

AGENDA



4:30 P.M.

CITY COUNCIL MEETING

REVISED

TUESDAY, JANUARY 24, 2023

NOTES:

- Public Forum:
Comments are generally limited to 3 minutes.
- Consent Items:
Items listed under Consent Items have been distributed to Council Members in advance for study and will be enacted by one motion. Any member of the Council, staff or the public may remove an item from the Consent Items for discussion. For additional information on pulling a Consent Item, please contact the City Clerk's Office staff, preferably in advance of the Call to Order. Items removed from the Consent Items may be acted upon before proceeding to the next agenda item.
- Meeting room is wheelchair accessible. American Disabilities Act (ADA) accommodations are available upon request. Please phone 928-282-3113 at least two (2) business days in advance.
- City Council Meeting Agenda Packets are available on the City's website at:

www.SedonaAZ.gov

THE MEETING CAN BE VIEWED LIVE ON THE CITY'S WEBSITE AT WWW.SEDONAAZ.GOV OR ON CABLE CHANNEL 4.

GUIDELINES FOR PUBLIC COMMENT

PURPOSE:

- To allow the public to provide input to the City Council on a particular subject scheduled on the agenda.
- This is not a question/answer session.
- No disruptive behavior or profane language will be allowed.

PROCEDURES:

- Fill out a "Comment Card" and deliver it to the City Clerk.
- When recognized, use the podium/microphone.
- State your:
 1. Name and
 2. City of Residence
- Limit comments to **3 MINUTES.**
- Submit written comments to the City Clerk.

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE/MOMENT OF SILENCE/ROLL CALL

2. CITY'S VISION

3. CONSENT ITEMS - APPROVE

LINK TO DOCUMENT =

- a. Minutes - January 10, 2023 City Council Regular Meeting.
- b. Minutes - January 11, 2023 City Council Special Meeting.
- c. AB 2916 Approval of a Resolution approving the form of the federally taxable lease purchase agreement with Zions Bancorporation, N.A., Salt Lake City, Utah and authorizing the execution and delivery thereof.

4. APPOINTMENTS - None.

5. SUMMARY OF CURRENT EVENTS BY MAYOR/COUNCILORS/CITY MANAGER

6. PUBLIC FORUM (This is the time for the public to comment on matters not listed on the agenda. The City Council may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01(H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism, or scheduling the matter for further consideration and decision at a later date.)

7. PROCLAMATIONS, RECOGNITIONS & AWARDS - None.

8. REGULAR BUSINESS

- a. AB 2912 **Public hearing/discussion/possible action** regarding potential project for Community Development Block Grant (CDBG) funding and approval of a Resolution authorizing the submission of a grant application for CDBG funds.
- b. AB 2861 **Discussion/possible direction** regarding City Council's State Legislative priorities.
- c. AB 2906 **Discussion/possible action** regarding amending the Historic Preservation Commission Handbook, reducing the number of members of the City's Historic Preservation Commission from 7 to 5 members.
- d. AB 2901 **Discussion/possible action** regarding the proposal of a new program to assist homeowners in voluntarily placing deed restrictions on their own property, with requiring owner-occupancy or disallowing short-term rentals.
- e. AB 2900 **Discussion/possible action** regarding updates to the Down-Payment Assistance Programs.
- f. AB 2917 **Discussion/possible action** regarding the request by the Sedona Chamber of Commerce and Tourism Bureau (SCC&TB) to use FY 23 contract contingency funds in the approximate amount of \$225,000 to resume a targeted destination branding/marketing effort.
- g. **Reports/discussion** regarding Council assignments.
- h. **Discussion** regarding ideas for future meeting/agenda items.

CITY COUNCIL CHAMBERS
102 ROADRUNNER DRIVE, SEDONA, AZ

The mission of the City of Sedona government is to provide exemplary municipal services that are consistent with our values, history, culture and unique beauty.



Page 2, City Council Meeting Agenda Continued

9. EXECUTIVE SESSION

If an Executive Session is necessary, it will be held in the Vultee Conference Room at 106 Roadrunner Drive. Upon a public majority vote of the members constituting a quorum, the Council may hold an Executive Session that is not open to the public for the following purposes:

- a. To consult with legal counsel for advice on matters listed on this agenda per A.R.S. § 38-431.03(A)(3).
- b. Return to open session. Discussion/possible action on executive session items.

10. ADJOURNMENT

Posted: 01/19/2023

By: DJ

JoAnne Cook, CMC,
City Clerk

Note: Pursuant to A.R.S. § 38-431.02 notice is hereby given to the members of the City Council and to the general public that the Council will hold the above open meeting. Members of the City Council will attend either in person or by telephone, video, or internet communications. The Council may vote to go into executive session on any agenda item, pursuant to A.R.S. § 38-431.03(A)(3) and (4) for discussion and consultation for legal advice with the City Attorney. Because various other commissions, committees and/or boards may speak at Council meetings, notice is also given that four or more members of these other City commissions, boards, or committees may be in attendance.

A copy of the packet with materials relating to the agenda items is typically available for review by the public in the Clerk's office after 1:00 p.m. the Thursday prior to the Council meeting and on the City's website at www.SedonaAZ.gov. The Council Chambers is accessible to people with disabilities, in compliance with the Federal 504 and ADA laws. Those with needs for special typeface print, may request these at the Clerk's Office. All requests should be made **forty-eight hours** prior to the meeting.

CITY COUNCIL CHAMBERS
102 ROADRUNNER DRIVE, SEDONA, AZ

The mission of the City of Sedona government is to provide exemplary municipal services that are consistent with our values, history, culture and unique beauty.

Action Minutes
Regular City Council Meeting
City Council Chambers, Sedona City Hall,
102 Roadrunner Drive, Sedona, Arizona
Tuesday, January 10, 2023, 4:30 p.m.

1. Call to Order/Pledge of Allegiance/Moment of Silence/Roll Call

Mayor Jablow called the meeting to order at 4:30 p.m.

Council Present: Mayor Scott Jablow, Vice Mayor Holli Ploog, Councilor Melissa Dunn, Councilor Brian Fultz, Councilor Pete Furman, Councilor Kathy Kinsella, and Councilor Jessica Williamson.

Staff Present: City Manager Karen Osburn, Deputy City Manager Joanne Keene, Assistant City Manager/Director of Public Works Andy Dickey, City Attorney Kurt Christianson, Police Chief Foley, Transit Administrator Robert Weber, Arts Coordinator Nancy Lattanzi, Sustainability Manager Alicia Peck, Assistant City Attorney Roger Tarbutton, Parks and Recreation Manager Dawn Norman, Aquatic and Recreation Supervisor Josh Frewin, and City Clerk JoAnne Cook.

2. City's Vision/Moment of Art

The City's Vision Statement was played.

Nancy Lattanzi stated the new art exhibit at City Hall features artists Stephanie Brand and Cannon Winkler. She said there will be an art reception at City Hall on March 2, 2023 from 4:00 p.m. – 6:00 p.m. in Council Chambers. Musician Damiyr will be performing.

Nancy Lattanzi introduced musician Damiyr. He performed two songs, *Kingdom Come* and *My Prayer*. Damiyr has performed on America's Got Talent, Celebrity Undercover Boss, Uproxx: Uncharted, Hot 97 featured by Wu Tang (People Say), The Big Quiet and on YouTube.

3. Consent Items

a. Minutes - December 13, 2022 City Council Special Meeting-Executive Session.

b. Minutes - December 13, 2022 City Council Regular Meeting.

Motion: Vice Mayor Ploog moved to approve consent items 3a and 3b. Seconded by Councilor Kinsella. Vote: Motion passed with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Furman, Kinsella, Williamson) and zero (0) opposed).

4. Appointments - None.

5. Summary of Current Events by Mayor/Councilors/City Manager

Vice Mayor Ploog advised she and the Mayor went to the inauguration of our state-wide elected officials and had an opportunity to speak with lobbyists and Verde Valley and state officials.

Councilor Kinsella advised the City's first Winter Play Day will be January 14, 11:00 a.m. – 4:00 p.m., at the Posse Grounds Park.

Vice Mayor Ploog stated the Grasshopper Youth Basketball games begin Saturday, January 14, and are held at the West Sedona School Gym on Saturdays through February; the B.E.S.T. Sports for Kids - The Beginners Edge Sports Training Program are weekend youth sports clinics for youth ages 16 months up to 10 years old; StoryTime in the Park is temporarily being held at the Sedona Public Library through the month of January; Wednesdays, 10:00 a.m. and are free. Parks and Recreation Pickleball Organized Play (POP) takes place on Mondays, Tuesdays, Thursdays, Fridays, and Sundays. Yappy Hour is on Thursdays, 9:00 a.m.-10:00 a.m. at Posse

Grounds Park at the temporary location on the Lower Softball Field. Open Gym is Tuesdays and Thursdays, 7:00 p.m.-9:00 p.m. at the West Sedona School Gym. Private tennis lessons are offered on Mondays or Wednesdays at Posse Grounds Park Tennis Courts. Councilor Williamson encouraged all to view the quilt exhibit at the Sedona Library.

6. Public Forum

Opened to public at 4:51 p.m.

John Martinez, Sedona, said the Verde Valley Sinfonietta will have a concert on Sunday, January 15th. He said they are conducting auditions for a new director; he encouraged all to support the VV Sinfonietta and to attend performances at the Sedona Performing Arts Center.

Brought back to Council at 4:53 p.m.

7. Proclamations, Recognitions & Awards – None.

8. Regular Business

a. AB 2903 Presentation/discussion regarding the Annual Audit findings and Annual Comprehensive Financial Report (ACFR) for the City of Sedona for Fiscal Year 2021-22.

Presentation by Cherie White, Sandy Cronstrom, and Richard Gillespie of CliftonLarsonAllen LLP.

b. AB 2908 Presentation/discussion and update from Tread Lightly! Executive Director, Matt Caldwell, on the accomplishments and educational outreach done by Tread Lightly! and the Red Rock OHV Conservation Crew (RROCC) to help mitigate the impacts of OHVs within the greater Sedona area.

Presentation by Matt Caldwell.

Questions and comments from Council.

Opened to the public at 6:35 p.m.

Rob Adams, Sedona, spoke for the Broken Arrow residents. He believes there needs to be more focus from RROCC on mitigation and prevention, not only restoration efforts. He said more needs to be done from manufacturers to mitigate noise, speed, and from the vehicles and implement a GPS tracking device.

Mary Leas, Casner Mountain Estates, spoke in favor of the education and work done by RROCC and its members and volunteers.

Brian Lutz, Sedona, member of RROCC spoke about the efforts and work being done and believes there is a lot of positive progress being made.

Deanna Bindley, Yavapai County, thanked RROCC for fixing the doughnut hole. She urged all to remain focused and to make prevention a priority.

Becki Ross, Yavapai County, spoke regarding the residents and business owners impacted by the degradation of the roads.

Brought back to Council at 6:51 p.m.

Questions and comments from Council.

For presentation and discussion only.

Break at 7:06. Reconvened at 7:30 p.m.

- c. **AB 2909 Presentation/discussion from Sedona Red Rock High School Students regarding their Civic Action Projects.**

This item was cancelled due to student's availability to attend the meeting.

- d. **AB 2898 Discussion/possible action to approve the site selection for the permanent Sedona Loop Disc Golf Course at Posse Grounds Park.**

Presentation by Dawn Norman, Josh Frewin, and Andy Dickey.

Questions and comments from Council.

Opened to the public at 8:07 p.m.

The following spoke in favor of the disc golf course: Shane Byrum, Sedona, Daren Alsup, Cottonwood, and Richard Copeland, Sedona, and Todd Shannon, Village of Oak Creek.

Brought back to Council at 8:18 p.m.

Motion: Councilor Williamson moved approve the proposed site location for the permanent Sedona Loop Disc Golf Course at Posse Grounds Park. Seconded by Councilor Dunn. Vote: Motion passed with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Furman, Kinsella, Williamson) and zero (0) opposed).

- e. **AB 2910 1) Discussion/possible action regarding authorization to purchase three (3) Microtransit Vehicles for an amount not to exceed \$624,546 from Creative Bus Sales through the Arizona State Cooperative Purchasing Contract, and 2) approve an additional \$416,364 for the purchase of two (2) additional Microtransit vehicles partially funded by the FTA 5339 Grant award.**

Presentation by Robert Weber and Cherie White.

Comments and questions from Council.

Opened to the public at 9:19 p.m.

Brought back to Council at 9:23 p.m.

Motion: Councilor Williamson moved to 1) Authorize the purchase of three (3) Microtransit Vehicles in an amount not to exceed \$624,546 from Creative Bus Sales through the Arizona State Cooperative Purchasing Contract. Seconded by Councilor Dunn. Vote: Motion carried unanimously with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Furman, Kinsella, Williamson) and zero (0) opposed).

Motion: Councilor Williamson moved to 2) Approve acceptance and expenditure of the FTA 5339 Grant award of \$202,165 and approve an additional \$214,199 as the city's local share for the purchase of two (2) additional Microtransit vehicles. Seconded by Councilor Dunn. Vote: Motion carried unanimously with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Furman, Kinsella, Williamson) and zero (0) opposed).

- f. **AB 2911 Discussion/possible action regarding the reconsideration of an installation of synthetic K-9 grass as a pilot project in a portion of the Sedona Dog Park.**

Presentation by Councilors Kinsella and Ploog, and Karen Osburn.

Comments and questions from Council.

Motion: Councilor Kinsella moved to approve the reconsideration of previous action to approve a non-grass surface at the dog park. Seconded by Vice Mayor Ploog. Vote:

Motion carried with six (6) in favor (Jablow, Ploog, Dunn, Fultz, Furman, Kinsella) and one (1) opposed. Councilor Williamson opposed.

Opened to the public at 9:55 p.m.

Jim Gale, Sedona, spoke against a grass option at the dog park.

The following spoke in favor of grass at the dog park and thanked staff for suggesting other considerations and said they do not expect athletic field quality at the park. Sue Shannon, Sedona, and Cindy Forsythe, and Carol Rizzi, Sedona.

Brought back to Council at 10:04 p.m.

Motion: Councilor Kinsella moved to authorize the opening of Dog Park with a temporary composite surface as we move toward a grass surface with the caveats that; 1) there be a net decrease in city water usage, 2) that Yappy Hour on the ballfield continue until grass is installed at the ballpark, 3) if there are any other surface changes or notable maintenance concerns to consider that those would come back to Council. Seconded by Vice Mayor Ploog. Vote: Motion failed with three (3) in favor (Jablow, Ploog, Kinsella) and four (4) opposed (Dunn, Furman, Fultz, Williamson) opposed.

Motion: Councilor Kinsella moved to authorize the opening of Dog Park with a temporary composite surface as we move toward a grass surface for the expanded portion, with the caveat that: 1) there be a 20% decrease in city water usage, 2) that Yappy Hour on the ballfield continue until grass is installed at the ballpark , 3) if there are any other surface changes or notable maintenance issues, that those would come back to Council. Seconded by Councilor Furman.

Councilor Kinsella amended the motion to include 1) there be a 20% decrease in the City's recreational water use. Councilor Furman accepted the modification as amended.

Vote: Motion passed with six (6) in favor (Jablow, Ploog, Dunn, Fultz, Furman, Ploog) and (1) opposed (Williamson).

g. Reports/discussion regarding Council assignments

Mayor and Councilors met with state legislators on Dec 6th to address local concerns. Mayor Jablow met with Representative Winn who did not attend the meeting with Council. Vice Mayor Ploog stated there will be multiple bills resubmitted during the legislative sessions. Mayor Jablow attended the Mayor and City Mangers Meeting on Dec 29th and he said there is interest in the formation of an Intergovernmental Group Meetings on a regular basis. On January 4th the Mayor met with local gallery owners regarding loss of business.

h. Discussion regarding ideas for future meeting/agenda items

Mayor Jablow advised there will be a meeting tomorrow, at 1:00 p.m. at the Courtyard Marriott.

9. Executive Session

Upon a public majority vote of the members constituting a quorum, the Council may hold an Executive Session that is not open to the public for the following purposes:

- a. To consult with legal counsel for advice on matters listed on this agenda per A.R.S. § 38-431.03(A)(3).**
- b. Return to open session. Discussion/possible action on executive session items.**

No Executive Session was held.

10. Adjournment

Mayor Jablow adjourned the meeting at 10:48 p.m. without objection.

I certify that the above are the true and correct actions of the Regular City Council Meeting held on January 10, 2023.

JoAnne Cook, CMC, City Clerk

Date

**Action Minutes
Special City Council Meeting
Courtyard by Marriott, Sedona Meeting Room
4105 West State Route 89A, Sedona, Arizona
Wednesday, January 11, 2023, 1:00 p.m.**

1. Call to Order

Mayor Jablow called the meeting to order at 1:04 p.m.

2. Roll Call

Roll Call: Mayor Scott Jablow, Vice Mayor Holli Ploog, Councilor Melissa Dunn, Councilor Brian Fultz, Councilor Pete Furman, Councilor Kathy Kinsella, Councilor Jessica Williamson.

