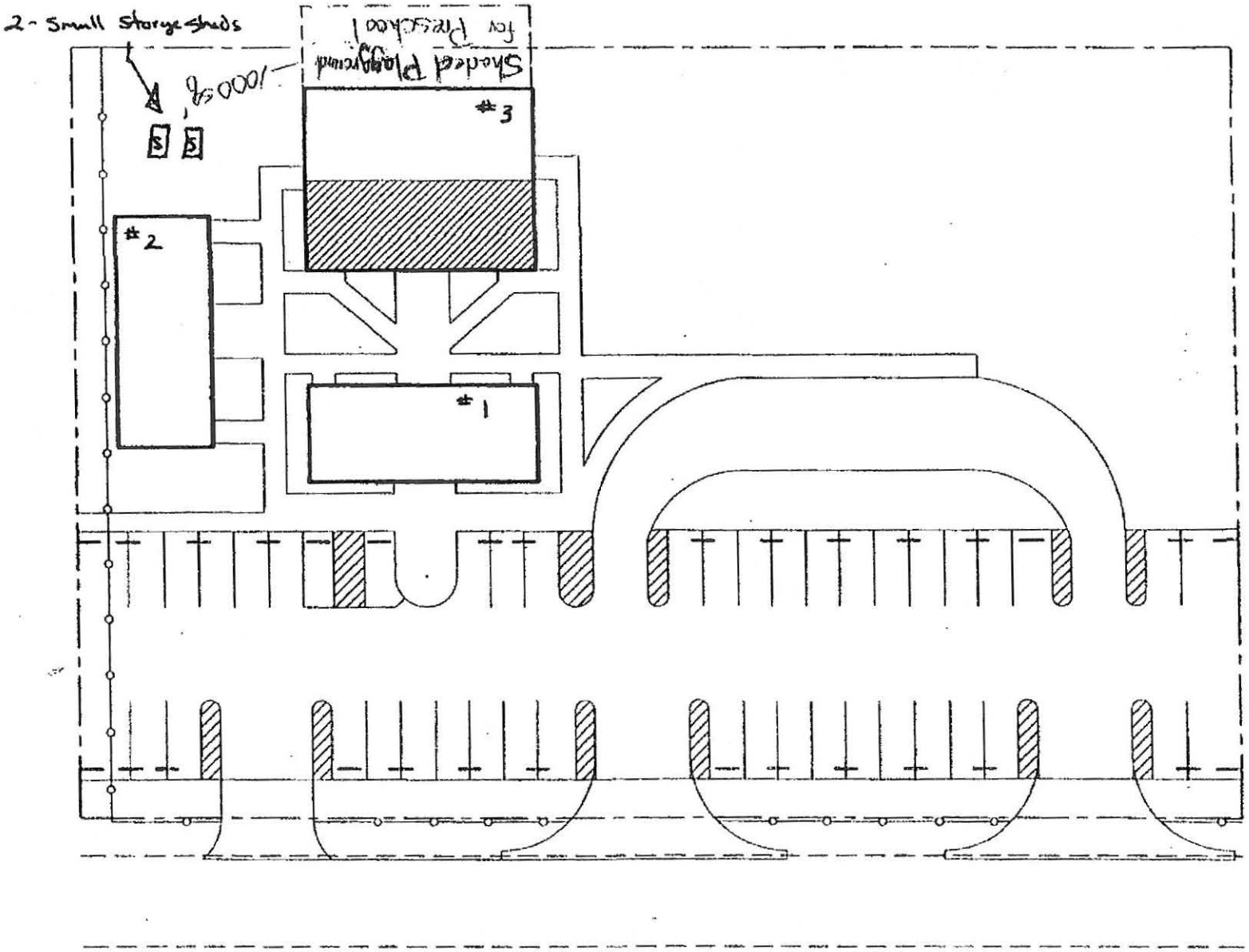
THE EDUCATIONAL OPTIONS FOUNDATION RESPRESENTATIVE:

Signature

Vice President

Title

V1 8/8/12 JS



SITE PLAN

SCALE: 1" = 40'

NORTH

TOWN OF QUARTZSITE

REGULAR COUNCIL MEETING
Tuesday, June 24, 2014

Agenda Item #4 The Town Attorney will provide an update in the matter of Foster v. Quartzsite, et al., CV2013-00115. The Town Council will discuss the memorandum of June 18, 2014, a summary of meetings with Town staff, USDA and WIFA which occurred on June 11, 2014, submitted by the Town Manager and implications of same. Discussion of the impacts of the case on water treatment plant improvements, potential solar projects and economic growth in the Town.

Summary: A Special Meeting was called on June 20, 2014 to discuss the status of Foster v. Quartzsite and the memorandum from the Town Manager, Skylor Miller, regarding the current status of the Waste Water Treatment Plant and the associated loans.

At the request of Council, this item was continued to the Regular Meeting of June 24, 2014 for further discussion.

Responsible Persons: Skylor Miller, Town Manager

Attachment:

1. Memorandum from Town Manager, Mr. Miller, to Mayor and Town Council, dated June 18, 2014.

2. Letter from Attorneys Churchill & La Benz to Town Attorneys, Curtis, Goodwin, Sullivan, Udall and Schwab, PLC, regarding a Settlement Offer in the Foster v. Quartzsite CV2013-0115 case.

3. Letter from Mayor Foster to Town Manager, Sklyor Miller, dated June 20, 2014, regarding Mayor Foster's response to Town Manager Miller's Memorandum dated June 18, 2014.

Action Requested: **Discussion only.**

MEMORANDUM

From the desk of the
Skylor R. Miller
Quartzsite Town Manager

TO: Mayor and Town Council

RE: Summary of meeting between Quartzsite and the USDA and WIFA, June 11, 2014

DATE: June 18, 2014

On June 11, 2014, Town Manager Skylor Miller, Town Attorney Patricia Ronan, Town Engineer Kevin Murphy and water engineering consultant Michael Krebs attended separate meetings with representatives of the USDA and WIFA. The primary purposes of the meetings were to introduce Town staff to the members of the agencies, update the agencies on the status of the Town's decision to enter into loan and grant agreements for repairs and expansion to the wastewater treatment facility, advise the agencies of the issues in *Foster v. Quartzsite* and the status of that litigation, learn from the agencies the impact of that litigation on the availability of the previously obligated funds and whether the agencies could partner in future projects with the Town.