Staff in attendance (in person): City Manager Karen Osburn, City Attorney Kurt Christianson, City Clerk JoAnne Cook, Deputy City Clerk Cherise Fullbright.

Staff in attendance (via Zoom): Public Relations Coordinator Kegn Moorcroft.

3. Special Business

- a. AB 2904 Presentation/discussion/possible direction as part of the annual joint planning meeting between the City of Sedona and the Chamber of Commerce and Tourism Bureau (SCC&TB) to include discussion of the future relationship between the two organizations and the preliminary consideration of FY24 contracted services and associated budgetary implications.**

The following SCC&TB Board of Directors members were present: Carol Kahn, Cheryl Barron, Jesse Alexander, Shlomo Danieli, Al Comello, Lonnie Lillie, Gary Glenn, Mike Wise, Gary Stewart, Dr. Beth DuPree, Mackenzie Rodgers, and Board Chair Jennifer Perry.

Presentation by SCC&TB President/CEO Michelle Conway, SCC&TB Board Members, Karen Osburn, and Kurt Christianson.

Break at 2:47 p.m. Reconvened at 3:01 p.m.

Questions and comment from Council.

Break at 4:23 p.m. Reconvened at 4:34 p.m.

Additional questions and comment from Council.

Opened to the public at 4:35 p.m.

The following spoke regarding this item: Pete Sanders, Sedona, Donna Joy Varney, Sedona, William Spring, Sedona, Ann Kelley, Sedona, Bob Pifke, Sedona.

Brought back to Council at 4:50 p.m.

Additional questions and comments from Council.

By majority consensus, Council agreed to the following:

- **The Visitor Center and tax revenue collected should be used for all businesses, not Chamber Member businesses only;**

- SCC&TB creating a ‘Member Agnostic’ structure on the Tourism Bureau side;
- SCC&TB exploring a separation between the Chamber of Commerce and the Tourism Bureau;
- SCC&TB funding for Destination Management should model a ‘fee for service’ structure through the Tourism Bureau for FY24;
- SCC&TB identify solutions concerning how to better account for ‘Dual Tools’ between the Chamber and Tourism Bureau as part of next year’s program of work;
- SCC&TB, specifically the Tourism Bureau, contracting with the City for services in FY 24 but may also have other clients.

4. Executive Session

Upon a public majority vote of the members constituting a quorum, the Council may hold an Executive Session that is not open to the public for the following purposes:

- a. To consult with legal counsel for advice on matters listed on this agenda per A.R.S. § 38-431.03(A)(3).
- b. Return to open session. Discussion/possible action on executive session items.

None.

5. Adjournment

Mayor Jablow adjourned the meeting at 6:05 p.m.

I certify that the above are the true and correct actions of the Special City Council Meeting held on January 11, 2023.

Cherise Fullbright, Deputy City Clerk

Date



**CITY COUNCIL
AGENDA BILL**

**AB 2916
January 24, 2023
Consent Items**

Agenda Item: 3c
Proposed Action & Subject: Approval of a Resolution approving the form of the federally taxable lease purchase agreement with Zions Bancorporation, N.A., Salt Lake City, Utah and authorizing the execution and delivery thereof.

Department	Financial Services
Time to Present	N/A
Total Time for Item	
Other Council Meetings	December 14, 2021; January 10, 2023
Exhibits	A. Resolution B. Quote – Zions Bancorporation, N.A. C. Federally Taxable Lease Purchase Agreement D. Escrow Agreement

City Attorney Approval	Reviewed 1/17/23 KWC	Expenditure Required
		\$ Ranges from \$141,288.00 to \$149,748.91 (FY 2024 – FY 2028 annual lease purchase payments)
City Manager's Recommendation	Approve a Resolution approving the form of the federally taxable lease purchase agreement with Zions Bancorporation, and authorizing the execution and delivery thereof.	Amount Budgeted
		\$ (Lease purchase payments to begin in FY 2024)
		Account No. (Description) N/A
		Finance Approval <input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: At the December 14, 2021 Council meeting, Council approved a Resolution for the lease purchase of three (3) microtransit vehicles through Zions Bancorporation, N.A. On December 16, 2021, the City placed the vehicle order; however, in August of 2022, the order was cancelled due to supply chain issues beyond the City and vendor's control. Additionally, 2022 chassis(s) on all models of transit vehicles in that class had sold out, and manufacturers were required to reconfigure their 2023 product lines to meet recently reimposed FTA Buy America requirements. In mid-December of 2022, the supply chain and reconfiguration issues were resolved. At the January 10, 2023 Council meeting, Council approved the purchase of three (3) microtransit vehicles in the amount of \$624,546.00;

however, the Financial Services Department was in the process of obtaining debt financing quotations so debt financing approval was to be obtained at a later date.

Lease Purchase Information: The City solicited quotations from five (5) banks offering lease purchase financing to local governments. Four (4) banks responded to the solicitation, with Zions Bancorporation, N.A. providing the lowest quotation. The lease purchase financing quotation is attached hereto as Exhibit B and includes the following terms:

- Five (5) year term commencing on February 2, 2023
- Annual payments ranging from \$141,288.00 to \$149,748.91
- Payments in arrears (at the end of each year instead of the beginning)
- Interest rate of 5.37%
- No prepayment penalty

Lease purchase payments would begin in FY 2024 and be paid from the Public Transit Fund.

Please note: A lease purchase agreement is a debt financing arrangement for the purchase and acquisition of the vehicles. This is not a leasing arrangement in which vehicles are turned back into the vendor at the end of the lease or per mile charges assessed. The City will own the vehicles with clear title at the end of the lease purchase term.

Climate Action Plan/Sustainability Consistent: Yes - No - Not Applicable

The city's Climate Action Plan (CAP) sites the second largest source of CO₂ emissions in Sedona is from the use of fossil fuels in vehicles and other motorized equipment. A mode shift to public transit reduces the number of passenger vehicle miles traveled, which results in the displacement of CO₂ emissions. One of the specific CAP strategies is to improve and increase transit ridership. Related strategies include a sustained commitment for a transition to electric and other low-carbon fuels and a shift to alternative modes of transportation such as ride sharing, public transit, biking, and walking. While there are electric vehicles currently available under the state contract, it was determined by the Transit Administrator and the Sustainability Manager that the range of these vehicles prevented them from being a viable option for this program at this time.

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s):

MOTION

I move to: approve Resolution No. 2022-____, approving the form of the federally taxable lease purchase agreement with Zions Bancorporation, N.A., Salt Lake City, Utah and authorizing the execution and delivery thereof.

RESOLUTION NO. 2023-____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SEDONA, ARIZONA, APPROVING A LEASE PURCHASE AGREEMENT WITH ZIONS BANCORPORATION, N.A., FOR FUNDS TO BE USED BY THE CITY TO LEASE/PURCHASE MICROTRANSIT BUSES; AND PROVIDING AUTHORIZATION FOR THE MAYOR TO EXECUTE AND DELIVER SAID AGREEMENT.

WHEREAS, the City of Sedona (“City”) has determined that the leasing of the microtransit buses as described in the Lease Purchase Agreement is for a valid public purpose and is essential to the operations of the City; and

WHEREAS, the City Council has reviewed the form of the Lease Purchase Agreement and has found the terms and conditions thereof acceptable; and

WHEREAS, the City has taken the necessary steps to comply with legal bidding requirements to arrange for the leasing of such property.

NOW THEREFORE, BE IT RESOLVED BY THE MAYOR AND THE COUNCIL OF THE CITY OF SEDONA, ARIZONA AS FOLLOWS:

SECTION 1. That it is deemed in the best interest of the City of Sedona and the citizens thereof that the Lease Purchase Agreement for leasing/purchasing of microtransit buses be entered into, which agreement is now on file in the office of the City Clerk.

SECTION 2. That Mayor or designee is authorized to execute and deliver said Lease Purchase Agreement in substantially the form presented on behalf of the City. That City officers are authorized to may make such changes to the Lease Purchase Agreement and related documents and certificates as such officers deem necessary and to fulfill all obligations under the terms of the Lease Purchase Agreement.

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona, Arizona this 24th day of January, 2023.

Scott M. Jablow, Mayor

ATTEST:

JoAnne Cook, CMC, City Clerk

APPROVED AS TO FORM:

Kurt W. Christianson, City Attorney



ADOA

Solicitation #: BPM003324 / Contract #: CTR054848

FY 2023

Preparer: Jeff Pilon

Base Model

Promaster 3500 Cutaway GVWR 9,350 3.6L V-6

Base Model Price: \$ 176,269

Chassis Options: \$ 4,481

Options: \$ 5,490

CBS Published Options: \$ 5,882

CBS Unpublished Options: \$ 15,810

County Delivery Cost: Coconino \$ 250.00



Vehicle Length	Lift Position	WC Positions	Total # Passengers	CDL Required
23'	Front	2	14	No

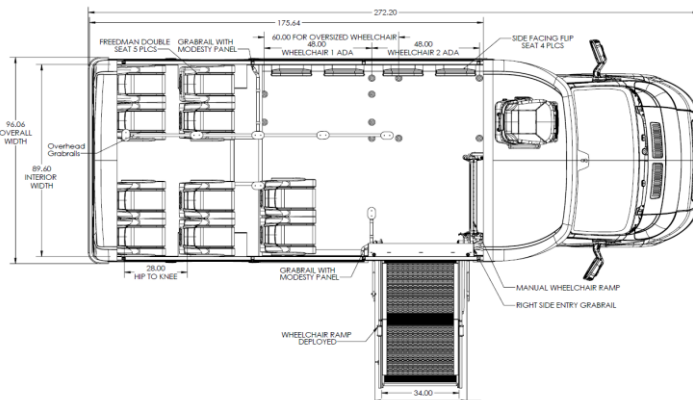
QTY Vehicles: 1 Total Contract Price: \$ 208,182

Per Vehicle Price: \$ 208,182

Customer Info

Customer:	City of Sedona
Address:	102 Roadrunner Dr. Sedona, AZ 86336
Contact:	Robert Weber
Office Phone:	928-203-5086
Mobile Phone:	
E-Mail:	RWeber@sedonaaz.gov

Floorplan



2023 PROMASTER 3500 CUTAWAY			Quantity	
VF3L34	GVWR 9350	3.6 Liter V-6	SEAT DELETE	1
FRONTRUNNER BASE PACKAGE				
FRONTRUNNER STANDARD BUS BASE CONVERSION PACKAGE			NEW-STD	
Frontrunner purpose-built low floor chassis and frame kit, composite body structure, Coosa composite subfloor, Altra Chroma Mineral floor covering, Structural adhesives, LED interior and exterior lighting including center-mount brake light, back-up alarm, 6.5" marine grade speakers, large deep tinted fixed touring-style windows, (2) rear egress windows per FMVSS, 10 gauge steel rear bumper – powder coated black, OEM driver's seat with lumbar support and arm rest, steel wheels with ABS bolt-on wheel covers painted chrome, heated and adjustable side view mirrors with integrated turn signals, roll stability control, automatic traction control, front-wheel drive.				
AIR SUSPENSION OPTIONS			Quantity	
Wabco Rear Air Suspension			NEW-ASA	1
BUS DOOR OPTIONS (SIDE ENTRANCE)			Quantity	
A&M Door System			NEW-ANM	1
RAMP OPTIONS			Quantity	
Manual Fold Out Ramp 34 x 60 W/ Retractable Latch			152-172-001C	1
TIE DOWNS & WHEEL CHAIR SECUREMENT OPTIONS			Quantity	
Q'straint Standard Slide-n-Click WITH Lap & Shoulder Belt			NEW-CLICKNSLIDE	1
Q'straint Additional Floor Pucks for Oversized Wheel Chair, Set			NEW-FLOORPUCKS	1
Q'straint Slide 'N Click Stowage Bracket (2 per WC)			NEW-QSTOWBRKT	1
Q Straint Storage Pouch			Q5-8522	1
SAFETY EQUIPMENT & OPTIONS			Quantity	
5lb Fire Extinguisher			466425K	1
Standard First Aid Kit			UX-116	1
Safety Triangle Kit			1005	1
6x9 Interior Mirror			152-185-006A	1
Decal, Priority Seating			152-711-105A	1
HEATING & AIR CONDITIONING OPTIONS			Quantity	
Valeo AC/Heat Combo Unit - Roof-mount			NEW-ACP	1
STAINLESS STEEL - UNPAINTED GRAB RAIL OPTIONS			Quantity	
Stainless Grab Rail - Left Side Entry Door (Universal for Ventura & A&M Door)			NEW-SSGLSED	1
Stainless Grab Rail - Right side Entry A&M Door			NEW-SSGRSA&M	1
Stainless Grab Rail - Curb Side Rear Step-Up			NEW-SSGCRSU	1
Stainless Grab Rail - Street Side Rear Step-Up			NEW-SSGSSRSU	1
Stainless Overhead Grab Rail - Front to Rear			NEW-SSGOH	1
MODESTY PANELS AND PADDING FOR GRABS			Quantity	
Modesty Panel - Left Side Entry Grab Rail			NEW-MODPANEL	1
Modesty Panel - Curb Side Rear Step-up Grab Rail			NEW-MODPANEL	1
Modesty Panel - Street Side Rear Step-up Grab Rail			NEW-MODPANEL	1
Freedman Go - ES Seating			Quantity	
2 Passenger Mid High Bench	Universal for SS or CS		NEW-42467	1
Freedman Seat Upgrades			Quantity	
Level 1 choice of color - (Add per person for both Bench & Wall seat)			LEVEL 1	2
Order Addendum - Additional Options/Requests			Quantity	

Chassis Options

Qty	Part #	Description	FY 2023 List Price	QTY Total
1	CHA-2	10 Ambulatory Passengers/2 WCs	\$ 4,481	\$ 4,481
			Subtotal Chassis Options:	\$ 4,481

Options

Qty	Part #	Description	FY 2023 List Price	QTY Total
1	NEW-29	Sportworks Springlok Interior Bike Rack (Set of 2)	\$ 4,468	\$ 4,468
5	NEW-31	U.S. Arm Rest	\$ 64	\$ 320
3	NEW-32	Black AV Grab Handle	\$ 64	\$ 192
10	NEW-36	Level 3 Upholstery (per seat)	\$ 51	\$ 510
			Subtotal Manufacturer Options:	\$ 5,490

CBS Published Options

Qty	Part #	Description	FY 2023 List Price	QTY Total
1	CBS-S-21	Detail	\$250.00	\$ 250
1	CBS-S-72	Graphics Package E- Levels 1-8 Custom	\$ 5,632	\$ 5,632
			Subtotal Manufacturer Options:	\$ 5,882

CBS Unpublished Options

Qty	Part #	Description	FY 2023 List Price	QTY Total
1	CBS-U-1	SEON - Custom 8 Camera (interior/exterior) w/ DVR	\$ 9,525.00	\$ 9,525
1	CBS-U-2	Hanover Front & Side Destination signs	\$ 6,285.00	\$ 6,285
			Subtotal CBS Unpublished Options:	\$ 15,810

FEDERALLY TAXABLE ARIZONA FIXED EQUIPMENT LEASE

Long Name of Entity: City of Sedona
Address: 102 Roadrunner Drive
City, State Zip: Sedona, AZ 86336
Attention: Heidi Weber
Public Finance Office: Procurement Officer
County: Yavapai
Amount: 624,546.00
Rate: 5.370
Maturity Date: February 1, 2028
First Pmt Date: February 1, 2024
Payment Dates: February 1
Auto Extend: 5
Governing Body: City Council
Resolution Date: January, 2023
Dated Date: February, 2023
Day: 2nd
State: **Arizona**

\$624,546.00
City of Sedona
FEDERALLY TAXABLE Lease Purchase Agreement

1. Lease/Purchases Agreement of the City of Sedona
2. Exhibit A. Calculation of Interest Component
3. Exhibit B. Description of Leased Property
4. Exhibit C. Resolution of Governing Body
5. Exhibit D. Opinion of Lessee's Counsel
6. Exhibit E. Security Documents
7. Exhibit F. Delivery and Acceptance Certificate
8. Exhibit G. Escrow Agreement
9. Wire Transfer Request

FEDERALLY TAXABLE LEASE/PURCHASE AGREEMENT

Dated as of February 2, 2023

by and between

ZIONS BANCORPORATION, N.A.,
as Lessor

and

CITY OF SEDONA,
as Lessee

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FEDERALLY TAXABLE LEASE/PURCHASE AGREEMENT

THIS FEDERALLY TAXABLE LEASE/PURCHASE AGREEMENT, dated as of February 2, 2023, by and between Zions Bancorporation, N.A., a national banking association duly organized and existing under the laws of the United States of America, as lessor (the “Bank” or “Lessor”), and City of Sedona (the “Lessee”), a public agency of the State of Arizona (the “State”), duly organized and existing under the Constitution and laws of the State, as lessee.