Meeting with USDA. Nancy Veres and Debora Steward of the USDA met with the Quartzsite team. The USDA acknowledged that the loan and matching grant had taken years to coordinate. They were very clear that they want to see Quartzsite's wastewater treatment project move ahead. However, they were visibly upset by the ongoing litigation of *Foster v. Quartzsite,* which has prevented the loan agreement transaction from closing. Despite the majority of the Council approving the loan and project, they were concerned about the Mayor and a faction of RV Park Owners impeding the necessary repairs. Until the litigation is resolved, the USDA loan cannot be closed. The regional office has reported to the national office about the fact that the obligated funds have not been disbursed. Ms. Veres made clear that the funds are not obligated to the Town indefinitely, and that if the Town does not move forward with the waste water treatment project, the funds will eventually be withdrawn. USDA could not commit to a specific time frame with regards to how long the funds would continue to be available.

The USDA clarified that the interest rate for the loan will be that of December 2013 or the current rate when the funds are drawn down, depending on which is lower. (*NB: Interest rates are rising.*)

Town Engineer Murphy advised that construction projects are increasing in costs. He has observed a 20% increase in construction costs so far in 2014. He also noted that the Town is facing interim repair costs and that the continued deterioration of the plant is costing the Town money. He indicated that it is likely that the overall cost of the project could also increase because of the deterioration. The longer the Town waits to commence the project, the more costly the project will be for the Town. Additionally, the current grants and loans will be inadequate to complete the project.

The USDA advised that Quartzsite probably will not qualify for more grants on this project to bridge the increased costs. At this time, most projects are getting 30% grants and 70% loans. Quartzsite benefited from a 50%-50% arrangement. The USDA cannot speculate about whether Quartzsite could be eligible for more loans.

Mike Krebs observed that once the project is completed, the Town will encounter tremendous energy savings. Currently, the wastewater secondary treatment system relies on one basin with a 255 horsepower system (3 aerators and a mixer), whereas the new secondary system will have 2 basins with a fine bubble aerator and 2 mixers , for a total of 95 horsepower/ basin. This is critical because the low flow time of year only requires 95 hp, while the peak flow periods will require 190 hp. Understand that there are many variables that impact energy consumption. Current flow calculations based on how the system is currently being ran suggest that this will save the Town between $15,000 and $30, 000 annually in energy costs.

Concerns remain about the project:

1. Delays increase construction costs;
2. Delays mean increased deterioration and more expensive repairs;
3. No new housing developments or businesses can be added to the sewer system;
4. No additional septic tanks may be added to the community because of pollution issues;
5. New growth is impossible until the waste water treatment plant is repaired and expanded;
6. Without new growth, there is little economic development opportunity;
7. The Town has not yet lost the loan and grant, but the risk that the funds will be withdrawn increases as time passes;
8. The Town is highly unlikely to receive any additional grants for the increased costs;
9. The Town may not be eligible for additional loan monies;
10. Even if the Town receives additional loans, there is a chance they will be at higher interest rates, which means greater overall cost to the community;
11. Current sewage rates are not significantly impacted by the 40-year repayment schedule for the current USDA loan. The Town is currently obligated to pay back approximately $900,000 to WIFA that has been spent to date. The balance of the WIFA loan available for the WWTP rehab and expansion is approximately $600,000.
12. A new loan to cover the increased expenses due to the delay of the project may only be available through WIFA which has a maximum 20 year length which is a shorter repayment period than the terms of the USDA , which would have a greater impact on customer rates.

Meeting with WIFA. The second meeting was with WIFA, Trish Incognito and Melanie, who was substituting for Sara Konrad, the contact on the project attended. The WIFA meeting was both to discuss the outstanding wastewater treatment project and a possible new project to install solar at the water treatment plant and Town Hall.

We first discussed the outstanding wastewater treatment plant. WIFA made clear that the ongoing *Foster v. Quartzsite* litigation was a source of profound concern. They see the Town and its elected leadership as "split." WIFA and the Town closed on the loan in July 2013. WIFA wants to see the Town get the money and proceed with the project. However, no funds will be released as long as the litigation is pending. Importantly, the terms of the loan agreement require that the money for construction be fully expended within three years, which is July 2016. Realistically, the Town must begin the project no later than early

2015. After this date the Town will have to reapply for a loan and the new rate will be set at the market rate at that time.

Town Engineer Murphy indicated that there are some obstacles to immediately beginning the project, even if there were no litigation. Specifically, the project must now be repriced. He asked WIFA what the options were for seeking more funding from them. WIFA made clear that additional funds would most likely not be available to the Town on this project, and if the Town wants governmental agency participation, its best option is the USDA. This was frustrating news, because WIFA loans sometimes present the possibility of partial debt forgiveness.

Nonetheless, WIFA did explain that if the project price increases, the Town may submit an application for a new loan. It would take at least eight weeks to process, as the Board meets every eight weeks. Refinancing is not an advisable option, because it would not extend the repayment term (20 years). If additional financing is necessary, then WIFA suggests that the Town apply for a second loan. However, as long as there is litigation pending that affects the project, WIFA will not provide more loans. WIFA strongly advised that the Town conduct a new cost analysis of the project only after the litigation is complete, because of the changing costs of materials and construction.

The conversation then turned to a new solar project the Town is considering. The Town would like to install solar panels at Town Hall in the parking area and near the water treatment plant. WIFA's response to participating in this endeavor was very negative. First, WIFA said that it had no funding to participate in the Town Hall portion of the project. WIFA is now the lending agency for GADA funds that can be used for non-utility projects for communities but currently there are no GADA funds available. Second, because of the current status of the funded water treatment plant, the Board is highly unlikely to move forward with any new project with the Town. The essence of the discussion was that until the Town can prove it is a functional partner that can complete projects, WIFA will not give the Town any further resources.

The Town Attorney said the Town took the project so seriously that 6 of the 7 members of Council approved it on an emergency basis. The litigation is not about the project per se, but instead about the Mayor's authority to veto the emergency measure.

WIFA nonetheless emphasized that the solar project will not be analyzed on its own merits. Ultimately, WIFA applies EPA guidelines for its projects and looks at the financial, technical, legal and managerial capabilities of the Town. Because of the litigation and the Town's history, WIFA does not have confidence in the Town's management. The Quartzsite team made clear that they were present before WIFA to demonstrate the strength of the Town's management capabilities and professionalism. WIFA said that when the litigation is resolved, it will still be included as part of the Town's history to the Board, but will not appear as negative.

WIFA addressed the two part application process for the solar project. During the first part of the process, WIFA staff merely reviews whether the applicant and project are eligible for WIFA participation. Later, the project will be evaluated by the Board, and the concerns about Town management capabilities and the litigation will block the project from being awarded.