W I T N E S S E T H:

WHEREAS, the Lessee desires to finance the acquisition of the equipment and/or other personal property described as the “Leased Property” in Exhibit B (the “Leased Property”) on a federally taxable basis by entering into this Lease/Purchase Agreement with the Bank (the “Lease”); and

WHEREAS, the Bank agrees to lease the Leased Property to the Lessee upon the terms and conditions set forth in this Lease, with rental to be paid by the Lessee equal to the Lease Payments hereunder; and

WHEREAS, it is the intent of the parties that the original term of this Lease, and any subsequent renewal terms, shall not exceed 12 months, and that the payment obligation of the Lessee shall not constitute a general obligation under State law; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Lease do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Lease;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained and for other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND EXHIBITS

SECTION 1.1 Definitions and Rules of Construction. Unless the context otherwise requires, the capitalized terms used herein shall, for all purposes of this Lease, have the meanings specified in the definitions below. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa. The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms, as used in this Lease, refer to this Lease as a whole.

“Acquisition Amount” means \$624,546.00 and is the amount represented by Lessee to be sufficient to acquire the Leased Property and pay any ancillary costs associated therewith.

“Advance” shall have the meaning set forth in Section 2.1(l)(i)(D) hereof.

“Bank” shall have the meaning set forth in the Preamble hereof.

“Business Day” means any day except a Saturday, Sunday, or other day on which banks in Salt Lake City, Utah or the State are authorized to close.

“Commencement Date” means the date this Lease is executed by the Bank and the Lessee and shall be the date on which the Acquisition Amount is deposited with the Escrow Agent.

“Escrow Account” means the fund established and held by the Escrow Agent pursuant to the Escrow Agreement.

“Escrow Agent” means the Escrow Agent identified in the Escrow Agreement, and its successors and assigns.

“Escrow Agreement” means the Escrow Agreement dated February 1, 2023 executed by Lessee, Bank and the Escrow Agent, pursuant to which the Escrow Account is established and administered. A copy of the Escrow Agreement shall be found in Exhibit G.

“Event of Nonappropriation” shall have the meaning set forth in Section 3.2 hereof.

“Governing Body” means the governing body of the Lessee.

“Lease Payments” means the rental payments described in Exhibit A hereto.

“Lease Payment Date” shall have the meaning set forth in Section 3.4(a) hereof.

“Leased Property” shall have the meaning set forth in the Whereas clauses hereof.

“Lessee” shall have the meaning set forth in the Preamble hereof.

“Net Proceeds” means insurance or eminent domain proceeds received with respect to the Leased Property less expenses incurred in connection with the collection of such proceeds.

“Obligation Instrument” shall have the meaning set forth in Section 2.1(c) hereof.

“Original Term” shall have the meaning set forth in Section 3.2 hereof.

“Permitted Encumbrances” means, as of any particular time: (i) liens for taxes and assessments, if any, not then delinquent, or which the Lessee may, pursuant to provisions of Section 5.3 hereof, permit to remain unpaid; (ii) this Lease; (iii) any contested right or claim of any mechanic, laborer, materialman, supplier or vendor filed or perfected in the manner prescribed by law to the extent permitted under Section 5.4(b) hereof; (iv) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the execution date of this Lease and which the Lessee hereby certifies will not materially impair the use of the Leased Property by the Lessee; and (v) other rights, reservations, covenants, conditions or restrictions established following the date of execution of this Lease and to which the Bank and the Lessee consent in writing.

“Renewal Term” shall have the meaning set forth in Section 3.2 hereof.

“Scheduled Term” shall have the meaning set forth in Section 3.2 hereof.

“State” shall have the meaning set forth in the Preamble hereof.

“Term” or “Term of this Lease” means the Original Term and all Renewal Terms provided for in this Lease under Section 3.2 until this Lease is terminated as provided in Section 3.3 hereof.

SECTION 1.2 Exhibits. Exhibits A, B, C, D, E, F and G attached to this Lease are by this reference made a part of this Lease.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 2.1 Representations, Covenants and Warranties of the Lessee. The Lessee represents, covenants and warrants to the Bank as follows:

(a) Due Organization and Existence. The Lessee is a public agency of the State duly organized and existing under the Constitution and laws of the State.

(b) Authorization; Enforceability. The Constitution and laws of the State authorize the Lessee to enter into this Lease and to enter into the transactions contemplated by, and to carry out its obligations under, this Lease. The Lessee has duly authorized, executed and delivered this Lease in accordance with the Constitution and laws of the State. This Lease constitutes the legal, valid and binding special obligation of the Lessee enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally.

(c) No Conflicts or Default; Other Liens or Encumbrances. Neither the execution and delivery of this Lease nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby (i) conflicts with or results in a breach of the terms, conditions, provisions, or restrictions of any existing law, or court or administrative decree, order, or regulation, or agreement or instrument to which the Lessee is now a party or by which the Lessee is bound, **including without limitation any agreement or instrument pertaining to any bond, note, lease, certificate of participation, debt instrument, or any other obligation of the Lessee** (any such bond, note, lease, certificate of participation, debt instrument, and other obligation being referred to herein as an "Obligation Instrument"), (ii) constitutes a default under any of the foregoing, or (iii) results in the creation or imposition of any pledge, lien, charge or encumbrance whatsoever upon any of the property or assets of the Lessee, or upon the Leased Property except for Permitted Encumbrances.

By way of example, and not to be construed as a limitation on the representations set forth in the immediately preceding paragraph:

(A) no portion of the Leased Property is pledged to secure any Obligation Instrument; and

(B) the interests of the Lessor in the Leased Property hereunder do not violate the terms, conditions or provisions of any restriction or revenue pledge in any agreement or instrument pertaining to any Obligation Instrument.

If any Obligation Instrument existing on the date of execution of this Lease creates any pledge, lien, charge or encumbrance on any revenues, property or assets associated with the Leased Property that is higher in priority to the Bank's interests therein under this Lease, the Bank hereby subordinates its interests therein, but only to the extent required pursuant to such existing Obligation Instrument.

(d) Compliance with Open Meeting Requirements. The Governing Body has complied with all applicable open public meeting and notice laws and requirements with respect to the meeting at which the Lessee's execution of this Lease was authorized.

(e) Compliance with Bidding Requirements. Either there are no procurement or public bidding laws of the State applicable to the acquisition and leasing of the Leased Property

pursuant to this Lease, or the Governing Body and the Lessee have complied with all such procurement and public bidding laws as may be applicable hereto.

(f) No Adverse Litigation. There are no legal or governmental proceedings or litigation pending, or to the best knowledge of the Lessee threatened or contemplated (or any basis therefor) wherein an unfavorable decision, ruling, or finding might adversely affect the transaction contemplated in or the validity of this Lease.

(g) Opinion of Lessee's Counsel. The letter attached to this Lease as Exhibit D is a true opinion of Lessee's counsel.

(h) Governmental Use of Leased Property. During the Term of this Lease, the Leased Property will be used solely by the Lessee, and only for the purpose of performing one or more governmental or proprietary functions of the Lessee consistent with the permissible scope of the Lessee's authority, and the Leased Property will not be subject to any direct or indirect private business use.

(i) Other Representations and Covenants. The representations, covenants, warranties, and obligations set forth in this Article are in addition to and are not intended to limit any other representations, covenants, warranties, and obligations set forth in this Lease.

(j) No Nonappropriations. The Lessee has never non-appropriated or defaulted under any of its payment or performance obligations or covenants, either under any municipal lease of the same general nature as this Lease, or under any of its bonds, notes, or other obligations of indebtedness for which its revenues or general credit are pledged.

(k) No Legal Violation. The Leased Property is not, and at all times during the Term of this Lease will not be in violation of any federal, state or local law, statute, ordinance or regulation.

(l) [RESERVED]

(m) [RESERVED]

(n) Reports to State. The Lessee has duly authorized and executed this Lease in accordance with A.R.S. section 35-501 and has filed with the State of Arizona all reports required thereunder relating to this Lease.

SECTION 2.2 Representations, Covenants and Warranties of the Bank. The Bank is a national banking association, duly organized, existing and in good standing under and by virtue of the laws of the United States of America, has the power to enter into this Lease, is possessed of full power to own and hold real and personal property, and to lease and sell the same, and has duly authorized the execution and delivery of this Lease. This Lease constitutes the legal, valid and binding obligation of the Bank, enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally.

ARTICLE III

AGREEMENT TO LEASE; TERM OF
LEASE; LEASE PAYMENTS

SECTION 3.1 Lease. The Bank hereby leases the Leased Property to the Lessee, and the Lessee hereby leases the Leased Property from the Bank, upon the terms and conditions set forth herein.

Concurrently with its execution of this Lease, the Lessee shall deliver to the Bank fully completed documents substantially in the forms attached hereto as Exhibits B, C, D, E, F and G hereto.

SECTION 3.2 Term. The Term of this Lease shall commence on the date of execution of this Lease, which is also the date on which the Acquisition Amount is deposited with the Escrow Agent, including delivery to the Bank by the Lessee of fully completed documents in the forms set forth in Exhibits B, C, D, E, F and G attached hereto, and continue until the end of the fiscal year of Lessee in effect at the Commencement Date (the "Original Term"). Thereafter, this Lease will be extended for 5 successive additional periods of one year coextensive with Lessee's fiscal year, except for the last such period which may be less than a full fiscal year, (each, a "Renewal Term") subject to an Event of Nonappropriation as described herein below in this Section 3.2 and in Section 3.3 (a), (c) or (e) with the final Renewal Term ending on February 1, 2028, unless this Lease is terminated as hereinafter provided. The Original Term together with all scheduled Renewal Terms shall be referred to herein as the "Scheduled Term" irrespective of whether this Lease is terminated for any reason prior to the scheduled commencement or termination of any Renewal Term as provided herein.

If Lessee does not appropriate funds for the payment of Lease Payments due for any Renewal Term in the adopted budget of the Lessee for the applicable fiscal year (an "Event of Nonappropriation"), this Lease will terminate upon the expiration of the Original or Renewal Term then in effect and Lessee shall notify Bank of such termination at least ten (10) days prior to the expiration of the Original or Renewal Term then in effect.

SECTION 3.3 Termination. This Lease will terminate upon the earliest of any of the following events:

- (a) upon the expiration of the Original Term or any Renewal Term of this Lease following an Event of Nonappropriation;
- (b) the exercise by Lessee of any option to purchase granted in this Lease by which Lessee purchases all of the Leased Property;
- (c) a default by Lessee and Bank's election to terminate this Lease under Article VII herein; or
- (d) the expiration of the Scheduled Term of this Lease, the Lessee having made payment of all Lease Payments accrued to such date.
- (e) Lessee may terminate this Lease at any time pursuant to A.R.S. § 38-511, to the extent applicable.

SECTION 3.4 Lease Payments.

(a) Time and Amount. During the Term of this Lease and so long as this Lease has not terminated pursuant to Section 3.3, the Lessee agrees to pay to the Bank, its successors and assigns, as annual rental for the use and possession of the Leased Property, the Lease Payments

(denominated into components of principal and interest) in the amounts specified in Exhibit A, to be due and payable in arrears on each payment date identified in Exhibit A (or if such day is not a Business Day, the next succeeding Business Day) specified in Exhibit A (the "Lease Payment Date").

(b) Rate on Overdue Payments. In the event the Lessee should fail to make any of the Lease Payments required in this Section, the Lease Payment in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon, to the extent permitted by law, from the date such amount was originally payable at the rate equal to the original interest rate payable with respect to such Lease Payments.

(c) Additional Payments. Any additional payments required to be made by the Lessee hereunder, including but not limited to Sections 4.1, 5.3, and 7.4 of this Lease, shall constitute additional rental for the Leased Property.

SECTION 3.5 Possession of Leased Property Upon Termination. Upon termination of this Lease pursuant to Sections 3.3 (a), (c) or (e), the Lessee shall transfer the Leased Property to the Bank in such manner as may be specified by the Bank, and the Bank shall have the right to take possession of the Leased Property by virtue of the Bank's ownership interest as lessor of the Leased Property, and the Lessee at the Bank's direction shall ship the Leased Property to the destination designated by the Bank by loading the Leased Property at the Lessee's cost and expense, on board such carrier as the Bank shall specify.

SECTION 3.6 No Withholding. Notwithstanding any dispute between the Bank and the Lessee, in connection with this Lease or otherwise, including a dispute as to the failure of any portion of the Leased Property in use by or possession of the Lessee to perform the task for which it is leased, the Lessee shall make all Lease Payments when due and shall not withhold any Lease Payments pending the final resolution of such dispute.

SECTION 3.7 Lease Payments to Constitute a Current Obligation of the Lessee. Notwithstanding any other provision of this Lease, the Lessee and the Bank acknowledge and agree that the obligation of the Lessee to pay Lease Payments hereunder constitutes a current special obligation of the Lessee payable exclusively from current and legally available funds and shall not in any way be construed to be an indebtedness of the Lessee within the meaning of any constitutional or statutory limitation or requirement applicable to the Lessee concerning the creation of indebtedness. The Lessee has not hereby pledged the general tax revenues or credit of the Lessee to the payment of the Lease Payments, or the interest thereon, nor shall this Lease obligate the Lessee to apply money of the Lessee to the payment of Lease Payments beyond the then current Original Term or Renewal Term, as the case may be, or any interest thereon.

SECTION 3.8 Net Lease. This Lease shall be deemed and construed to be a "net-net-net lease" and the Lessee hereby agrees that the Lease Payments shall be an absolute net return to the Bank, free and clear of any expenses, charges or set-offs whatsoever, except as expressly provided herein.

SECTION 3.9 Offset. Lease Payments or other sums payable by Lessee pursuant to this Lease shall not be subject to set-off, deduction, counterclaim or abatement and Lessee shall not be entitled to any credit against such Lease Payments or other sums for any reason whatsoever, including, but not limited to: (i) any accident or unforeseen circumstances; (ii) any damage or destruction of the Leased Property or any part thereof; (iii) any restriction or interference with Lessee's use of the Leased Property; (iv) any defects, breakdowns, malfunctions, or unsuitability of the Leased Property or any part thereof; or (v) any dispute between the Lessee and the Bank, any vendor or manufacturer of any part of the Leased Property, or any other person.

ARTICLE IV

INSURANCE

SECTION 4.1 Insurance. Lessee, at Bank's option, will either self-insure, or at Lessee's cost, will cause casualty insurance and property damage insurance to be carried and maintained on the Leased Property, with all such coverages to be in such amounts sufficient to cover the value of the Leased Property at the commencement of this Lease (as determined by the purchase price paid for the Leased Property), and public liability insurance with respect to the Leased Property in the amounts required by law, but in no event with a policy limit less than \$1,000,000 per occurrence. All insurance shall be written in such forms, to cover such risks, and with such insurers, as are customary for public entities such as the Lessee. A combination of self-insurance and policies of insurance may be utilized. If policies of insurance are obtained, Lessee will cause Bank to be a loss payee as its interest under this Lease may appear on such property damage insurance policies, and an additional insured on a primary and noncontributory basis on such public liability insurance in an amount equal to or exceeding the minimum limit stated herein. Subject to Section 4.2, insurance proceeds from insurance policies or budgeted amounts from self-insurance as relating to casualty and property damage losses will, to the extent permitted by law, be payable to Bank in an amount equal to the then outstanding principal and accrued interest components of the Lease Payments at the time of such damage or destruction as provided by Section 8.1. Lessee will deliver to Bank the policies or evidences of insurance or self-insurance satisfactory to Bank, together with receipts for the applicable premiums before the Leased Property is delivered to Lessee and at least thirty (30) days before the expiration of any such policies. By endorsement upon the policy or by independent instrument furnished to Bank, such insurer will agree that it will give Bank at least thirty (30) days' written notice prior to cancellation or alteration of the policy. Lessee will carry workers compensation insurance covering all employees working on, in, or about the Leased Property, and will require any other person or entity working on, in, or about the Leased Property to carry such coverage, and will furnish to Bank certificates evidencing such coverages throughout the Term of this Lease.

SECTION 4.2 Damage to or Destruction of the Leased Property. If all or any part of the Leased Property is lost, stolen, destroyed, or damaged, Lessee will give Bank prompt notice of such event and will, to the extent permitted by law, repair or replace the same at Lessee's cost. If such lost, stolen, destroyed or damaged Leased Property is equipment, it shall be repaired or replaced within thirty (30) days after such event. If such lost, stolen, destroyed or damaged Leased Property is other than equipment, it shall be repaired or replaced within one hundred eighty (180) days after such event. Any replaced Leased Property will be substituted in this Lease by appropriate endorsement. All insurance proceeds received by Bank under the policies required under Section 4.1 with respect to the Leased Property lost, stolen, destroyed, or damaged, will be paid to Lessee if the Leased Property is repaired or replaced by Lessee as required by this Section. If Lessee fails or refuses to make the required repairs or replacement, such proceeds will be paid to Bank to the extent of the then remaining portion of the Lease Payments to become due during the Scheduled Term of this Lease less that portion of such Lease Payments attributable to interest which will not then have accrued as provided in Section 8.1. No loss, theft, destruction, or damage to the Leased Property will impose any obligation on Bank under this Lease, and this Lease will continue in full force and effect regardless of such loss, theft, destruction, or damage. Lessee assumes all risks and liabilities, whether or not covered by insurance, for loss, theft, destruction, or damage to the Leased Property and for injuries or deaths of persons and damage to property however arising, whether such injury or death be with respect to agents or employees of Lessee or of third parties, and whether such damage to property be to Lessee's property or to the property of others.