Although they did not encourage the Quartzsite team to begin the process, they made clear that in the first stage, the hold on the water treatment project will not have an impact. Part of WIFA's evaluation of such

applications is that they are "green," and such considerations are taken into account with respect to loan forgiveness options. Staff should seek direction from Council as to whether it is worthwhile to commence the application process in order to get into WIFA's project queue, because the estimated savings to the Town by converting the water treatment plant to solar are $35,000.

Summary:

1. The Town is seen as a weak project partner by WIFA because of the litigation
2. WIFA will not encourage or otherwise fund any projects with Quartzsite while the litigation continues
3. WIFA is unlikely to fund or participate in future projects with Quartzsite if the wastewater treatment plant project fails
4. WIFA will withdraw the funds in two years if the project is not complete
5. USDA is not going to provide any further grant money for the project, despite the rising costs
6. WIFA will require a second application to provide any additional loans for the project to cover the rising costs. Success in obtaining additional loans will be heavily dependent on the Towns ability to show strong leadership and successfully moving the existing project forward.
7. Even projects with unanimous Council support, strong community support, excellent managerial oversight, significant cost-saving opportunity, energy efficiency and positive environmental impact are unlikely to receive any WIFA support unless the wastewater treatment project proceeds and succeeds.
8. Due to continued rising costs in construction, the delay in the construction for the WWTP will create further challenges to our rate structure. The additional cost most likely will be funded through WIFA for a shorter term (20 years) than USDA provides (40 years). In addition we continue to see significant deterioration in the WWTP infrastructure that will require capital expenditures in the near future. These expenditures once completed will no longer be available for grant reimbursement and will be funded solely by loans if possible.

Respectfully Submitted,

Skylor R. Miller

Churchill & LaBenz
Lawyers

John C. Churchill
Julie A. LaBenz

of counsel:
John A. Shannon, Jr.*

Faye Peters, Legal Assistant

1300 Joshua Avenue, Suite B
Parker, Arizona 85344
Telephone (928) 669-6195
Fax (928) 669-5376
Toll Free (888) 244-3887

April 9, 2014

Kelly Y. Schwab
Patricia E. Ronan
Curtis, Goodwin, Sullivan, Udall and Schwab, PLC
501 East Thomas Road
Phoenix, AZ 85012-3205

Re: Settlement Offer pursuant to Rule 408, *Arizona Rules of Evidence*

Dear Mrs. Schwab & Mrs. Ronan,

In an effort to resolve La Paz County case number CV2013-0115, pursuant to Rule 408, *Arizona Rules of Evidence*, Plaintiff Mayor hereby conveys the following offer of settlement:

That in exchange for Defendants' agreement to the following, Plaintiff Mayor will withdraw his veto and dismiss his appeal:

- Vote to abolish the Quartzsite Police Department;
- Enter into an Intergovernmental Agreement with the La Paz County Sheriff's Office to provide a Quartzsite Metro Squad to patrol Quartzsite, saving the Town approximately $500,000 per year;
- Dedicate the funds saved by abolishing the Quartzsite Police Department to the HURF loan and the prospective USDA loan for a period of six (6) years;
- Agree that the sewer rates be restructured to be based strictly on a volumetric rate based on water usage; and
- Payment of Mayor Foster's legal fees and costs in full.

E-mail address: jchurchill@johncchurchill.com
or jlabenz@johncchurchill.com

*on select contested litigation matters

This offer will expire at 5:00 p.m. on Friday, April 25, 2014.

If you have any questions or would like to discuss this further, please contact me.

Sincerely,

Julie A. LaBenz,
Attorney for Mayor Foster

cc: client

E-mail address: jchurchill@johncchurchill.com
or jlabenz@johncchurchill.com

*on select contested litigation matters

TOWN OF QUARTZSITE

465 North Plymouth Avenue • PO Box 2812 • Quartzsite, AZ 85346
(928) 927-4333 • Fax (928) 927-4400
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we are an equal opportunity employer
www.ci.quartzsite.az.us

June 20, 2014

RECEIVED
JUN 20 2014
TOWN OF QUARTZSITE

Skylor Miller
Town Manager
Town of Quartzsite

Mr. Miller,

Mr. Miller,
I want to clarify my position on the litigation over the waste treatment loan. This loan is opposed by a majority of the citizens of Quartzsite. The Opposition is not actually to the project or the loan, but the rate structure that has been applied to re-pay the loan.

Mr. Orgeron's assertion that he doesn't care if the rate puts RV parks out of business has alarmed a huge portion of the community. The people of this community recognize that we are a tourist oriented community and we depend on the RV park industry to provide facilities to our winter visitors. The rates that are in place are unsustainable by the operator of these parks.

The efforts of some of the parks to mitigate the impact of these rates by closing sewer connections has been met in recent days by abusive and punitive rates and fees enacted by Town Government in an attempt to force acceptance of the rates and the destruction of their businesses.

I have offered an alternative method of repayment that would lessen the impact on the utility customers. I have also asked for a complete review of the expenses of the utility department in an attempt to determine if there are any ways to reduce the cost of operation of these departments. There has been no serious consideration given to these request.

Ed Foster

Mayor
Town of Quartzsite

Cc: Town Council members

TOWN OF QUARTZSITE

REGULAR COUNCIL MEETING
Tuesday, June 24, 2014

Agenda Item #5	Review, discussion and possible adoption of an ordinance adopting by reference amendments to the Town Code, Chapter 3, Administration.
Summary:	Quartzsite Town Code, Chapter 3, Administration, contains conflicting provisions. Council requested the Town Attorneys conduct a review of the various provisions, identify options, and provide recommendations for discussion and consideration.
Responsible Persons:	Curtis, Goodwin, Sullivan, Udall & Schwab, Town Attorneys Skylor Miller, Town Manager
Attachment:	1. Proposed ordinances amending the Town Code, Chapter 3, Administration 2. 2014 Amendments to Chapter 3 of the Quartzsite Town Code
Action Requested:	**Motion to adopt Ordinance No. 14-04 amending the Town Code, Chapter 3, Administration.**