ARTICLE V

COVENANTS

SECTION 5.1 Use of the Leased Property. The Lessee represents and warrants that it has an immediate and essential need for the Leased Property to carry out and give effect to the public purposes of the Lessee, which need is not temporary or expected to diminish in the foreseeable future, and that it expects to make immediate use of all of the Leased Property.

The Lessee hereby covenants that it will install, use, operate, maintain, and service the Leased Property in accordance with all vendors' instructions and in such a manner as to preserve all warranties and guarantees with respect to the Leased Property.

The Lessor hereby assigns to the Lessee, without recourse, for the Term of this Lease, all manufacturer warranties and guaranties, express or implied, pertinent to the Leased Property, and the Lessor directs the Lessee to obtain the customary services furnished in connection with such warranties and guaranties at the Lessee's expense; provided, however, that the Lessee hereby agrees that it will reassign to the Lessor all such warranties and guaranties in the event of termination of this Lease pursuant to Sections 3.3(a) or 3.3(c).

SECTION 5.2 Interest in the Leased Property and this Lease. Upon expiration of the Term as provided in Section 3.3(b) or 3.3(d) hereof, all right, title and interest of the Bank in and to all of the Leased Property shall be transferred to and vest in the Lessee, without the necessity of any additional document of transfer.

SECTION 5.3 Maintenance, Utilities, Taxes and Assessments.

(a) Maintenance; Repair and Replacement. Throughout the Term of this Lease, as part of the consideration for the rental of the Leased Property, all repair and maintenance of the Leased Property shall be the responsibility of the Lessee, and the Lessee shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Leased Property excepting ordinary wear and tear, and the Lessee hereby covenants and agrees that it will comply with all vendors' and manufacturers' maintenance and warranty requirements pertaining to the Leased Property. In exchange for the Lease Payments herein provided, the Bank agrees to provide only the Leased Property, as hereinbefore more specifically set forth.

(b) Tax and Assessments; Utility Charges. The Lessee shall also pay or cause to be paid all taxes and assessments, including but not limited to utility charges, of any type or nature charged to the Lessee or levied, assessed or charged against any portion of the Leased Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated to pay only such installments as are required to be paid during the Term of this Lease as and when the same become due.

(c) Contests. The Lessee may, at its expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom; provided that prior to such nonpayment it shall furnish the Bank with the opinion of an independent counsel acceptable to the Bank to the effect that, by nonpayment of any such items, the interest of the Bank in such portion of the Leased Property will not be materially endangered and that the Leased Property will not be subject to loss or forfeiture. Otherwise, the Lessee shall promptly pay such taxes, assessments or charges or make provisions for the payment thereof in form satisfactory to the Bank.

SECTION 5.4 Modification of the Leased Property.

(a) Additions, Modifications and Improvements. The Lessee shall, at its own expense, have the right to make additions, modifications, and improvements to any portion of the Leased Property if such improvements are necessary or beneficial for the use of such portion of the Leased Property. All such additions, modifications and improvements shall thereafter comprise part of the Leased Property and be subject to the provisions of this Lease. Such additions, modifications and improvements shall not in any way damage any portion of the Leased Property or cause it to be used for purposes other than those authorized under the provisions of State and federal law; and the Leased Property, upon completion of any additions, modifications and improvements made pursuant to this Section, shall be of a value which is not substantially less than the value of the Leased Property immediately prior to the making of such additions, modifications and improvements.

(b) No Liens. Except for Permitted Encumbrances, the Lessee will not permit (i) any liens or encumbrances to be established or remain against the Leased Property or (ii) any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any additions, modifications or improvements made by the Lessee pursuant to this Section; provided that if any such mechanic's lien is established and the Lessee shall first notify or cause to be notified the Bank of the Lessee's intention to do so, the Lessee may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and shall provide the Bank with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Bank. The Bank will cooperate fully in any such contest.

SECTION 5.5 Permits. The Lessee will provide all permits and licenses necessary for the ownership, possession, operation, and use of the Leased Property, and will comply with all laws, rules, regulations, and ordinances applicable to such ownership, possession, operation, and use. If compliance with any law, rule, regulation, ordinance, permit, or license requires changes or additions to be made to the Leased Property, such changes or additions will be made by the Lessee at its own expense.

SECTION 5.6 Bank's Right to Perform for Lessee. If the Lessee fails to make any payment or to satisfy any representation, covenant, warranty, or obligation contained herein or imposed hereby, the Bank may (but need not) make such payment or satisfy such representation, covenant, warranty, or obligation, and the amount of such payment and the expense of any such action incurred by the Bank, as the case may be, will be deemed to be additional rent payable by the Lessee on the Bank's demand.

SECTION 5.7 Bank's Disclaimer of Warranties. The Bank has played no part in the selection of the Leased Property, the Lessee having selected the Leased Property independently from the Bank. The Bank, at the Lessee's request, has acquired or arranged for the acquisition of the Leased Property and shall lease the same to the Lessee as herein provided, the Bank's only role being the facilitation of the financing of the Leased Property for the Lessee. THE BANK MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, QUALITY, DURABILITY, SUITABILITY, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE LESSEE OF THE LEASED PROPERTY, OR ANY PORTION THEREOF. THE LESSEE ACKNOWLEDGES THAT THE BANK IS NOT A MANUFACTURER OR VENDOR OF ALL OR ANY PORTION OF THE LEASED PROPERTY, AND THAT THE LESSEE IS LEASING THE LEASED PROPERTY AS IS. In no event shall the Bank be liable for incidental, direct, indirect, special or consequential damages, in connection with or arising out of this Lease, for the existence, furnishing, functioning or Lessee's use and possession of the Leased Property.

SECTION 5.8 Indemnification. To the extent permitted by applicable law, the Lessee hereby agrees to indemnify and hold harmless the Bank, its directors, officers, shareholders, employees, agents, and successors from and against any loss, claim, damage, expense, and liability resulting from or attributable to the acquisition, construction, or use of the Leased Property. Notwithstanding the foregoing, the Bank shall not be indemnified for any liability resulting from the gross negligence or willful misconduct of the Bank.

SECTION 5.9 Inclusion for Consideration as Budget Item. During the Term of this Lease, the Lessee covenants and agrees that it shall give due consideration, in accordance with applicable law, as an item for expenditure during its annual budget considerations, of an amount necessary to pay Lease Payments for the Leased Property during the next succeeding Renewal Term. Nothing herein shall be construed to direct or require that Lessee take or direct that any legislative act be done, or that the Governing Body of Lessee improperly or unlawfully delegate any of its legislative authority.

SECTION 5.10 Annual Financial Information. During the Term of this Lease, the Lessee covenants and agrees to provide the Bank as soon as practicable when they are available: (i) a copy of the Lessee's final annual budget for each fiscal year; (ii) a copy of the Lessee's most recent financial statements; and (iii) any other financial reports the Bank may request from time to time.

ARTICLE VI

ASSIGNMENT AND SUBLEASING

SECTION 6.1 Assignment by the Bank. The parties hereto agree that all rights of Bank hereunder may be assigned, transferred or otherwise disposed of, either in whole or in part, including without limitation transfer to a trustee pursuant to a trust arrangement under which the trustee issues certificates of participation evidencing undivided interests in this Lease and/or the rights to receive Lease Payments hereunder, provided that notice of any such assignment, transfer or other disposition is given to Lessee.

SECTION 6.2 Assignment and Subleasing by the Lessee. The Lessee may not assign this Lease or sublease all or any portion of the Leased Property unless both of the following shall have occurred: (i) the Bank shall have consented to such assignment or sublease; and (ii) the Bank shall have received assurance acceptable to the Bank that such assignment or sublease: (A) is authorized under applicable state law, and (B) will not adversely affect the validity of this Lease.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

SECTION 7.1 Events of Default Defined. The following shall be "events of default" under this Lease and the terms "events of default" and "default" shall mean, whenever they are used in this Lease, any one or more of the following events:

(a) Payment Default. Failure by the Lessee to pay any Lease Payment required to be paid hereunder by the corresponding Lease Payment Date.

(b) Covenant Default. Failure by the Lessee to observe and perform any warranty, covenant, condition or agreement on its part to be observed or performed herein or otherwise with respect hereto other than as referred to in clause (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the Lessee by the Bank; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Bank shall not unreasonably withhold their consent to an extension of such time if

corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected.

(c) Bankruptcy or Insolvency. The filing by the Lessee of a case in bankruptcy, or the subjection of any right or interest of the Lessee under this Lease to any execution, garnishment or attachment, or adjudication of the Lessee as a bankrupt, or assignment by the Lessee for the benefit of creditors, or the entry by the Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee in any proceedings instituted under the provisions of the federal bankruptcy code, as amended, or under any similar act which may hereafter be enacted.

The foregoing provisions of this Section 7.1 are subject to the provisions of Section 3.2 hereof with respect to nonappropriation.

SECTION 7.2 Remedies on Default. Whenever any event of default referred to in Section 7.1 hereof shall have happened and be continuing, the Bank shall have the right, at its sole option without any further demand or notice to take one or any combination of the following remedial steps:

(a) take possession of the Leased Property by virtue of the Bank's ownership interest as lessor of the Leased Property;

(b) hold the Lessee liable for the difference between (i) the rents and other amounts payable by Lessee hereunder to the end of the then current Original Term or Renewal Term, as appropriate, and (ii) the rent paid by a lessee of the Leased Property pursuant to such lease; and

(c) take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Lease, the Security Documents (defined in Section 9.3), the Escrow Agreement or as a secured party in any or all of the Leased Property or the Escrow Account hereunder.

(d) terminate the Escrow Agreement and apply the proceeds in the Escrow Account to the Lease Payments due hereunder.

SECTION 7.3 No Remedy Exclusive. No remedy conferred herein upon or reserved to the Bank is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Bank to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article or by law.

SECTION 7.4 Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party contained herein, the defaulting party agrees that it will pay on demand to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

SECTION 7.5 Waiver of Certain Damages. With respect to all of the remedies provided for in this Article VII, the Lessee hereby waives any damages occasioned by the Bank's repossession of the Leased Property upon an event of default.

ARTICLE VIII

PREPAYMENT OF LEASE PAYMENTS IN PART

SECTION 8.1 Extraordinary Prepayment from Net Proceeds. To the extent, if any, required pursuant to Section 4.1 the Lessee shall be obligated to purchase the Leased Property by prepaying the Lease Payments in whole or in part on any date, from and to the extent of any Net Proceeds or other moneys pursuant to Article IV hereof. The Lessee and the Bank hereby agree that in the case of such prepayment of the Lease Payments in part, such Net Proceeds or other moneys shall be credited toward the Lessee's obligations hereunder pro rata among Lease Payments so that following prepayment, the remaining annual Lease Payments will be proportional to the initial annual Lease Payments.

SECTION 8.2 Option to Purchase Leased Property. Subject to the terms and conditions of this Section, the Bank hereby grants an option to the Lessee to purchase all or a portion of the Leased Property by paying on any date a price equal to the portion of the outstanding principal component of the Lease Payments that is allocable to such portion of the Leased Property that is being so purchased, without premium, plus the accrued interest component of such portion of the Lease Payments to such payment date. To exercise this option, the Lessee must deliver to the Bank written notice specifying the date on which the Leased Property is to be purchased (the "Closing Date"), which notice must be delivered to the Bank at least thirty (30) days prior to the Closing Date specified therein. The Lessee may purchase the Leased Property pursuant to the option granted in this Section only if the Lessee has made all Lease Payments when due (or has remedied any defaults in the payment of Lease Payments, in accordance with the provisions of this Lease) and all other warranties, representations, covenants, and obligations of the Lessee under this Lease have been satisfied (or all breaches thereof have been waived by the Bank in writing).

Upon the expiration of the Scheduled Term of this Lease and provided that all conditions of the immediately preceding paragraph have been satisfied (except those pertaining to notice), the Lessee shall be deemed to have purchased the Leased Property (without the need for payment of additional moneys) and shall be vested with all rights and title to the Leased Property.

ARTICLE IX

MISCELLANEOUS

SECTION 9.1 Notices. Unless otherwise specifically provided herein, all notices shall be in writing addressed to the respective party as set forth below (or to such other address as the party to whom such notice is intended shall have previously designated by written notice to the serving party), and may be personally served, telecopied, or sent by overnight courier service or United States mail:

If to Bank:

Zions Bancorporation, N.A.
One South Main Street, 17th Floor
Salt Lake City, Utah 84133
Attention: Kirsi Hansen

If to the Lessee:

City of Sedona
102 Roadrunner Drive
Sedona, AZ 86336
Attention: Heidi Weber

Such notices shall be deemed to have been given: (a) if delivered in person, when delivered; (b) if delivered by telecopy, on the date of transmission if transmitted by 4:00 p.m. (Salt Lake City time) on a Business Day or, if not, on the next succeeding Business Day; (c) if delivered by overnight courier, two Business Days after delivery to such courier properly addressed; or (d) if by United States mail, four Business Days after depositing in the United States mail, postage prepaid and properly addressed.

SECTION 9.2 System of Registration. The Lessee shall be the Registrar for this Lease and the rights to payments hereunder. The Bank shall be the initial Registered Owner of rights to receive payments hereunder. If the Bank transfers its rights to receive payments hereunder, the Registrar shall note on this Lease the name and address of the transferee.

SECTION 9.3 Instruments of Further Assurance. To the extent, if any, that the Bank's interest in the Leased Property as Lessor under this Lease is deemed to be a security interest in the Leased Property, then the Lessee shall be deemed to have granted, and in such event the Lessee does hereby grant, a security interest in the Leased Property and any moneys and investments held from time to time in the Escrow Account to the Bank, which security interest includes proceeds, and this Lease shall constitute a security agreement under applicable law. Concurrently with the execution of this Lease, the Lessee has executed, delivered, and filed and/or recorded all financing statements, UCC forms, mortgages, deeds of trust, notices, filings, and/or other instruments, in form required for filing and/or recording thereof, as are required under applicable law to fully perfect such security interest of the Bank in the Leased Property (collectively, "Security Documents"). Attached hereto as Exhibit E are copies of all such Security Documents. The Lessee will do, execute, acknowledge, deliver and record, or cause to be done, executed, acknowledged, delivered and recorded, such additional acts, notices, filings and instruments as the Bank may require in its sole discretion to evidence, reflect and perfect the title, ownership, leasehold interest, security interest and/or other interest of the Bank in and to any part or all of the Leased Property, promptly upon the request of the Bank.

SECTION 9.4 Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Bank and the Lessee and their respective successors and assigns.

SECTION 9.5 Amendments. This Lease may be amended or modified only upon the written agreement of both the Bank and the Lessee.

SECTION 9.6 Section Headings. Section headings are for reference only and shall not be used to interpret this Lease.

SECTION 9.7 Severability. In the event any provision of this Lease shall be held invalid or unenforceable by a court of competent jurisdiction, to the extent permitted by law, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 9.8 Entire Agreement. This Lease and the attached Exhibits constitute the entire agreement between the Bank and the Lessee and supersedes any prior agreement between the Bank and the Lessee with respect to the Leased Property, except as is set forth in an Addendum, if any, which is made a part of this Lease and which is signed by both the Bank and the Lessee.

SECTION 9.9 Execution in Counterparts. This Lease may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 9.10 Arbitration. To the extent permitted by law, any dispute, controversy or claim arising out of or based upon the terms of this Lease or the transactions contemplated hereby shall be settled exclusively and finally by binding arbitration. Upon written demand for arbitration by any party hereto, the parties to the dispute shall confer and attempt in good faith to agree upon one arbitrator. If the parties have not agreed upon an arbitrator within thirty (30) days after receipt of such written demand, each party to the dispute shall appoint one arbitrator and those two arbitrators shall agree upon a third arbitrator. Any arbitrator or arbitrators appointed as provided in this section shall be selected from panels maintained by, and the binding arbitration shall be conducted in accordance with the commercial arbitration rules of, the American Arbitration Association (or any successor organization), and such arbitration shall be binding upon the parties. The arbitrator or arbitrators shall have no power to add or detract from the agreements of

the parties and may not make any ruling or award that does not conform to the terms and conditions of this Lease. The arbitrator or arbitrators shall have no authority to award punitive damages or any other damages not measured by the prevailing party's actual damages. Judgment upon an arbitration award may be entered in any court having jurisdiction. The prevailing party in the arbitration proceedings shall be awarded reasonable attorney fees and expert witness costs and expenses.