ORDINANCE NO. ____

AN ORDINANCE OF THE COMMON COUNCIL OF THE TOWN OF QUARTZSITE, ARIZONA, DECLARING THE DOCUMENT ENTITLED THE "2014 AMENDMENTS TO CHAPTER 3 OF THE QUARTZSITE TOWN CODE" AS A PUBLIC RECORD; ADOPTING BY REFERENCE THAT PUBLIC RECORD KNOWN AS THE "2014 AMENDMENTS TO CHAPTER 3 OF THE QUARTZSITE TOWN CODE" TO AMEND THE TOWN CODE OF QUARTZSITE, ARIZONA, CHAPTER 3 ADMINISTRATION, ARTICLE 3.1 OFFICERS IN GENERAL, SECTION 3-1-1 OFFICERS; AMENDING ARTICLE 3-2 OFFICERS, BY AMENDING SECTIONS 3-2-1 TOWN MANAGER, 3-2-2 TOWN CLERK, 3-2-4 TOWN ENGINEER, AND 3-2-5 TOWN ATTORNEY AND REPEALING SECTION 3-1-4 VACANCIES; HOLDING MORE THAN ONE OFFICE RELATED TO APPOINTMENT AND DUTIES OF OFFICERS IN THE TOWN; AMENDING ARTICLE 3-3 PERSONNEL SYSTEM BY AMENDING SECTIONS 3-3-2 CONDITIONS OF EMPLOYMENT AND 3-3-5 PERSONNEL ADVISORY BOARD RELATED TO THE CONDITIONS OF TOWN EMPLOYMENT AND TO APPOINTMENT AND DUTIES OF THE PERSONNEL ADVISORY BOARD; AMENDING ARTICLE 3-4 PROCUREMENT BY AMENDING SECTIONS 3-4-1 GENERAL, 3-4-2 PROCEDURE AND 3-4-3 AWARD BY COUNCIL AND ADDING NEW SECTIONS 3-4-8 CHANGE ORDERS AND 3-4-9 UNAUTHORIZED PURCHASES AND REPEALING SECTIONS 3-4-3 EXCLUSIVE SERVICE, 3-4-7 EMERGENCY PURCHASES, 3-4-9 PROFESSIONAL SERVICES AND 3-4-10 COOPERATIVE PURCHASING RELATED TO PROCEDURES FOR PROCUREMENT; AMENDING ARTICLE 3-5 OFFICE OF ZONING ADMINISTRATOR BY AMENDING SECTIONS 3-5-2 APPOINTMENT OF ZONING ADMINISTRATOR AND (SECOND) 3-5-2 APPOINTMENT OF ZONING ADMINISTRATOR RELATED TO APPOINTMENT AND DUTIES OF THE ZONING ADMINISTRATOR; PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES; AND PROVIDING FOR SEVERABILITY

BE IT ORDAINED BY the Common Council of the Town of Quartzsite, Arizona as follows:

Section I. In General

That certain document known as the "2014 Amendments to Chapter 3 of the Quartzsite Town Code" three (3) copies of which shall remain on file in the office of the Town Clerk, is hereby declared to be a public record.

The Code of Quartzsite, Arizona, Chapter 3 Administration shall be amended by adopting the "2014 Amendments to Chapter 3 of the Quartzsite Town Code" which public record is hereby referred to, adopted and incorporated by reference.

Section II. Providing For Repeal of Conflicting Ordinances

All ordinances and parts of ordinances in conflict with the provisions of this Ordinance or any part of the Code adopted herein by reference are hereby repealed.

Section III. Providing For Severability

If any section, subsection, sentence, clause, phrase or portion of this Ordinance, or any part of the Code adopted herein by reference, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

PASSED AND ADOPTED by the Common Council of the Town of Quartzsite, Arizona, this _____ day of _____, 2014, by the following vote:

AYES: _____
NAYES: _____ ABSENT: _____
EXCUSED: _____ ABSTAINED: _____

APPROVED this ____ day of _____, 2014.

_____
Ed Foster, Mayor

ATTEST:

_____
Tina Abriani, Town Clerk

APPROVED AS TO FORM:

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

I, TINA APRIANI, TOWN CLERK, DO HEREBY CERTIFY THAT A TRUE AND CORRECT COPY OF THE ORDINANCE NO. _____ ADOPTED BY THE COMMON COUNCIL OF THE TOWN OF QUARTZSITE, ARIZONA, ON THE ____ DAY OF _____, 2014, WAS POSTED IN THREE PLACES AND ON THE TOWN'S WEBSITE ON THE _____ DAY OF _____, 2014.

_____
Town Clerk

2014 AMENDMENTS TO CHAPTER 3 OF THE QUARTZSITE TOWN CODE

CHAPTER 3 ADMINISTRATION

ARTICLE 3-1 OFFICERS IN GENERAL

Section 3-1-1 Officers

There are hereby created the offices of town manager, town clerk, police chief, town engineer, town attorney and town magistrate ~~who shall be appointed by the Council and~~ who shall serve, with the exception of the magistrate, at the pleasure of the Council. ~~The magistrate shall be appointed for a term of office as provided in Section 5-2-1.~~

~~***Section 3-1-4 Vacancies; Holding More Than One Office***~~

~~Any vacancy that shall occur in any town office shall be filled by appointment by the Council, provided that one person may hold more than one office and that, at the discretion of the Council, the functions of a town official may be validly performed and discharged by a deputy or another town official, or an otherwise qualified individual not holding office but employed at the pleasure of the Council.~~

ARTICLE 3-2 OFFICERS

Section 3-2-1 Town Manager

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D. Removal Procedure. The town manager may be removed by a majority vote of the MEMBERS OF THE Council. ~~If requested, the Council shall grant him a public hearing within thirty days following notice of removal. During the interim, the Council may suspend the manager from duty, but shall continue his salary and, if the removal becomes final, shall pay his salary for one month following the removal date.~~ SEVERANCE PAY, IF ANY, SHALL BE AS PROVIDED IN A CONTRACT.

E. Powers and Duties. The town manager shall be the administrative head of the government of the town under the direction and control of the Council except as otherwise provided by the Council. He shall be responsible to the Council for the proper administration of all affairs of the town. In addition to his general powers as administrative head and not as a limitation thereon, it shall be his duty and he shall have the powers set forth in the following paragraphs.

1. Appoint and, when necessary for the good of the service, suspend or remove all officers and employees of the town not appointed by the Council. He may authorize the head of a department or office to appoint, suspend or remove subordinates in such department or office. ALL APPOINTMENTS AND REMOVALS SHALL BE BASED ON MERIT AND UPON THE QUALIFICATIONS AND DISQUALIFICATIONS OF SUCH OFFICER OR EMPLOYEE WITHOUT REGARD TO ANY POLITICAL BELIEF OR AFFILIATION.

* * *

6. Recommend to the ~~governing body~~ COUNCIL from time to time adoption of such measures as he may deem necessary or expedient for the health, safety or welfare of the community or for the improvement of administrative services.

* * *

12. OVERSEE THE WORK OF THE POLICE CHIEF AND PROVIDE FOR A WRITTEN EVALUATION ON AN ANNUAL BASIS TO BE PROVIDED TO THE COUNCIL FOR CONSIDERATION.

Renumber existing paragraph 12 to paragraph 13.