SECTION 9.11 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 9.12 Immigration. To the extent applicable and except as stated below, pursuant to the provisions of the Section 41-4401 of the Arizona Revised Statutes, and in accordance with federal law and Bank's practice, Bank hereby warrants and certifies that Bank complies with the Immigration Reform and Control Act of 1986 and employment with the Bank is contingent on the successful completion of the I-9 verification process and the E-Verify requirements of Section 23-214(A) of the Arizona Revised Statutes. Such employment with Bank is not contingent on any of the other requirements of Section 23-214(A). Bank does not knowingly employ any individuals in the United States who are not legally authorized to work in the United States. For associate confidentiality reasons, Bank generally does not disclose or allow the inspection of its personnel records of its associates to third parties, including I-9 or e-Verify documentation. However, if there are concerns about an individual's eligibility to perform work in connection with this Agreement, please contact Lessor in accordance with Section 9.1 of this Agreement and Lessor will investigate and respond to these concerns.

SECTION 9.13 Boycotting Israel. Pursuant to Section 35-393 et seq., Arizona Revised Statutes, Bank hereby certifies it is not currently engaged in, and for the duration of this Agreement shall not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in Section 35-393, Arizona Revised Statutes. If it is determined that Bank's certification above is false or that it has breached such agreement, Lessee may impose remedies as provided by law.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the Bank has caused this Lease to be executed in its name by its duly authorized officer, and the Lessee has caused this Lease to be executed in its name by its duly authorized officer, as of the date first above written.

ZIONS BANCORPORATION, N.A. , as Lessor

By: _____
Authorized Officer

CITY OF SEDONA, as Lessee

By: _____

Title

EXHIBIT A

FIXED RATE

LEASE PAYMENT DEBT SERVICE SCHEDULE*

1. Interest. Interest components payable on the principal amount outstanding have been computed at the rate of five and thirty-seven hundredths' percent (5.37%) per annum calculated based on twelve 30-day months during a 360-day year.

2. Payment Dates and Amounts.

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
02/02/2023	-	-	-	-	-
02/01/2024	116,303.95	5.370%	33,444.96	149,748.91	149,748.91
02/01/2025	120,248.98	5.370%	27,292.60	147,541.58	147,541.58
02/01/2026	124,662.12	5.370%	20,835.23	145,497.35	145,497.35
02/01/2027	129,243.45	5.370%	14,140.87	143,384.32	143,384.32
02/01/2028	134,087.50	5.370%	7,200.50	141,288.00	141,288.00
Total	\$624,546.00	-	\$102,914.16	\$727,460.16	-

EXHIBIT B

DESCRIPTION OF THE LEASED PROPERTY

Three (3) 2022 Dodge Ram Promaster 3500 Cutaway GVWR 9350 3.6L V-6 Passenger Vans

VIN #s will be supplied at time of delivery

EXHIBIT C

RESOLUTION OF GOVERNING BODY

A resolution approving the form of the FEDERALLY TAXABLE Lease/Purchase Agreement with Zions Bancorporation, N.A. , Salt Lake City, Utah and authorizing the execution and delivery thereof.

Whereas, The City Council (the “Governing Body”) of City of Sedona (the “Lessee”) has determined that the leasing of the property described in the Federally Taxable Lease/Purchase Agreement (the “Lease/Purchase Agreement”) presented at this meeting is for a valid public purpose and is essential to the operations of the Lessee; and

Whereas, the Governing Body has reviewed the form of the Lease/Purchase Agreement and has found the terms and conditions thereof acceptable to the Lessee; and

Whereas, either there are no legal bidding requirements under applicable law to arrange for the leasing of such property under the Lease/Purchase Agreement, or the Governing Body has taken the steps necessary to comply with the same with respect to the Lease/Purchase Agreement.

Be it resolved by the Governing Body of City of Sedona as follows:

SECTION 1. The terms of said Lease/Purchase Agreement are in the best interests of the Lessee for the leasing of the property described therein.

SECTION 2. The appropriate officers and officials of the Lessee are hereby authorized and directed to execute and deliver the Lease/Purchase Agreement in substantially the form presented to this meeting and any related documents and certificates necessary to the consummation of the transactions contemplated by the Lease/Purchase Agreement for and on behalf of the Lessee. The officers and officials of the Lessee may make such changes to the Lease/Purchase Agreement and related documents and certificates as such officers and officials deem necessary or desirable, such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 3. The officers and officials of the Governing Body and the Lessee are hereby authorized and directed to fulfill all obligations under the terms of the Lease/Purchase Agreement.

Adopted and approved this _____ day of _____, 2023.

By _____

Print Name _____

Title _____

Attest:

By _____

Print Name _____

Title _____

STATE OF ARIZONA

)

) ss.

COUNTY OF YAVAPAI

)

I, _____ hereby certify that I am the duly qualified and acting
_____ of City of Sedona (the "Lessee").
(Title)

I further certify that the above and foregoing instrument constitutes a true and correct copy of the minutes of a regular meeting of the governing body including a Resolution adopted at said meeting held on January 11, 2023, as said minutes and Resolution are officially of record in my possession, and that a copy of said Resolution was deposited in my office on _____, 2023.

In witness whereof, I have hereunto set my hand on behalf of the Lessee this _____ day of _____, 2023.

By _____

Print Name _____

Title _____

EXHIBIT D
Opinion of Lessee's Counsel

To: Zions Bancorporation, N.A.
One South Main Street, 17th Floor
Salt Lake City, Utah 84133

As counsel for City of Sedona (“Lessee”), I have examined duly executed originals of the FEDERALLY TAXABLE Lease/Purchase Agreement (the “Lease”) dated this 2nd day of February, 2023, between the Lessee and Zions Bancorporation, N.A., Salt Lake City, Utah (“Bank”), and the proceedings taken by Lessee to authorize and execute the Lease (the “Proceedings”). Based upon such examination as I have deemed necessary or appropriate, I am of the opinion that:

1. Lessee is a body corporate and politic, legally existing under the laws of the State of Arizona (the “State”).
2. The Lease and the Proceedings have been duly adopted, authorized, executed, and delivered by Lessee, and do not require the seal of Lessee to be effective, valid, legal, or binding.
3. The governing body of Lessee has complied with all applicable open public meeting and notice laws and requirements with respect to the meeting at which the Proceedings were adopted and the Lessee's execution of the Lease was authorized.
4. The Lease is a legal, valid, and binding obligation of Lessee, enforceable against Lessee in accordance with its terms except as limited by the state and federal laws affecting remedies and by bankruptcy, reorganization, or other laws of general application affecting the enforcement of creditor's rights generally.
5. Either there are no usury laws of the State applicable to the Lease, or the Lease is in accordance with and does not violate all such usury laws as may be applicable.
6. Either there are no procurement or public bidding laws of the State applicable to the acquisition and leasing of the Leased Property (as defined in the Lease) from the Bank under the Lease, or the acquisition and leasing of the Leased Property from the Bank under the Lease comply with all such procurement and public bidding laws as may be applicable.
7. There are no legal or governmental proceedings or litigation pending or, to the best of my knowledge, threatened or contemplated (or any basis therefor) wherein an unfavorable decision, ruling or finding might adversely affect the transactions contemplated in or the validity of the Lease.
8. The adoption, execution and/or delivery of the Lease and the Proceedings, and the compliance by the Lessee with their provisions, will not conflict with or constitute a breach of or default under any court decree or order or any agreement, indenture, lease or other instrument or any existing law or administrative regulation, decree or order to which the Lessee is subject or by which the Lessee is or may be bound.
9. Although we are not opining as to the ownership of the Leased Property or the priority of liens thereon, it is also our opinion that the Security Documents attached as Exhibit E to the Lease are sufficient in substance, form, and description, and indicated place, address, and method of filing and/or recording, to completely and fully perfect the security interest in every portion of the Leased Property granted under the Lease, and no other filings and/or recordings are necessary to fully perfect said security interest in the Leased Property.

Attorney for Lessee

EXHIBIT E

SECURITY DOCUMENTS

[Attach Certificates of Title showing Zions Bancorporation, N.A. as the lien holder]

EXHIBIT F

DELIVERY AND ACCEPTANCE CERTIFICATE

To: Zions Bancorporation, N.A.
One South Main Street, 17th Floor
Salt Lake City, Utah 84133

Reference is made to the Lease/Purchase Agreement between the undersigned (“Lessee”), and Zions Bancorporation, N.A. (the “Bank”), dated February 2, 2023, (the “Lease”) and to that part of the Leased Property described therein which comprises personal property (collectively, the “Equipment”). In connection therewith we are pleased to confirm to you the following:

1. All of the Equipment has been delivered to and received by the undersigned; all installation or other work necessary prior to the use thereof has been completed; said Equipment has been examined and/or tested and is in good operating order and condition and is in all respects satisfactory to the undersigned and as represented, and that said Equipment has been accepted by the undersigned and complies with all terms of the Lease. Consequently, you are hereby authorized to pay for the Equipment in accordance with the terms of any purchase orders for the same.
2. In the future, in the event the Equipment fails to perform as expected or represented we will continue to honor the Lease in all respects and continue to make our rental and other payments thereunder in the normal course of business and we will look solely to the vendor, distributor or manufacturer for recourse.
3. We acknowledge that the Bank is neither the vendor nor manufacturer or distributor of the Equipment and has no control, knowledge or familiarity with the condition, capacity, functioning or other characteristics of the Equipment.
4. The vehicle identification number for each item of Equipment which is set forth on Exhibit “B” to the Lease is correct.

This certificate shall not be considered to alter, construe, or amend the terms of the Lease.

Lessee:

CITY OF SEDONA

By: _____
(Authorized Signature)

Date: _____

EXHIBIT G
FORM OF ESCROW AGREEMENT

ESCROW AGREEMENT

This Escrow Agreement (this “Agreement”) dated February 2, 2023, by and among ZIONS BANCORPORATION, N.A., a national banking association (hereinafter referred to as “Lessor”), CITY OF SEDONA, a body politic and corporate of the State of Arizona (hereinafter referred to as “Lessee”), and ZIONS BANCORPORATION, National Association, a national banking association (hereinafter referred to as “Escrow Agent”).

Reference is made to that certain Federally Taxable Lease/Purchase Agreement, dated February 2, 2023, between Lessor and Lessee (hereinafter referred to as the “Lease”), covering the acquisition and lease of certain Leased Property described therein (the “Leased Property”). It is a requirement of the Lease that the Acquisition Amount be deposited with the Escrow Agent hereunder for the purpose of providing a mechanism for the application of such amounts to the payment of Leased Property costs.

The parties agree as follows:

1. Creation of Escrow Account.

(a) There is hereby created a special trust fund to be known as the “City of Sedona Escrow Account” (the “Escrow Account”) to be held in trust by the Escrow Agent for the purposes stated herein, for the benefit of Lessor and Lessee, to be held, disbursed and returned in accordance with the terms hereof. On the date hereof, from proceeds of the Lease, Lessor has caused the amount of \$624,546.00 to be transferred to Escrow Agent for deposit into the Escrow Account.

(b) The Escrow Agent shall invest and reinvest moneys on deposit in the Escrow Account in Qualified Investments in accordance with written instructions received from Lessee. Lessee shall be solely responsible for ascertaining that all proposed investments and reinvestments are Qualified Investments and that they comply with federal, state and local laws, regulations and ordinances governing investment of such funds and for providing appropriate notice to the Escrow Agent for the reinvestment of any maturing investment. Accordingly, neither the Escrow Agent nor Lessor shall be responsible for any liability, cost, expense, loss or claim of any kind, directly or indirectly arising out of or related to the investment or reinvestment of all or any portion of the moneys on deposit in the Escrow Account, and Lessee agrees to and does hereby release the Escrow Agent and Lessor from any such liability, cost, expenses, loss or claim. Interest on the Escrow Account shall become part of the Escrow Account, and gains and losses on the investment of the moneys on deposit in the Escrow Account shall be borne by the Escrow Account. The Escrow Agent shall have no discretion whatsoever with respect to the management, disposition or investment of the Escrow Account and is not a trustee or a fiduciary to Lessee. The Escrow Agent shall not be responsible for any market decline in the value of the Escrow Account and has no obligation to notify Lessor and Lessee of any such decline or take any action with respect to the Escrow Account, except upon specific written instructions stated herein. For purposes of this agreement, “Qualified Investments” means any investments which meet the requirements of the investment of public funds by Lessee in accordance with applicable Arizona law and any applicable policy that the governing body of the Lessee has adopted with respect to the investment of public funds.

(c) Lessee covenants that all investments of amounts deposited in the Escrow Account or other fund containing gross proceeds of the Lease will be acquired, disposed of and valued at the fair market value thereof. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”) will be valued at their present value. Terms used in this subsection (c) shall have the meanings given them in the applicable provisions of the Code.

(d) Unless the Escrow Account is earlier terminated in accordance with the provisions of paragraph (e) below, amounts in the Escrow Account shall be disbursed by the Escrow Agent in payment of amounts described in Section 2 hereof upon receipt of written authorization(s) from Lessor, as is more fully described in Section 2 hereof. If the amounts in the Escrow Account are insufficient to pay such amounts, Lessee shall provide any balance of the funds needed to complete the acquisition of the Leased Property. Any moneys remaining in the Escrow Account on or after the date on which Lessee executes the Delivery and Acceptance Certificate shall be applied as provided in Section 4 hereof.

(e) The Escrow Account shall be terminated at the earliest of (i) the final distribution of amounts in the Escrow Account (including delivery to Lessor by Lessee of an executed Delivery and Acceptance Certificate contained in the Lease), or (ii) written notice given by Lessor of the occurrence of a default or non-appropriation of the Lease.

(f) The Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine and may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner of execution, or validity of any instrument nor as to the identity, authority, or right of any person executing the same; and its duties hereunder shall be limited to the receipt of such moneys, instruments or other documents received by it as the Escrow Agent, and for the disposition of the same in accordance herewith. In the event conflicting instructions as to the disposition of all or any portion of the Escrow Account are at any time given by Lessor and Lessee, the Escrow Agent shall abide by the instructions or entitlement orders given by Lessor without consent of the Lessee.

(g) Unless the Escrow Agent is guilty of gross negligence or willful misconduct with regard to its duties hereunder, Lessee agrees to and does hereby release and indemnify the Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or any other expense, fees or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent under this Agreement; and in connection therewith, does to the extent permitted by law indemnify the Escrow Agent against any and all expenses; including reasonable attorneys’ fees and the cost of defending any action, suit or proceeding or resisting any claim.

(h) If Lessee and Lessor shall be in disagreement about the interpretation of the Lease, or about the rights and obligations, or the propriety of any action contemplated by the Escrow Agent hereunder, the Escrow Agent may, but shall not be required to, file an appropriate civil action to resolve the disagreement. The Escrow Agent shall be reimbursed by Lessee for all costs, including reasonable attorneys’ fees, in connection with such civil action, and shall be fully

protected in suspending all or part of its activities under the Lease until a final judgment in such action is received.

(i) The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection with the opinion of such counsel. The Escrow Agent shall otherwise not be liable for any mistakes of fact or errors of judgment, or for any acts or omissions of any kind unless caused by its willful misconduct.

(j) Lessee shall reimburse the Escrow Agent for all reasonable costs and expenses, including those of the Escrow Agent's attorneys, agents and employees incurred for extraordinary administration of the Escrow Account and the performance of the Escrow Agent's powers and duties hereunder in connection with any Event of Default under the Lease, or in connection with any dispute between Lessor and Lessee concerning the Escrow Account.

(k) The Escrow Agent or any successor may at any time resign by giving mailed notice to Lessee and Lessor of its intention to resign and of the proposed date of resignation (the "Effective Date"), which shall be a date not less than 90 days after such notice is delivered to an express carrier, charges prepaid, unless an earlier resignation date and the appointment of a successor shall have been approved by the Lessee and Lessor. After the Effective Date, the Escrow Agent shall be under no further obligation except to hold the Escrow Account in accordance with the terms of this Agreement, pending receipt of written instructions from Lessor regarding further disposition of the Escrow Account.

(l) The Escrow Agent shall have no responsibilities, obligations or duties other than those expressly set forth in this Agreement and no fiduciary or implied duties, responsibilities or obligations shall be read into this Agreement.

2. Acquisition of Property.

(a) Acquisition Contracts. Lessee will arrange for, supervise and provide for, or cause to be supervised and provided for, the acquisition of the Leased Property, with moneys available in the Escrow Account. Lessee represents the estimated costs of the Leased Property are within the funds estimated to be available therefor, and Lessor makes no warranty or representation with respect thereto. Lessor shall have no liability under any of the acquisition or construction contracts. Lessee shall obtain all necessary permits and approvals, if any, for the acquisition, equipping and installation of the Leased Property, and the operation and maintenance thereof.

(b) Authorized Escrow Account Disbursements. Disbursements from the Escrow Account shall be made for the purpose of paying (including the reimbursement to Lessee for advances from its own funds to accomplish the purposes hereinafter described) the Leased Property Costs and any delivery costs.