Section 3-2-2 Town Clerk

A. Appointment. The Clerk shall be appointed by the Town Manager WITH THE CONCURRENCE OF THE COUNCIL. The position shall be classified and subject to the Town of Quartzsite Personnel Policy.

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Section 3-2-4 Town Engineer

The town engineer shall be appointed by the TOWN MANAGER WITH THE CONCURRENC OF THE Council. The engineer shall have charge of the town streets, sewers and waterworks and shall perform such duties as may be required of him by law and such other duties as the Council may deem necessary.

Section 3-2-5 Town Attorney

A. The Town Attorney shall be appointed by the ~~Town Manager under contract terms approved by~~ Council. The Town Attorney shall act as the legal counselor and advisor of the Council and other town officials and, as such, shall give his opinion in writing when requested by the Town Manager. The Town Attorney

shall review and assist in the drafting of all deeds, contracts, conveyances, ordinances, resolutions and other legal instruments when required by the Town Manager. The Town Attorney shall approve or disapprove as to form, in writing, all drafts of contracts and all official or other bonds before final approval or acceptance thereof by the Council. The Town Attorney shall return within the time allotted by the Town Manager all ordinances and resolutions submitted for consideration by the Town Manager, with approval or disapproval as to form noted thereon, together with the reasons therefore. EXCEPT FOR MATTERS HANDLED BY COUNSEL APPOINTED BY THE TOWN'S INSURANCE CARRIER AND THE TOWN PROSECUTOR, the Town Attorney shall prosecute and defend all suits, actions or causes where the town is a party to the extent of the Town Attorney's ability and in accordance with the Town Attorney's independent professional legal judgment and in compliance with the Arizona Supreme Court's Rule of Professional Responsibility shall report to the Council, when required, the condition of any suit or action to which the town is a party. The Town Attorney shall prosecute all criminal charges in the Quartzsite Magistrate Court which are supported by probable cause within the parameters of the Arizona Supreme Court's Rules of Professional Responsibility and prevailing standards of prosecution. The Town Attorney shall prosecute all civil, petty and civil traffic offenses in the Quartzsite Magistrate Court which are supported by probable cause within the parameters of Professional responsibility and prevailing standards of prosecution if the defendant in such matters is represented by counsel. The Town Attorney shall attend all Council meetings to advise the Council on legal issues and serve as Town Parliamentarian.

ARTICLE 3-3 Personnel System

Section 3-3-2 Conditions of Employment

The appointment, promotion and tenure of every employee shall be conditioned solely on merit, ~~and fitness~~ QUALIFICATIONS and ~~the~~ satisfactory performance of the duties and responsibilities assigned. No employee or applicant for employment shall be discriminated against on the basis of race, color, religion, sex, age or political affiliation.

Section 3-3-5 Personnel ADVISORY Board

A. Terms

There is hereby created a personnel board, which shall consist of three (3) REGULAR members AND TWO (2) ALTERNATE MEMBERS from the citizens of the town~~,~~ REGULAR MEMBERS AND ALTERNATES SHALL BE appointed by the Mayor and Council~~, setting~~ THE terms of REGULAR MEMBERS SHALL BE three (3) years, so staggered that only two (2) board member terms expire in the same year. THE TERMS OF THE ALTERNATE MEMBERS SHALL BE ONE (1) YEAR. ALTERNATE MEMBERS SHALL BE CALLED BY THE CHAIRMAN AS

NEEDED TO ASSURE A QUORUM IS PRESENT. This board shall be required to meet a minimum of once each year at a date and time to be determined by the members of the board. Special Meetings may be called as needed by the chairman. The REGULAR members of the board shall elect a chairman from their membership to conduct the meetings. The members of the personnel board shall serve at the pleasure of the Mayor and Council.

B. Duties

The board shall meet as needed to conduct hearings on qualified employee grievances and make recommendations to the Town Manager or his/her designee as the Personnel Officer~~. In the event that the board does not have full membership, the Hearing Officer for the Town of Quartzsite, Arizona, or in his absence the Hearing Officer for La Paz County, Arizona shall conduct the hearing on qualified employee grievances and make recommendations to the Town Manager and his/her designee as the Personnel Officer.~~ THE BOARD MAY MEET IN EXECUTIVE SESSION IN ACCORDANCE WITH THE ARIZONA OPEN MEETING LAW.

ARTICLE 3-4 PROCUREMENT

Section 3-4-1 General

The Town Manager is the procurement agent for the town. ~~Procurement of property or services whether by purchases or by contract for services called Category 1, Category 2, Category 3, and Category 4, which shall be further defined by Resolution of the Common Council.~~ NO PURCHASE OF GOODS OR CONTRACT FOR SERVICES OF ANY KIND OR DESCRIPTION, PAYMENT FOR WHICH IS TO BE MADE FROM FUNDS OF THE TOWN, SHALL BE MADE BY THE PROCUREMENT AGENT, OR ANY OFFICER, EMPLOYEE OR AGENT OF THE TOWN, EXCEPT IN THE MANNER SET FORTH IN THIS ARTICLE, AND UNLESS SAID PURCHASE IS IN ACCORDANCE WITH THE ADOPTED TOWN BUDGET.

Section 3-4-2 Procedure

~~A. Any Category 1 procurement may be made by the procurement agent or his or her proxy without further formality.~~

~~B. Any Category 2 procurement made by the procurement agent or his or her proxy shall require the solicitation of at least three oral bids for the item or service and the procurement made from the lowest responsible bidder.~~

~~C. Any Category 3 procurement made by the procurement agent or his or her proxy shall require the solicitation of at least three oral bids for the item or service and the procurement made from the lowest responsible bidder.~~

~~D. Category 4 procurement.~~

A. $2,000 OR LESS. WHENEVER ANY CONTEMPLATED PURCHASE OF GOODS OR CONTRACT FOR SERVICES IS FOR THE SUM OF $2,000 OR LESS, THE PROCUREMENT AGENT MAY PURCHASE THE ITEM AS NEEDED WITHOUT FURTHER FORMALITY.

B. $2,001 TO $4,000 INCLUSIVE. WHENEVER ANY CONTEMPLATED PURCHASE OF GOODS OR CONTRACT FOR SERVICES IS FOR THE SUM OF AT LEAST $2,001 BUT NOT MORE THAN $4,000, THE PROCUREMENT AGENT SHALL SOLICIT AT LEAST THREE ORAL BIDS FOR THE ITEM OR SERVICE. THE PROCUREMENT AGENT MAY THEN AWARD THE PURCHASE OR CONTRACT OF SERVICE TO THE LOWEST RESPONSIBLE BIDDER WHO SUBMITS A RESPONSIVE BID.