(c) Requisition Procedure. No disbursement from the Escrow Account shall be made unless and until Lessor has approved such requisition. Prior to disbursement from the Escrow Account there shall be filed with the Escrow Agent a requisition for such payment in the form of Disbursement Request attached hereto as Schedule 1, stating each amount to be paid and

the name of the person, firm or corporation to whom payment thereof is due. Each such requisition shall be signed by Cherie Wright (including her successors or anyone whom her successors may appoint to sign) of Lessee (an "Authorized Representative") and by Kirsi Hansen or her designees of Lessor, and shall be subject to the following:

1. Delivery to Lessor of an executed Disbursement Request in the form attached hereto as Schedule 1 certifying that:

(i)(A) an obligation in the stated amount has been incurred by Lessee, and that the same is a proper charge against the Escrow Account for costs relating to the Leased Property identified in the Lease, and has not been paid (or has been paid by Lessee and Lessee requests reimbursement thereof); (B) the Leased Property relating to such obligation has been delivered, installed, is operating in a manner consistent with the manufacturer's intended use and has been inspected and finally accepted for all purposes by Lessee, and (C) Lessee has conducted such inspection and/or testing of the Leased Property relating to such obligation as it deems necessary and appropriate in order to determine the Leased Property's capability and functionality in order to accept such Leased Property; (ii) the Lessee has no notice of any vendor's, mechanic's or other liens or rights to liens, chattel mortgages, conditional sales contracts or security interest which should be satisfied or discharged before such payment is made; (iii) such requisition contains no item representing payment on account, or any retained percentages which Lessee is, at the date of such certificate, entitled to retain (except to the extent such amounts represent a reimbursement to Lessee); (iv) the Leased Property is insured in accordance with the Lease; (v) no Event of Default (nor any event which, with notice or lapse of time or both, would become an Event of Default) has occurred and is continuing; (vi) no material adverse change in Lessee's financial condition has occurred since the date of the execution of the Lease; and (vii) the representations, warranties and covenants of Lessee set forth in the Lease are true and correct as of the date thereof; and

2. Delivery to Lessor invoices (and proofs of payment of such invoices, if Lessee seeks reimbursement); bills of sale (if title to such Leased Property has passed to Lessee); a description, and serial and/or VIN number for each item and any additional documentation reasonably requested by Lessor; and
3. In the case of the final distribution from the Escrow Account, delivery to Lessor a properly executed Delivery and Acceptance Certificate as required by the Lease.

3. Deposit to Escrow Account. Upon execution of the Lease and the satisfaction of any conditions specified in the Lease or otherwise, Lessor will cause the Acquisition Amount of \$624,546.00 to be deposited into the Escrow Account. Lessee agrees to pay any costs with respect to the Leased Property in excess of amounts available therefor in the Escrow Account and to pay delivery costs in excess of amounts available therefor in the Escrow Account; provided, however,

that any amount required for either such purpose shall be payable solely from moneys that have been appropriated by Lessee for such purpose.

4. Excessive Escrow Account. Any funds remaining in the Escrow Account on or after the date on which Lessee executes the Delivery and Acceptance Certificate, or upon a termination of the Escrow Account as otherwise provided herein, shall be delivered by the Escrow Agent to Lessor, and Lessor shall apply such funds to amounts owed under the Lease.

5. Security Interest. The Escrow Agent and Lessee acknowledge and agree that the Escrow Account and all proceeds thereof are being held by Escrow Agent for disbursement or return as set forth herein. Lessee hereby grants to Lessor a first priority perfected security interest in the Escrow Account and all proceeds thereof, and all investments made with any amounts in the Escrow Account. If the Escrow Account or any part thereof, is converted to investments as set forth in this agreement, such investments shall be made in the name of Escrow Agent and the Escrow Agent hereby agrees to hold such investments as bailee for Lessor so that Lessor is deemed to have possession of such investments for the purpose of perfecting its security interest.

6. Control of Escrow Account. In order to perfect Lessor's security interest by means of control in (i) the Escrow Account established hereunder, (ii) all securities entitlements, investment property and other financial assets now or hereafter credited to the Escrow Account, (iii) all of Lessee's rights in respect of the Escrow Account, such securities entitlements, investment property and other financial assets, and (iv) all products, proceeds and revenues of and from any of the foregoing personal property (collectively, the "Collateral"), Lessor, Lessee and Escrow Agent further agree as follows:

(a) All terms used in this Section 6 which are defined in the Uniform Commercial Code of the State of Arizona ("Commercial Code") but are not otherwise defined herein shall have the meanings assigned to such terms in the Commercial Code, as in effect on the date of this Agreement.

(b) Escrow Agent will comply with all entitlement orders originated by Lessor with respect to the Collateral, or any portion of the Collateral, without further consent by Lessee.

(c) Escrow Agent hereby represents and warrants (a) that the records of Escrow Agent show that Lessee is the sole owner of the Collateral, (b) that Escrow Agent has not been served with any notice of levy or received any notice of any security interest in or other claim to the Collateral, or any portion of the Collateral, other than Lessor's claim pursuant to this Agreement, and (c) that Escrow Agent is not presently obligated to accept any entitlement order from any person with respect to the Collateral, except for entitlement orders that Escrow Agent is obligated to accept from Lessor under this Agreement and entitlement orders that Escrow Agent, subject to the provisions of paragraph (e) below, is obligated to accept from Lessee.

(d) Without the prior written consent of Lessor, Escrow Agent will not enter into any agreement by which Escrow Agent agrees to comply with any entitlement order of any person other than Lessor or, subject to the provisions of paragraph (e) below, Lessee, with respect to any portion or all of the Collateral. Escrow Agent shall promptly notify Lessor if any person

requests Escrow Agent to enter into any such agreement or otherwise asserts or seeks to assert a lien, encumbrance or adverse claim against any portion or all of the Collateral.

(e) Except as otherwise provided in this paragraph (e) and subject to Section 1(b) hereof, Escrow Agent may allow Lessee to effect sales, trades, transfers and exchanges of Collateral within the Escrow Account, but will not, without the prior written consent of Lessor, allow Lessee to withdraw any Collateral from the Escrow Account. Escrow Agent acknowledges that Lessor reserves the right, by delivery of written notice to Escrow Agent, to prohibit Lessee from effecting any withdrawals (including withdrawals of ordinary cash dividends and interest income), sales, trades, transfers or exchanges of any Collateral held in the Escrow Account. Further, Escrow Agent hereby agrees to comply with any and all written instructions delivered by Lessor to Escrow Agent (once it has had a reasonable opportunity to comply therewith) and has no obligation to, and will not, investigate the reason for any action taken by Lessor, the amount of any obligations of Lessee to Lessor, the validity of any of Lessor's claims against or agreements with Lessee, the existence of any defaults under such agreements, or any other matter.

(f) Lessee hereby irrevocably authorizes Escrow Agent to comply with all instructions and entitlement orders delivered by Lessor to Escrow Agent.

(g) Escrow Agent will not attempt to assert control, and does not claim and will not accept any security or other interest in, any part of the Collateral, and Escrow Agent will not exercise, enforce or attempt to enforce any right of setoff against the Collateral, or otherwise charge or deduct from the Collateral any amount whatsoever.

(h) Escrow Agent and Lessee hereby agree that any property held in the Escrow Account shall be treated as a financial asset under such section of the Commercial Code, notwithstanding any contrary provision of any other agreement to which Escrow Agent may be a party.

(i) Escrow Agent is hereby authorized and instructed, and hereby agrees, to send to Lessor at its address set forth in Section 7 below, concurrently with the sending thereof to Lessee, duplicate copies of any and all monthly Escrow Account statements or reports issued or sent to Lessee with respect to the Escrow Account.

7. Information Required Under USA PATRIOT ACT. The parties acknowledge that in order to help the United States government fight the funding of terrorism and money laundering activities, pursuant to Federal regulations that became effective on October 23, 2003 (Section 326 of the USA PATRIOT Act) all financial institutions are required to obtain, verify, record and update information that identifies each person establishing a relationship or opening an account. The parties to this Agreement agree that they will provide to the Escrow Agent such information as it may request, from time to time, in order for the Escrow Agent to satisfy the requirements of the USA PATRIOT Act, including but not limited to the name, address, tax identification number and other information that will allow it to identify the individual or entity who is establishing the relationship or opening the account and may also ask for formation documents such as articles of incorporation or other identifying documents to be provided.

8. Fee Schedule; Initial Fee. \$1,500.00, annually.
9. Miscellaneous.

(a) Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Lease. This agreement may not be amended except in writing signed by all parties hereto. This agreement may be executed in one or more counterparts, each of which shall be deemed to be an original instrument and each shall have the force and effect of an original and all of which together constitute, and shall be deemed to constitute, one and the same instrument. Notices hereunder shall be made in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class postage prepaid, or delivered to an express carrier, charges prepaid, or sent by facsimile with electronic confirmation, addressed to each party at its address below:

If to Lessor: ZIONS BANCORPORATION, N.A.
 1 South Main Street 17th Floor
 Salt Lake City, UT 84133
 Attn: Jon Dunfield, Vice President

If to Lessee: City of Sedona
 102 Roadrunner Dr.
 Sedona, AZ 86336
 Attn: Heidi Weber

If to Escrow Agent: ZIONS BANCORPORATION, National Association
 Corporate Trust Department
 6001 North 24th Street, Bldg. B
 Phoenix, AZ 85016
 Attn: Pamela Saucer, Corporate Trust Officer

(b) As required by the provisions of Arizona Revised Statutes Section 38-511, as amended, notice is hereby given that the District may, within three (3) years of the execution hereof, cancel this Agreement without penalty or further obligations, if any person significantly involved in initiating, negotiation, securing, drafting or creating this Agreement on behalf of the District is, at any time while this Agreement or any extension of this Agreement is in effect, an employee or agent of the Escrow Agent or a consultant to the Escrow Agent with respect to the subject matter of this Agreement. The cancellation shall be effective when written notice from the District is received by the Escrow Agent unless the notice specifies a later time.

In Witness Whereof, the parties have executed this Escrow Agreement as of the date first above written.

ZIONS BANCORPORATION, N.A.
as Lessor

CITY OF SEDONA
as Lessee

By: _____
_____, Vice President

By: _____
Its: _____

ZIONS BANCORPORATION, National Association
as Escrow Agent

By: _____
Pamela Saucer, Corporate Trust Officer

SCHEDULE 1

TO THE ESCROW AGREEMENT

FORM OF DISBURSEMENT REQUEST

Re: Federally Taxable Lease/Purchase Agreement, dated February 2, 2023 in the amount of \$624,546.00 (the “Lease”), between ZIONS BANCORPORATION, N.A., as Lessor, and CITY OF SEDONA, as Lessee (Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Lease.)

In accordance with the terms of the Escrow Agreement, dated February 2, 2023 (the “Escrow Agreement”) by and among ZIONS BANCORPORATION, N.A., a national banking association (“Lessor”), CITY OF SEDONA (“Lessee”) and ZIONS BANCORPORATION, National Association, (the “Escrow Agent”), the undersigned hereby requests the Escrow Agent pay the following persons the following amounts from the Escrow Account created under the Escrow Agreement for the following purposes:

PAYEE’S NAME AND ADDRESS	INVOICE NUMBER	DOLLAR AMOUNT	PURPOSE (INCLUDE SERIAL AND/OR VIN NUMBER)

The undersigned hereby certifies as follows:

(i) The date on which “acceptance” occurred with respect to the portion of the Leased Property for which disbursement is hereby requested is _____, and such portion of Leased Property is hereby accepted by Lessee for all purposes of the Lease.

(ii) An obligation in the stated amount has been incurred by Lessee, and the same is a proper charge against the Escrow Account for costs relating to the Leased Property identified in the Lease, and has not been paid (or has been paid by Lessee and Lessee requests reimbursement thereof), and the Leased Property relating to such obligation has been delivered, installed, is operating in a manner consistent with the manufacturer's intended use and has been inspected and finally accepted for all purposes by Lessee. Lessee has conducted such inspection and/or testing of the Leased Property relating to such obligation as it deems necessary and appropriate in order to determine the

Leased Property's capability and functionality in order to accept such Leased Property. Attached hereto is the original invoice with respect to such obligation.

(iii) The undersigned, as Authorized Representative, has no notice of any vendor's, mechanic's or other liens or rights to liens, chattel mortgages, conditional sales contracts or security interest which should be satisfied or discharged before such payment is made.

(iv) This requisition contains no item representing payment on account, or any retained percentages which Lessee is, at the date hereof, entitled to retain (except to the extent such amounts represent a reimbursement to Lessee).

(v) The Leased Property is insured in accordance with the Lease.

(vi) No Event of Default, and no event which with notice or lapse of time, or both, would become an Event of Default under the Lease has occurred and is continuing at the date hereof.

(vii) No material adverse change in Lessee's financial condition has occurred since the date of the execution of the Lease.

(viii) The representations, warranties and covenants of Lessee set forth in the Lease are true and correct as of the date hereof.

Dated: _____

By: _____
Authorized Representative

Disbursement of funds from the Escrow Account in accordance with the foregoing Disbursement Request hereby is authorized

ZIONS BANCORPORATION, N.A.,
as Lessor under the Lease

By: _____
Name: _____
Title: _____



**CITY COUNCIL
AGENDA BILL**

**AB 2912
January 24, 2023
Regular Business**

Agenda Item: 8a

Proposed Action & Subject: Public hearing/discussion/possible action regarding potential projects for Community Development Block Grant (CDBG) funding and approval of a resolution authorizing the submission of a grant application for CDBG funds.

Department	CM - Housing
Time to Present	30 minutes
Total Time for Item	90 minutes
Other Council Meetings	N/A
Exhibits	A. Resolution B. Requests for Funding

City Attorney Approval	Reviewed 1/17/23 KWC	Expenditure Required	
		\$ \$400,000	
City Manager's Recommendation	Discuss and take action selecting one or more of the various proposed projects for CDBG application and approve a resolution authorizing a CDBG grant submission for projects, up to \$400k total.	Amount Budgeted	
		\$ 400,000 would be budgeted in FY 2024	
		Account No. TBD (Description)	
		Finance <input checked="" type="checkbox"/>	Approval

SUMMARY STATEMENT

Background: CDBG (Community Development Block Grant) is a federal Housing and Urban Development (HUD) program that provides funds for housing and community development activities. The Arizona Department of Housing (ADOH) in conjunction with Northern Arizona Council of Governments (NACOG) administers and plans the annual allocations and provides technical assistance for applications for northern Arizona. Through their process, the City of Sedona is eligible for funds every four years. Final funding levels will not be determined until later in 2023, but the current estimated total is \$406,016. A portion, approximately 15%, of the grant must be allocated to NACOG for the administration of the grant. The net grant amount is subject to change.

CDBG funds can be used for a diverse range of projects. However, to be eligible for funding, projects must meet at least one of three national objectives:

- At least 51% of persons who benefit from the project must be low-to-moderate income
- Reduce or eliminate slums or blighting conditions
- Address a particular urgency (such as a natural disaster or health threat)

The following activities received CDBG funding through the City of Sedona in the past five cycles:

2003 – Domestic Violence Counseling, Head Start playground, housing rehab and sewer hook-ups, senior center pool.

2007 – Mobile home replacement and a housing rehab program

2011 – Senior center kitchen upgrade/remodel and a housing rehab program

2015 – Housing Rehabilitation (home repair grants)

2019 – Hope House of Sedona

On December 21st, 2022, a public hearing regarding possible uses for which the City could apply for CDBG funds was held by Housing staff and NACOG representatives. Minutes from that hearing are included as Exhibit B. Pre-applications were requested for each project proposed, the deadline to submit a pre-application was January 6th, 2023. The following were received:

1. A Home repair program proposed by Habitat for Humanity: \$400,000 to fund a home repair grant program for low-income households and seniors in need of critical home repairs.
2. A shelter or day-use facility proposed by City Housing staff: \$400,000 to acquire property suitable for a day resource center or emergency shelter for Sedona area unsheltered residents, to be operated by a nonprofit partner yet to be identified.
3. Transitional housing proposed by Steps to Recovery: \$400,000 to support the acquisition of transitional housing for families and individuals impacted by substance abuse.
4. A strategic plan to end homelessness proposed by City Housing staff: \$10,000 to hire a consultant to identify needs and guide the City's activities related to homelessness over the next several years.

The City may fund one of the projects, or two projects if number 4 -a strategic plan, is one of those two. To fund the selected project(s), the City will work with the proposed recipient and NACOG to submit a complete application to ADOH in May 2023. Funds will be available near the end of 2023.

In reviewing the applications, City staff, together with NACOG staff determined all the projects would meet the funding requirements.

Climate Action Plan/Sustainability Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s):

MOTION

I move to: authorize staff to prepare a CDBG application for 2023 funding for _____ or for the _____ project as an alternative should the application for the preferred project be unable to be successfully completed.

I move to: approve Resolution No 2023-____, authorizing the submittal of an application for 2023 CDBG funding.

RESOLUTION NO. 2023- ____

**AUTHORIZATION TO SUBMIT APPLICATIONS
AND IMPLEMENT CDBG PROJECTS**

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SEDONA AUTHORIZING THE SUBMISSION OF AN APPLICATION FOR FY23 STATE COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS, CERTIFYING THAT SAID APPLICATION MEETS THE COMMUNITY'S PREVIOUSLY IDENTIFIED HOUSING AND COMMUNITY DEVELOPMENT NEEDS AND THE REQUIREMENTS OF THE STATE CDBG PROGRAM, AND AUTHORIZING ALL ACTIONS NECESSARY TO IMPLEMENT AND COMPLETE THE ACTIVITIES OUTLINED IN SAID APPLICATION.

WHEREAS the City of Sedona is desirous of undertaking community development activities; and

WHEREAS, the State of Arizona is administering the Community Development Block Grant Program; and

WHEREAS, the State CDBG Program requires that CDBG funds requested address one of the three Congressional mandated National Objectives; and

WHEREAS, the activities within these applications address the community's identified housing and community development needs, including the needs of low and moderate income persons; and

WHEREAS, an Applicant of State CDBG funds is required to comply with the program guidelines and Federal Statutes and regulations:

NOW, THEREFORE, BE IT RESOLVED THAT the Mayor and City Council of the City of Sedona authorize application to be made to the State of Arizona, Department of Housing for FY23 CDBG funds, and authorize the Mayor to sign application and contract or grant documents for receipt and use of these funds *for [title or brief description of activity(ies)]*, and authorize the Mayor to take all actions necessary to implement and complete the activities submitted in said application(s); and

THAT this application for State CDBG funds meets the requirements of low- and moderate-income benefit for activities justified as benefiting low- and moderate-income persons, aids in the prevention or elimination of slum and blight or addresses an urgent need which poses a threat to health; and

THAT, the City will comply with all State CDBG Program guidelines, Federal Statutes and regulations applicable to the State CDBG Program and the certifications contained in these applications.

APPROVED AND ADOPTED by the Mayor and City Council of the City of Sedona, Arizona
this 24th day of January, 2023.

Scott Jablow, Mayor

ATTEST:

Joanne Cook, City Clerk

APPROVED AS TO FORM:

Kurt Christianson, City Attorney



REQUEST FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDING

Name: Tania Simms		Date: 12/28/2022
Representing: Verde Valley Habitat for Humanity		Phone: 928-649-6788, ext. 7
The project is: <i>Home Repair Program</i>		
<u>How will the CDBG funds be used?</u> To make home repairs for qualified and approved low to moderate income homeowners in Sedona.		
<u>Location and mailing address for the project:</u> Projects will take place throughout Sedona city limits.		
<u>What is the problem that will be solved with the project?</u> We are experiencing a housing crisis. This crisis has exacerbated the need for additional housing units and to preserve the housing units that currently exist. It's more cost effective to maintain a home's structure than it is to build new ones. It's also imperative that we consider our current homeowners and their abilities to maintain a healthy and safe living condition for themselves and their families. Statistics show that healthy and safe living conditions help maintain the health and safety of the residents themselves. Sedona has approximately 3600 owner occupied housing units with 35% of these unites occupied by households with annual incomes less than \$50,000. With inflation and increases in building materials costs, more and more households may not be able to keep up with their home maintenance and repairs. When these homeowners don't have funds needed to make significant home repairs for issues such as roof damage, water damage, plumbing, electrical, and mechanical needs, they are putting their personal health and safety at risk while also putting the property at risk of becoming a blight to the community and an extremely expensive situation to remedy. These funds will support needed home maintenance and repairs, for low to moderate income homeowners, who have not been able to maintain their homes physical conditions or pay for expensive repairs such as roof replacements, water damage, plumbing, or electrical repairs. These repairs improve and preserve the home, improves the homeowners property investment, revitalizes their neighborhood, and retains these homes in our current local housing inventory.		
<u>Describe the persons who will benefit.</u> Sedona applicants with household income levels that fall between 0% to 80% of Yavapai AMI, must be their primary residence, must be owner occupied, must be current on their home mortgage, property taxes and property insurance and have a home maintenance and repair need.		
<u>At least 51% of the persons who benefit must be low-to-moderate income. What is the proof that they are low to moderate income?</u> (There must be solid statistical proof from the U.S. Census, a pre-approved survey, or other firm documentation.)		
Total number of persons who will benefit Up to 22 local households, approximately 20 – 100 plus individuals depending on the number of household members, at a maximum assistance of \$20,000 per approved homeowner applicant.	Number of low-moderate income persons who will benefit: 100%	
Estimated cost is at least \$ <u>400,000.00</u> and \$ <u>400,000.00</u> in CDBG funds is needed.		

<p>How were the cost estimates derived? \$328,000 direct support to homeowners for repairs 72,000 Admin costs over 3 years</p>
<p>If other funds are needed for the project, what is their source? Additional funding is not needed; however, Verde Valley Habitat for Humanity may contribute volunteer time or other resources in certain cases.</p>
<p>Are the other funds needed legally committed to the project? If they are not legally committed by December 31, 2022, the project is not eligible. (You will need proof for the application.)</p>

<p>Contact Person for this project: Tania Simms</p>	
<p>Address: 737 S Main Street Community: Cottonwood</p>	<p>Zip: 86326</p>
<p>E-mail (if available): Tania.simms@vvhabitat.org</p>	<p>Phone: 928-649-6788, ext. 7</p> <p>Fax: 928-202-4756</p>

I/we understand that the Council / Board of Supervisors may not prioritize my project at the top of the list for CDBG funding and I/we may not receive a CDBG allocation.


I/we have submitted, as appropriate (please check each that applies),

- Agency Operations Budget
- Project Budget
- Firm Commitment of Financing
- Donation/Volunteer Pledge

I/we will submit all required back-up information at the request of the community. I/we understand that if the requested items are not received by the stated deadline, our request for funds will move to the bottom of the priority list and may not be funded.

If allocated CDBG funds, I/we certify that I/we will not engage in partisan politics or conduct religious proselytizing in the CDBG funded program or facility.

If allocated CDBG funds, I/we certify that I/we will continue the program for which CDBG funds are allocated for at least five years after grant close-out, which may be as long as eight years from now.



Authorized Signature

THIS FORM MUST BE COMPLETE

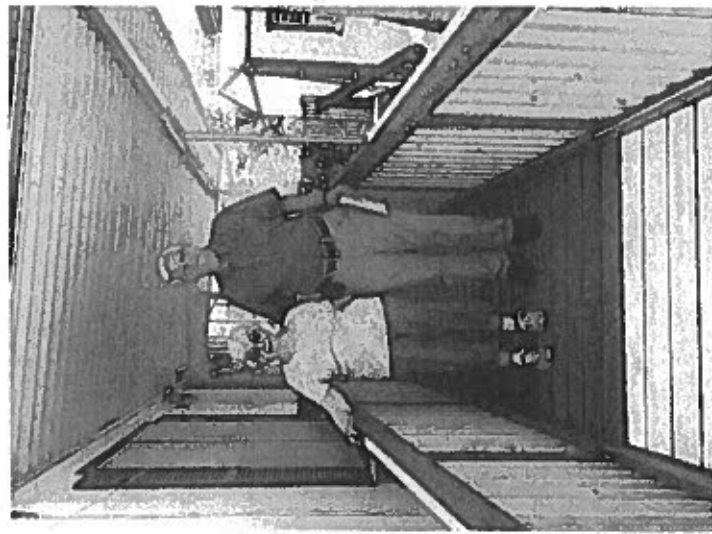


Verde Valley

Habitat
for Humanity

CRITICAL HOME REPAIR PROGRAM

Verde Valley Habitat for Humanity partners with homeowners to alleviate critical health and safety issues and complete needed home improvement projects. Critical home repairs benefit the family living in the home, the neighborhood where they live, and our entire community.



Merynn and Al Barber had challenges with access to their home, Merynn due to a prosthetic leg and Al Barber because of his cane. They now enjoy their wheelchair ramp, gaining them new freedom to enjoy outdoor gardening and grocery shopping.

- Ensures families are living in safe and well maintained homes
- Prevents families from being displaced from their homes and forced into transitional housing or shelters
- Protects families' financial investments
- Restores the homeowners' dignity and pride of homeownership

Minor home repairs help families with projects that restore dignity through appearance upgrades and other exterior repairs.

- Revitalizes neighborhoods
- Preserves the history and culture of neighborhoods while implementing sustainable improvements
- Inspires neighborhood inhabitants to reinvest in their communities

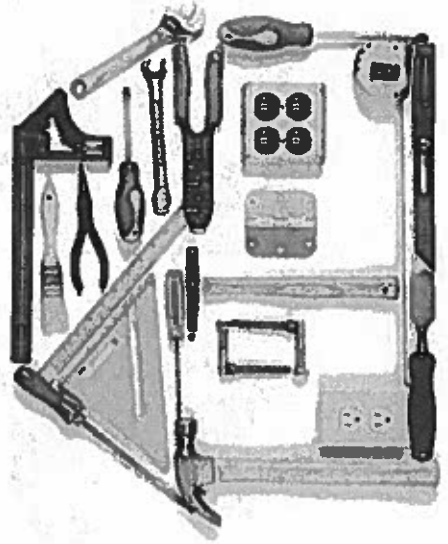
Program Details

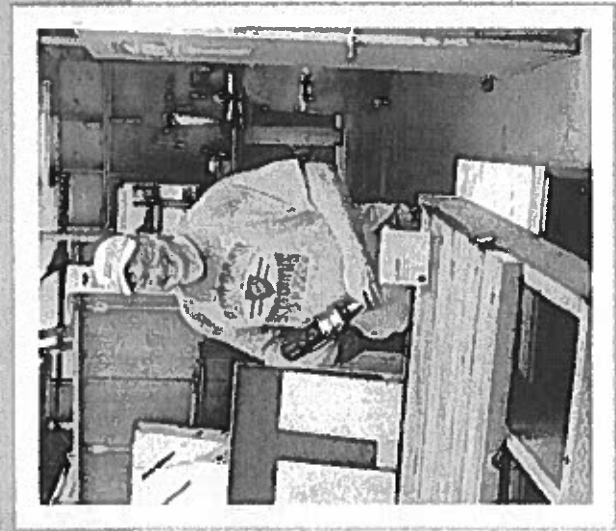
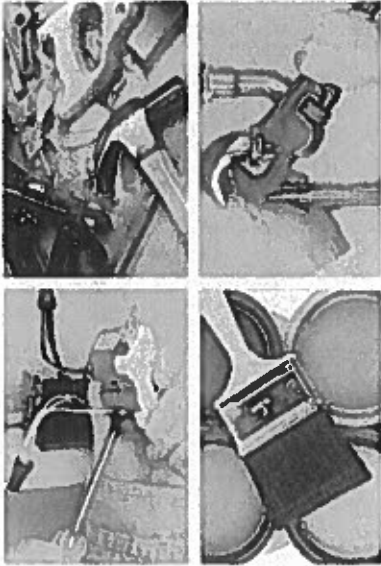
- The home must be the applicant's primary residence, located in a program zip code and the homeowner must live in the house.
- Total gross household income for all residents over age 18 must fall within 30-60% of the median income for Yavapai County
- Homeowners insurance and property taxes must be up-to-date.

- Habitat will review the repair list and job costs with the homeowner, for their approval of all costs, before work begins.
- Some repairs, including but not limited to, plumbing, will be done by licensed contractors.
- As a condition of approval, the homeowner will be required to provide a signed photo release, photos of the family and home (both before and after)

Requirements to Qualify

- Own your home.
- Be your primary residence.
- Have homeowner's insurance.
- Mortgage and property taxes up-to-date.
- Meet Income Limits





Who We Serve

- Low-income veterans, disabled and/or senior homeowners', who struggle to maintain their homes, by providing repair services at an affordable rate.

Need

- Low-income, veterans, disabled and/or senior homeowners who are in need of assistance with home repairs.

Ability to Pay

- Applicants must be current in their mortgage payments, property taxes, and homeowner's insurance.

Verde Valley Habitat for Humanity partners with local limited-income homeowners who are in need of repair or maintenance on their homes. Individuals and families are selected based on:

- Willingness to Partner
- Demonstrated Need
- Income Level

Verde Valley Habitat for Humanity offers a hand up, not a handout. Selected partners will work side-by-side with Habitat staff and volunteers. Accommodations are made for those unable to physically work. The home repair program ensures our neighbors live in safe, decent homes and restores dignity and hope to the community.

If you know of someone who needs our help, please contact us at:

Verde Valley Habitat for Humanity
 737 S. Main Street
 Cottonwood, AZ 86326
 (928) 649-6788
 EIN: 86-0754480



Verde Valley Habitat for Humanity
 737 S. Main Street
 Cottonwood, AZ 86326
 (928) 649-6788
 EIN: 86-0754480

VVHFH Housing Repair Program Three Year Estimated CDBG Budget

Client Services/ Administrative Costs*	72,000
Materials for volunteer installations	50,000
New Roofs	83,000
HVAC Systems	65,000
Accessibility Improvements	50,000
Misc contracted repairs	80,000
Total	\$400,000

***Client services** is reimbursement for time spent qualifying clients, assessing their need, obtaining bids, and overseeing construction. Costs may include travel time and expense, or certain contracted services.

2

REQUEST FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDING

Name: Shannon Boone		Date: 1/1/23
Representing: City of Sedona		Phone: 928 203 5126
The project is: Shelter or Day-use facility for homeless residents		
<p>How will the CDBG funds be used? To purchase a building for an office and day use resource center to provide showers, meals, laundry, computers, haircuts, etc to the homeless of Sedona. The site would include meeting space for case managers. If the site allows, this building could also be used for an emergency overnight shelter.</p> <p>At this time, a nonprofit partner would need to be identified to manage the resource center. Sedona Area Homeless Alliance had previously proposed this project, but since has declined the opportunity due to the grant reporting requirements. (1/14/2023)</p> <p>Location and mailing address for the project: 102 Roadrunner, Sedona AZ</p>		
<p>What is the problem that will be solved with the project? The City has not previously addressed homelessness, a growing problem in Sedona. Homeless service providers lack the capacity to acquire a space to provide services. Residents are concerned about the number of homeless using park and library facilities.</p>		
<p>Describe the persons who will benefit. Unsheltered persons living in Sedona</p> <p>At least 51% of the persons who benefit must be low-to-moderate income. What is the proof that they are low to moderate income? (There must be solid statistical proof from the U.S. Census, a pre-approved survey, or other firm documentation.) Those unsheltered who would benefit most from effective solutions would all likely be low-to-moderate income.</p>		
Total number of persons who will benefit		Number of low-moderate income persons who will benefit:
Estimate 50+		Estimate 50+
Estimated cost is at least \$ <u> \$650,000 </u> and \$ 400,000 in CDBG funds is needed.		
How were the cost estimates derived? Based on the lowest real estate values in Sedona, no building has yet been identified as funds are not available until late in the year.		
<p>If other funds are needed for the project, what is their source? It is likely the City would need to allocate additional funds in the upcoming budget to acquire and outfit the building.</p>		

Are the other funds needed legally committed to the project? If they are not legally committed by December 31, 2022, the project is not eligible. (You will need proof for the application.)

This is not required until time of application to ADOH because the City is the applicant. City Housing staff will work to identify other grant funds available in the interim.

Contact Person for this project: Shannon Boone

Address:

Community:

Zip:

Phone:

E-mail (if available):

Fax:

I/we understand that the Council / Board of Supervisors may not prioritize my project at the top of the list for CDBG funding and I/we may not receive a CDBG allocation.

I/we have submitted, as appropriate (please check each that applies),

- Agency Operations Budget
- Project Budget
- Firm Commitment of Financing
- Donation/Volunteer Pledge

I/we will submit all required back-up information at the request of the community. I/we understand that if the requested items are not received by the stated deadline, our request for funds will move to the bottom of the priority list and may not be funded.

If allocated CDBG funds, I/we certify that I/we will not engage in partisan politics or conduct religious proselytizing in the CDBG funded program or facility.

If allocated CDBG funds, I/we certify that I/we will continue the program for which CDBG funds are allocated for at least five years after grant close-out, which may be as long as eight years from now.



Authorized Signature

**THIS FORM MUST BE COMPLETE
UNSIGNED REQUESTS WILL NOT BE CONSIDERED
BY THE COUNCIL / BOARD**

3

REQUEST FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDING

Name: Damien Browning	Date: 12/6/22
Representing: Steps to Recovery Homes	Phone: 9285922603
The project is: Transitional Living and Life Skills	
<u>How will the CDBG funds be used?</u> They will be used to purchase housing for transitional living for individuals that have had addiction and mental health issues and are working on transitioning back into society and need a safe, clean, example driven environment. This will also be used for people that have become sober and may need a sober environment to stay sober and continue to be successful in our community.	
<u>Location and mailing address for the project:</u> 637 N. Main St. Suite 1A Cottonwood Az 86326	
<u>What is the problem that will be solved with the project?</u> There is no housing for people that are working at putting their lives back together. There are so many situations and variables that go into reintegrating back into society will maintaining their sobriety and desire to make healthy decisions for themselves and everyone around them. It takes someone at least 18months to 2.5 years to really have a foundation to where they can be successful to move out on their own. Having a sober environment is a crucial piece of the puzzle. There is also the fact that people with felonies cannot rent from property management. This creates a need as we have individuals that are coming out of incarceration and working on changing their lives around. These individuals experience a great deal of barriers and can get discouraged and reoffend. The recidivism creates many issues in our community	

Describe the persons who will benefit.