C. $4,001 TO $8,000 INCLUSIVE. WHENEVER ANY CONTEMPLATED PURCHASE OF GOODS OR CONTRACT FOR SERVICES IS FOR THE SUM OF AT LEAST $4,001 BUT NOT MORE THAN $8,000, THE PROCUREMENT AGENT SHALL SOLICIT AT LEAST THREE WRITTEN BIDS FOR THE ITEM OR SERVICE ON BID FORMS AND AWARD THE PURCHASE OR CONTRACT OF SERVICES TO THE LOWEST RESPONSIBLE BIDDER.

D. $8,000 AND OVER. WHENEVER ANY CONTEMPLATED PURCHASE OF GOODS OR CONTRACT FOR SERVICES IS FOR THE SUM OF $8,000 OR MORE, THE PROCUREMENT AGENT SHALL CAUSE TO BE PUBLISHED IN TWO ISSUES OF A NEWSPAPER OF GENERAL CIRCULATION IN THE TOWN, NOTICE INVITING BIDS, WHICH NOTICE SHALL BE PUBLISHED AT LEAST FIVE DAYS PRIOR TO THE DATE SET FOR THE RECEIPT OF THE BIDS. THE NOTICE HEREIN REQUIRED SHALL INCLUDE A GENERAL DESCRIPTION OF THE ARTICLES TO BE PURCHASED OR SERVICES TO BE PERFORMED AND THE TIME AND PLACE FOR OPENING BIDS. IN ADDITION, THE PURCHASING AGENT SHALL POST A NOTICE INVITING BIDS IN THE TOWN HALL AND MAY ALSO MAIL TO ALL RESPONSIBLE PROSPECTIVE SUPPLIERS A COPY OF THE NOTICE INSERTED IN THE NEWSPAPER.

~~E. Purchases and contracts for property shall require the publication of a solicitation for bids in two issues of a newspaper of general circulation in the town giving not less than at least ten days following the second publication for prospective bidders to place a bid unless the cost of publication is equal to or in excess of two percent (2%) of the cost of the procurement inclusive of any taxes, fees or other necessary charges.~~

~~F. If publication of notice of solicitation of bids is required, the notice shall include a general description of the articles to be purchased or services to be performed~~

~~and the time and place for opening bids. In addition, the procurement agent shall post a notice inviting bids in the town hall and may also mail to all responsible prospective suppliers a copy of the notice inserted in the newspaper.~~

~~G. If publication of notice of solicitation of bids is not required, procurement shall be conducted as for Category 3 procurement.~~

E. EXCEPTIONS: THE FOLLOWING PROCUREMENTS ARE EXEMPT FROM THE BIDDING REQUIREMENTS OF THIS ARTICLE TO THE EXTENT SET FORTH BELOW.

1. CONSTRUCTION CONTRACT. CONSTRUCTION PROJECTS ARE EXEMPT FROM THESE BIDDING REQUIREMENTS AND SHALL COMPLY WITH TITLE 34, ARIZONA REVISED STATUTES; HOWEVER, IF PUBLIC COMPETITIVE BIDDING IS NOT REQUIRED PURSUANT TO A.R.S. § 34-201(C) AND (D), THEN THE REQUIREMENTS OF THIS SECTION SHALL APPLY.

2. COOPERATIVE PURCHASING. COOPERATIVE PURCHASES ARE EXEMPT FROM THESE BIDDING REQUIREMENTS WHENEVER OTHER GOVERNMENTAL UNITS HAVE BID THE SAME ITEM OR SERVICE IF, IN THE OPINION OF THE PROCUREMENT AGENT, A SEPARATE BIDDING PROCESS IS NOT LIKELY TO RESULT IN A LOWER PRICE FOR SUCH ITEMS OR SERVICES. PURCHASES FROM THE STATE BID LIST ARE COOPERATIVE PURCHASES.

3. SOLE SOURCE PROVIDERS. PURCHASES FROM SOLE SOURCE PROVIDERS ARE EXEMPT FROM THESE BIDDING REQUIREMENTS IF THE PROCUREMENT AGENT MAKES A WRITTEN DETERMINATION THAT COMPETITION IS NOT AVAILABLE AND THERE IS ONLY ONE KNOWN SOURCE FOR THE GOODS OR SERVICES.

4. PROFESSIONAL SERVICES. CONTRACTS FOR PROFESSIONAL SERVICES ARE EXEMPT FROM THESE BIDDING REQUIREMENTS. CONTRACTS FOR PROFESSIONAL SERVICES OF ENGINEERS, ARCHITECTS, LANDSCAPE ARCHITECTS, ASSAYERS, GEOLOGISTS AND LAND SURVEYORS MAY BE REQUIRED TO COMPLY WITH THE PROCEDURES SET FORTH IN A.R.S. § 34-102(C), A.R.S. § 34-103(C) AND (D) OR TITLE 34, CHAPTER 6, ARIZONA REVISED STATUTES.

5. INTERGOVERNMENTAL AGREEMENTS. INTERGOVERNMENTAL AGREEMENTS ARE EXEMPT FROM THESE BIDDING REQUIREMENTS.

6. EMERGENCY PURCHASES. THE PROCUREMENT AGENT MAY PROCURE AND CONTRACT FOR SUPPLIES AND SERVICES WITHOUT COMPLIANCE WITH THE PROCEDURES SET FORTH IN THIS SECTION WHEN THERE HAS BEEN A DETERMINATION THAT AN EMERGENCY PURCHASE IS NECESSARY. THE PROCUREMENT AGENT SHALL BE RESPONSIBLE FOR DETERMINING THE VALIDITY OF ALL EMERGENCY PURCHASE REQUESTS. A COMPLETE WRITTEN EXPLANATION SHALL BE PROVIDED TO THE COUNCIL AS SOON AS REASONABLY PRACTICAL AFTER THE EMERGENCY PURCHASE.

7. USED EQUIPMENT. PURCHASES OF USED EQUIPMENT AND NON-DURABLE PURCHASES SUCH AS FUEL AND OIL ARE NOT SUBJECT TO THE BIDDING PROCEDURES APPLICABLE TO OTHER PURCHASES ON THE RECOMMENDATION OF THE PROCUREMENT AGENT AND APPROVAL OF THE COUNCIL.

~~H. Solicitation of bids for Category 4 contracts for services shall be made as for the solicitation of bids for Category 4 purchases or contracts for the purchase of goods except that entry into Category 4 contracts for services shall be by the Mayor or the Town Manager at the direction of the Common Council after consideration of the advice of the procurement agent concerning the advantages or disadvantages of contract and bid proposals.~~

~~I. Purchases of used equipment and non-durable purchases such as fuel and oil are not subject to the bidding procedures applicable to other purchases on the recommendation of the procurement agent and approval of the Council.~~

F. NOTHING IN SUBSECTION E SHALL PRECLUDE THE TOWN FROM SOLICITING BIDS OR PROPOSALS FOR THE PROCUREMENT LISTED IN SUBSECTION E IF THE PURCHASING AGENT OR COUNCIL DEEMS IT TO BE IN THE BEST INTEREST OF THE TOWN TO DO SO.

G. PROPOSED PURCHASES OF MULTIPLE ITEMS SHALL NOT BE SEGREGATED FOR THE PURPOSE OF AVOIDING THE REQUIREMENTS OF THIS SECTION.

~~**SECTION 3-4-3 EXCLUSIVE SERVICE**~~

~~IN THE EVENT THAT THERE IS ONLY ONE FIRM OR COMPANY OR INDIVIDUAL CAPABLE OF PROVIDING A PARTICULAR SERVICE OR COMMODITY AND SUCH SERVICES OR COMMODITIES CANNOT BE SECURED FROM OTHER PERSONS OR COMPANIES, SECTION 3-4-2 SHALL NOT BE APPLICABLE, AND SUCH SERVICES OR COMMODITIES CAN BE SECURED WITHOUT BIDDING.~~ [

SECTION 3-4-3 AWARD BY COUNCIL

NO CONTRACT OF $8,000 OR MORE SHALL BE LET EXCEPT BY THE COUNCIL. WHENEVER ANY CONTEMPLATED PURCHASE OR COMMODITIES OR CONTRACT FOR SERVICES IS FOR THE SUM OF $8,000 OR MORE, THE PURCHASING AGENT SHALL PRESENT THE BIDS TO THE COUNCIL FOR APPROVAL, AND ADVISE THE COUNCIL OF THE ADVANTAGES OR DISADVANTAGES OF THE CONTRACT AND BID.

Section 3-4-4 Bidding

A. The procurement agent and all parties contracting with the town shall follow the procedure set forth in this section in relation to all bids required under Section 3-4-2. All notices and solicitation of bids shall state the time and place for opening.

B. All bids shall be submitted sealed to the procurement agent and shall be identified as bids on the envelope.

C. All bids shall be opened in public at the time and place stated in the public notice.

D. A tabulation of all bids received shall be posted in the Town Hall for public inspection.

E. The procurement agent or the Common Council, as appropriate, shall have the authority to reject any and all bids and parts of all bids and re-advertise or re-solicit bids.

Section 3-4-5 Determination of Lowest Responsible Bidder

Unless the Common Council or procurement agent exercises the right of rejection, the purchase or contract shall be made from and with the lowest responsible bidder for the entire purchase or contract or for any part thereof. In determining the lowest responsible bidder, the Common Council and/or the procurement agent shall consider:

A. The ability, capacity and skill of the bidder to perform the contract or provide the service required.

B. Whether the bidder can perform the contract or provide the services promptly or within the specified time, without delay or interference.

C. The quality of performance of previous contracts.

D. The previous and existing compliance by the bidder with procurement requirements and laws and ordinances of the town.

E. The financial resources and ability of the bidder to perform the contract.

F. The quality, availability and adaptability of the supplies or services.

Section 3-4-6 Performance Bond

The procurement agent shall have the authority to require a performance bond, in cash or otherwise, for such amount as he may deem sufficient to secure the execution of the contract for the best interest of the town.

~~**Section 3-4-7 Emergency Purchases**~~

~~In case of an emergency which requires immediate purchases of supplies or services and when time is of the essence, the Town Manager shall be empowered to authorize the procurement agent with the Common Council at a regular meeting not more than thirty (30) days following the procurement.~~

Section 3-4-~~87~~ Forms

The procurement agent shall prescribe and maintain such forms as he shall find necessary for the operation of the provisions of this article.

~~**Section 3-4-9 Professional Services**~~

~~Unless required by the council, the bidding and other requirements of this article shall not apply to professional services. Such services shall include, but not be limited to, the following: physicians, attorneys, engineers and similar professions.~~

~~**Section 3-4-10 Cooperative Purchasing**~~

~~This article shall not apply to purchases made by, through or with the State of Arizona or its political subdivisions. The town may make purchase or award contracts for services without a formal bidding process whenever other governmental units have done so for the same item or service if, in the opinion of the procurement agent, a separate bidding process is not likely to result in a lower price for such items or service.~~

SECTION 3-4-8 CHANGE ORDERS

A. CHANGE ORDERS, INCLUDING CHANGE ORDERS FOR CONSTRUCTION PROJECTS, THAT DO NOT INCREASE THE CONTRACT AMOUNT MAY BE APPROVED AND EXECUTED BY THE PROCUREMENT AGENT.

B. CHANGE ORDERS, INCLUDING CHANGE ORDERS FOR CONSTRUCTION PROJECTS, THAT INCREASE THE CONTRACT AMOUNT MAY BE APPROVED AND EXECUTED BY THE PROCUREMENT AGENT IF THE TOTAL OF ALL CHANGE ORDERS FOR THE CONTRACT DOES NOT EXCEED THE LESSER OF TEN PERCENT OF THE ORIGINAL CONTRACT AMOUNT OR $8,000.00.

SECTION 3-4-9 UNAUTHORIZED PURCHASES

NO TOWN EMPLOYEE SHALL ORDER THE PURCHASE OF SUPPLIES OR SERVICES OR MAKE CONTRACTS ON BEHALF OF THE TOWN OTHER THAN THROUGH THE PROCEDURES SET FORTH IN THIS ARTICLE AND THE TOWN SHALL NOT BE BOUND HEREBY; PROVIDED THAT EXCEPTIONS MAY BE MADE FOR EMERGENCY TRAVEL.

ARTICLE 3-5 OFFICE OF ZONING ADMINISTRATOR

Section 3-5-2 Appointment of ZONING Administrator

The zoning administrator shall be appointed by the TOWN MANAGER WITH THE CONCURRENCE OF THE Council. THE ZONING ADMINISTRATOR ~~and~~ may be the town manager, town clerk or any other individual appointed by the Council, which the Council finds to be qualified to hold said position.

Section ~~3-5-2~~ 3-5-3 DUTIES OF ~~Appointment of~~ ZONING Administrator

It shall also be the duty of the zoning administrator to make recommendations to the planning and zoning commission as to zoning changes that are necessary in the town, and, upon the filing of an application with the zoning commission for a change of zoning, the zoning administrator shall ~~hold a hearing after giving the same notice that it requires for a regular planning and zoning commission meeting prior to making said recommendations. After holding a public hearing, the zoning administrator shall~~ make his recommendations, in writing, REGARDING THE APPLICATION, citing the facts upon which he relies in making his decisions. THE ZONING ADMINISTRATOR ~~and~~ shall submit his recommendations to the planning and zoning commission prior to the planning and zoning commission ~~holding any~~ hearings which deal with the rezoning of any parcel of property within the town.

TOWN OF QUARTZSITE

REGULAR COUNCIL MEETING
Tuesday, June 24, 2014

Agenda Item #6	Presentation from Town Attorney regarding recall petition and election procedures and requirements.
Summary:	There have been questions and concerns regarding procedures and requirements of the upcoming elections and recall petitions; this information is being presented in response to those questions and concerns.
Responsible Person:	Town Attorney
Attachments:	Summary of Recall Election Procedures
Action Requested:	**None**

Summary of Recall Election Procedures

This is intended to be an analysis of the consequences of a successful mayoral recall petition.*Any recall committee, nominating committee, official subject to recall, or individual considering seeking position of mayor in a recall election should seek independent legal advice.*

1. Petition to Recall an Elected Official

An elected official may be recalled from office in Arizona. (Arizona Constitution, Art. VIII) State law establishes the process. The first step is a petition to recall the elected official. (A.R.S. § 19-201, et seq.)

- The number of signatures to recall Quartzsite's mayor is 25% of the number of voters who cast votes for the office of mayor in the last general election at which the mayor was elected.
- Only Quartzsite qualified electors may sign the petition.
- A recall petition may be circulated for a period of 120 days.
- We understand that the deadline for the petition is July 11, 2014.

2. Certification of Recall

- After gathering signatures, the recall petition will be submitted to the Town Clerk.
- The Town Clerk has up to ten days to review the petition and ascertain that there are sufficient numbers of signatures. A.R.S. § 19-208.01.
- The petition is then sent to the County Recorder for further verification. The County Recorder has up to 60 days to review the petition and send it back to the Town Clerk.(A.R.S § 19-208.02)
- The Town Clerk has five business days to determine that the number of signatures is sufficient and shall notify the mayor that the recall shall be placed on the ballot in the manner provided by law.(A.R.S. § 19-208.03)

3. Recall Process

If a successful recall petition is filed, the elected official will be given notice.

- If the elected official resigns within 5 business days from the notification to the mayor, there will be not a recall election. The empty position will be filled in the manner any other vacancy on the council is filled.
- If the elected official does not resign, the recall election must be called within fifteen days from the deadline for resignation. The election is called by the council.(A.R.S. 19-209(B)(3))

- The official being recalled may make a written statement of no more than 200 words to defend the conduct and position. This statement shall be included on the ballot. (A.R.S. § 19-207)

4. Timing of Recall Election

- A recall must be certified as complete 90 days before the November General Election to make it on that ballot.
- The certification process can take up to 100 days after the petition is turned in.
- The pending recall petition will likely not be brought before voters until March 2015 in a special election.

5. Recall Candidates

- The official subject to recall is one of the candidates on the ballot if he chooses not to resign. This person does not need to be nominated.
- Other candidates must be nominated.
- Process for nomination is:
    1) Form candidate committee (A.R.S. § 16-901)
    2) Circulate nomination petition- signatures required to get on ballot are equal to at least 2% of the total number of votes cast for that office in the last general election. (A.R.S. § 19-212(A))
    3) Any qualified elector of Quartzsite may run for the office being recalled
    4) Any qualified elector of Quartzsite may sign the nominating petition
    5) The deadline to submit recall nomination petitions is not more than 90 days and no less than 60 days prior to the date of the special recall election. (A.R.S. § 19-212(F))
    6) A Nomination Paper and Financial Disclosure Statement must be filed at the same time as the candidate's petitions. (A.R.S. §§ 16-311 & 38-543)

6. Resign to run

- In the event that any current member of the Town Council seeks to be elected as mayor in a recall election, the member must resign his or her Council position to run *unless* the council member is in his or her last year in office.
- If the recall election is scheduled for November 2014 and the Council member's term expires in 2014, the council member does not have to resign.
- If the recall election is held in March 2015, any member of Council seeking the position of mayor will be required to resign their Council seat to run because no council members will be in their last term of office.

7. **Outcome**

- The voters choose among all candidates on the ballot for the recalled office. It takes a plurality of the votes to be elected.
- If the official subject to the recall receives the most votes, that person is not recalled from office.
- If a recall candidate receives the most votes, that person replaces the recalled official.

Any recall committee, nominating committee, official subject to recall, or individual considering seeking position of mayor in a recall election should seek independent legal advice.

TOWN OF QUARTZSITE

REGULAR COUNCIL MEETING
Tuesday, June 24, 2014

Agenda Item #7 Consider approval of a bid for the S. Scott Lane sewer line extension project to Tri-Suns Engineering, Inc.

Summary: The Town's wastewater treatment plant (WWTP) renovation and expansion project involves several phases. The first phase involves the waterline and manhole protection project, to 1) provide a continuous potable water source to the plant and 2) to provide armoring for the manholes to insure that in a large storm event the integrity of the manholes and the plant itself is not damaged. Also included are the South Scott Lane sewer line extensions.

Scott Lane is proposed for resurfacing in FY 14-15. Properties on Scott Lane are currently on septic systems in various late stages of performance life. Some systems are non-functional.

At the recommendation of the Town Engineer, a notice to bidders was advertised. Two companies have submitted bid packets and were opened publicly on Thursday, June 19, 2014. Submitted bid documents are currently being reviewed by the Town Engineer.

Funding for this project is from state and federal grant and loan proceeds designated for the WWTP project. Available funds are not subject to current litigation.

Responsible Person: Sklyor Miller, Town Manager

Attachment: None

Action Requested: **Discussion and Direction for ... South Scott Lane sewer line extensions**

TOWN OF QUARTZSITE

REGULAR COUNCIL MEETING
Tuesday, June 24, 2014

Agenda Item #8 Discussion and possible action to terminate the Power Purchase Agreement for solar energy with SunEdison Origination1, LLC; discussion of alternate solar energy options.

Summary: The Town of Quartzsite entered into an agreement with SunEdison Origination1, LLC for the construction of a 3rd party owned solar energy array on Town property from which the Town would purchase the energy generated.

To date, no substantial commencement of work has occurred. The Provider has failed to meet the Construction Commencement Deadline, as provided in Section 4 (d) of the Agreement.

Responsible Person: Skylor Miller, Town Manager

Attachment: None

Action Requested: **Direction to Town Staff and Possible Motion to Terminate the Power Purchase Agreement between the Town of Quartzsite and SunEdison Origination1, LLC.**