Individuals with addictions and other co-occurring disorders

Their families

Our neighborhoods

Our emergency response teams

Our Schools

Our workforce

Our society

At least 51% of the persons who benefit must be low-to-moderate income. What is the proof that they are low to moderate income? (There must be solid statistical proof from the U.S. Census, a pre-approved survey, or other firm documentation.)

90% of the clientele we serve come in with no money, no support and are homeless.

Total number of persons who will benefit Hundreds

Number of low-moderate income persons who will benefit:
Hundreds

Estimated cost is at least \$ 300,000 and \$ 400,000 in CDBG funds is needed.

How were the cost estimates derived?

Looked at some current Properties

If other funds are needed for the project, what is their source?

They will come from income from our organization

Are the other funds needed legally committed to the project? If they are not legally committed by December 31, 2022, the project is not eligible. (You will need proof for the application.)

Contact Person for this project: Damien Browning

Address: 1120 Peaks View Dr.
Community: Clarkdale Zip: 86324

Phone:928

E-mail (if available):stepstorecoveryhomes@gmail.com

Fax:

I/we understand that the Council / Board of Supervisors may not prioritize my project at the top of the list for CDBG funding and I/we may not receive a CDBG allocation.

I/we have submitted, as appropriate (please check each that applies),

Steps To Recovery Homes Transitional Housing Proposal

Steps to Recovery Homes is proposing to provide transitional housing for men who have successfully completed substance abuse treatment. Currently, no housing for men in recovery exists as they transition from the next step in sustaining recovery. STRH's program is now a 3–6-month program which does not provide housing once programming is completed. To mitigate the risks of relapse, we would like to open a Men's home which would allow our clients to stay up to two years in a sober living environment. This is critical to their sobriety and will reduce the influx of emergency services, and other community resources our clients must access when they complete our current program and have nowhere to go.

Recovery housing provides a voluntary, safe, substance-free living environment that is affordable to low- and moderate-income individuals and provides connection to peer supports, recovery programs, and community-based resources that help to stabilize early recovery.

Transitional housing can make a major difference in the recovery process. There are several transitioning housing benefits, such as:

- Structure**
- Community**
- Accountability**
- Sober environment**
- Maintained momentum**

Recovering from an addiction requires more than stopping your substance use. The recovery process involves lifestyle changes such as holding down a job, paying rent and learning how to be responsible, for many individuals this may be the first time they have been responsible for themselves.

Transitional housing benefits can help support someone in making the necessary lifestyle changes that will support lasting recovery, something STRHs hopes to accomplish.

Transitional Housing - Planning Budget 2023

Source	Annual Income	Jan	Feb	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.
CHDS funds	\$ 400,000.00	\$ 33,333.33	\$ 33,333.33	\$ 33,333.33	\$ 33,333.33	\$ 33,333.33	\$ 33,333.33	\$ 33,333.33	\$ 33,333.33	\$ 33,333.33	\$ 33,333.33	\$ 33,333.33	\$ 33,333.33
Fees & Services*	\$ 46,800.00	\$ 3,900.00	\$ 3,900.00	\$ 3,900.00	\$ 3,900.00	\$ 3,900.00	\$ 3,900.00	\$ 3,900.00	\$ 3,900.00	\$ 3,900.00	\$ 3,900.00	\$ 3,900.00	\$ 3,900.00
Total Income	\$ 446,800.00	\$ 37,233.33	\$ 37,233.33	\$ 37,233.33	\$ 37,233.33	\$ 37,233.33	\$ 37,233.33	\$ 37,233.33	\$ 37,233.33	\$ 37,233.33	\$ 37,233.33	\$ 37,233.33	\$ 37,233.33

Operating Expenses:	Expense	Budgeted Expenses											
		Jan	Feb	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.
Initial Down Payment	\$ 350,000.00												
Mortgage	\$ 21,600.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00
Insurance	\$ 7,100.00	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00	\$ 175.00
Property Taxes	\$ 1,500.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00
Property Improvements**	\$ 50,000.00	\$ 4,166.67	\$ 4,166.67	\$ 4,166.67	\$ 4,166.67	\$ 4,166.67	\$ 4,166.67	\$ 4,166.67	\$ 4,166.67	\$ 4,166.67	\$ 4,166.67	\$ 4,166.67	\$ 4,166.67
Utilities, Trash & Internet	\$ 10,800.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00
Repairs & Maintenance	\$ 5,000.00	\$ 416.67	\$ 416.67	\$ 416.67	\$ 416.67	\$ 416.67	\$ 416.67	\$ 416.67	\$ 416.67	\$ 416.67	\$ 416.67	\$ 416.67	\$ 416.67
Admin Support Fee	\$ 3,700.00	\$ 312.00	\$ 312.00	\$ 312.00	\$ 312.00	\$ 312.00	\$ 312.00	\$ 312.00	\$ 312.00	\$ 312.00	\$ 312.00	\$ 312.00	\$ 312.00
House Level Stipend	\$ 1,800.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
Total Expenses	\$ 446,500.00	\$ 3,778.67	\$ 3,778.67	\$ 3,778.67	\$ 3,778.67	\$ 3,778.67	\$ 3,778.67	\$ 3,778.67	\$ 3,778.67	\$ 3,778.67	\$ 3,778.67	\$ 3,778.67	\$ 3,778.67
Net Income (Loss)	\$ 256.80	\$ 554.66	\$ 554.66	\$ 554.66	\$ 554.66	\$ 554.66	\$ 554.66	\$ 554.66	\$ 554.66	\$ 554.66	\$ 554.66	\$ 554.66	\$ 554.66

- * Budget Income at 75% occupancy
- ** Property Improvements: furniture, fixtures, appliances, paint, etc.

\$ Bedroom / 3 Bath House	\$ 850,000.00
Down payment	\$ 350,000.00
Balance	\$ 499,500.00
@ 0% Interest	\$ 1,800.00 per month

4

REQUEST FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDING

Name: Shannon Boone		Date: 1/1/23
Representing: City of Sedona		Phone: 928 203 5126
The project is: Plan to Address Homelessness		
<u>How will the CDBG funds be used?</u> To hire a consultant to study/assess the state of homelessness in Sedona (and possibly the Verde Valley), and to make recommendations in a plan to address homelessness		
<u>Location and mailing address for the project:</u> 102 Roadrunner, Sedona AZ		
<u>What is the problem that will be solved with the project?</u> The City has not previously addressed homelessness, a growing problem in Sedona. As a new endeavor the problem needs to be studied to answer questions about the homeless population which are complicated by the number of travelers and the number of working people living in their cars. In order to develop effective solutions more information is needed.		
<u>Describe the persons who will benefit.</u> Unsheltered persons living in Sedona, business owners with unhoused staff, all residents affected by or concerned about homelessness.		
<u>At least 51% of the persons who benefit must be low-to-moderate income. What is the proof that they are low to moderate income?</u> (There must be solid statistical proof from the U.S. Census, a pre-approved survey, or other firm documentation.) Those unsheltered who would benefit most from effective solutions would all likely be low-to-moderate income.		
Total number of persons who will benefit Estimate 50+	Number of low-moderate income persons who will benefit: Estimate 50+	
Estimated cost is at least \$ _____ and \$ 10,000 _____ in CDBG funds is needed.		
How were the cost estimates derived? Typical consultant costs		
If other funds are needed for the project, what is their source? N/A		

Are the other funds needed legally committed to the project? If they are not legally committed by December 31, 2022, the project is not eligible. (You will need proof for the application.)

N/A

Contact Person for this project: Shannon Boone	
Address: Community: _____ Zip: _____	Phone: _____
E-mail (if available): _____	Fax: _____

I/we understand that the Council / Board of Supervisors may not prioritize my project at the top of the list for CDBG funding and I/we may not receive a CDBG allocation.

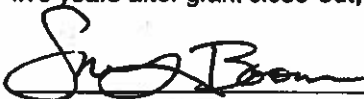
I/we have submitted, as appropriate (please check each that applies),

- Agency Operations Budget
- Project Budget
- Firm Commitment of Financing
- Donation/Volunteer Pledge

I/we will submit all required back-up information at the request of the community. I/we understand that if the requested items are not received by the stated deadline, our request for funds will move to the bottom of the priority list and may not be funded.

If allocated CDBG funds, I/we certify that I/we will not engage in partisan politics or conduct religious proselytizing in the CDBG funded program or facility.

If allocated CDBG funds, I/we certify that I/we will continue the program for which CDBG funds are allocated for at least five years after grant close-out, which may be as long as eight years from now.



 Authorized Signature

**THIS FORM MUST BE COMPLETE
 UNSIGNED REQUESTS WILL NOT BE CONSIDERED
 BY THE COUNCIL / BOARD**



**CITY COUNCIL
AGENDA BILL**

**AB 2861
January 24, 2023
Regular Items**

Agenda Item: 8b
Proposed Action & Subject: Discussion/possible direction regarding City Council's State Legislative priorities.

Department	City Manager
Time to Present	15 Minutes
Total Time for Item	45 Minutes
Other Council Meetings	September 28, 2021, November 9, 2021, September 27, 2022
Exhibits	A. Legislative Presentation to Council

City Attorney Approval	Reviewed 1/17/23 KWC	Expenditure Required
		\$ N/A
City Manager's Recommendation	For discussion and direction only.	Amount Budgeted
		\$ N/A
		Account No. N/A (Description)
		Finance Approval <input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: On January 9, 2023, the Arizona State Legislature will begin the fifty sixth, first regular legislative session. In order to prepare for legislative advocacy work at the Arizona State Capitol, local governments typically adopt legislative priorities. This is also coordinated with the work of the Arizona League of Cities and Towns.

In November 2022, the City of Sedona finalized a contract with Policy Development Group (PDG) to provide legislative advocacy during the legislative session. In the 2022 legislative session, PDG worked on the City of Sedona's behalf to pursue legislative changes related to short-term rentals.

During the 2022 legislative session, several pieces of legislation were introduced related to short-term rentals. Along with the Deputy City Manager and City Attorney, PDG worked with the Arizona League of Cities and Towns and other cities and towns to educate and lobby the legislature. One outcome was a bill introduced by Representative Barton that addressed the City's unique needs and position related to short-term rentals. HB 2711 would have allowed cities with a population of less than 17,000 to regulate short-term rentals by setting a density cap locally, among other provisions.

While HB 2711 was not ultimately successful, the city's issues were highlighted with legislators and the city was able to provide testimony in committee during the February 14, 2022, hearing.

Ultimately, SB 1168 passed that provided more authority to local governments to license and regulate short-term rentals.

PDG will be representing the City of Sedona during the 2023 legislative on the City's state legislative priorities. During the council discussion, representatives from PDG will present an overview on the upcoming legislative session. Staff will present on the proposed legislative agenda for the City of Sedona.

Staff provides Council updates throughout the legislative session and asks Council to weigh in on emerging issues. Councilmembers have also been set up with accounts to log into the Request to Speak portal at the Arizona State Legislature to log-in to support and oppose bills.

Following the discussion, staff will work with PDG to develop talking points for the Mayor and Council to utilize during the legislative session.

Climate Action Plan/Sustainability Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

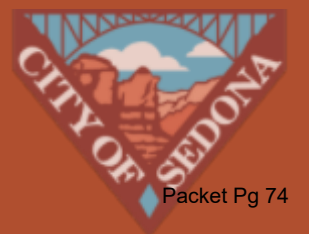
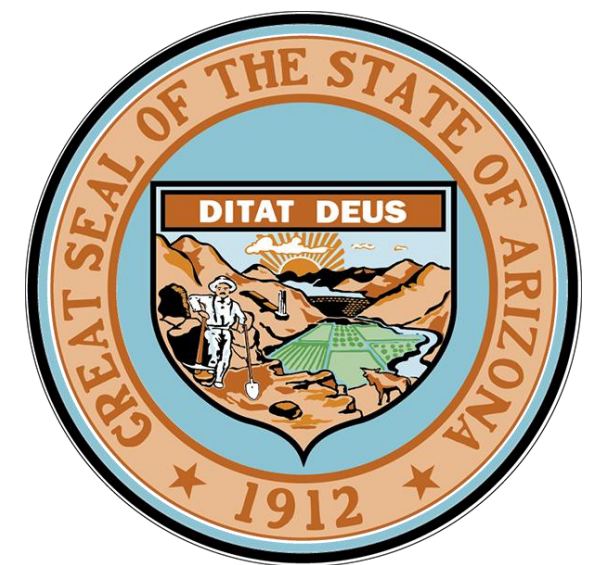
Alternative(s): None

MOTION

I move to: for presentation and direction purposes only.

Legislative Presentation to Council

January 24, 2023



56th Legislature – First Regular Session

- Session began on January 9, 2023
- Newly-elected Governor – Democrat Katie Hobbs
- Both House and Senate will remain Republican Majority:
 - Arizona Senate Breakdown: 16 Republicans, 14 Democrats
 - Arizona House of Representatives Breakdown: 31 Republicans, 29 Democrats
- With narrow margins and divided government, likely to see extended legislative sessions

Expected Hot Topics

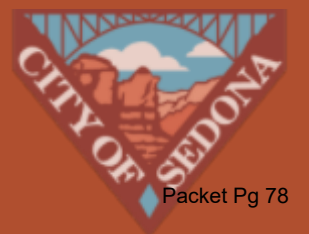
- Education
- Budget
- Water
- Border Security
- Election Reform – Including partisan elections
- Housing
- Homelessness
- Tax Proposals – Including Residential Rental Tax, Food Tax, Model City Tax Code

History on Short-Term Rental Legislation

- Several bills introduced last session to address nuisance, licensing and proliferation
- Successful legislation – SB 1168 – went into effect on September 24, 2022
 - Authorizes cities to license and address nuisance issues
 - City of Sedona enacted ordinance on November 28, 2022, to go into effect on February 15, 2023

City of Sedona 2023 Legislative Platform

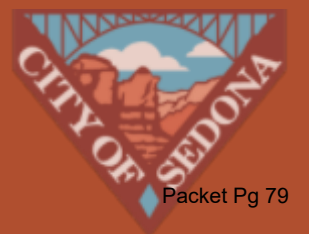
- This 2023 Legislative Platform reflects Council's legislative positions and priorities on current or anticipated legislative action at the state level. Guided by this legislative platform, staff will take action to influence legislative efforts based on the best interests of the City of Sedona. Staff will update Council throughout the legislative session while seeking specific feedback on issues of major importance to the City.



City of Sedona 2023 Legislative Platform

- Revenue and Finance

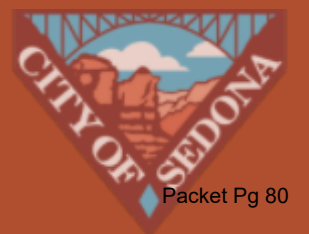
- A. Oppose legislation that results in the reduction of revenues collected by the City and support legislation that enhances revenue collections
- B. Protect ability to collect and use taxes in order to properly manage the operations of the City



City of Sedona 2023 Legislative Platform

- Governance

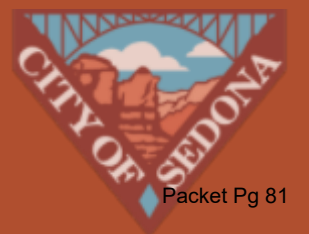
- A. Oppose legislation that reduces the City's local authority and support legislation that strengthens or increases local control
- B. Oppose legislation that reduces local government's ability to regulate zoning
- C. Support legislation to allow local governments with declining population the ability to refer existing voter-approved general plan back to voters (League Resolution)



City of Sedona 2023 Legislative Platform

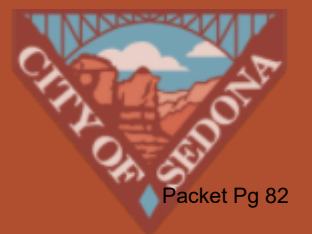
- Governance

- D. Support legislation to address the proliferation of short-term rentals and support efforts to provide local authority to further regulate short-term rentals
- E. Support legislation to provide the ability for local and state government to regulate Off Highway Vehicles



City of Sedona 2023 Legislative Platform

- Additional Proposals for Consideration
 - A. Support efforts to amend requirements for local governments for publishing notices in newspapers (League Resolution)
 - B. Oppose legislative efforts to require cities and towns to make local elections partisan
 - C. Support additional appropriations to the Housing Trust Fund (League Resolution)



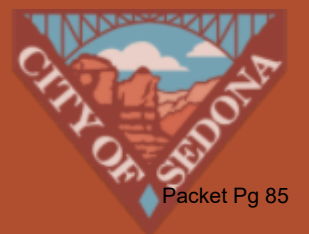
City of Sedona 2023 Legislative Platform

- Additional Proposals for Consideration
 - D. Support dedicated funding at the State level for transit
 - E. Support legislative efforts to provide rural communities authority over water

2023 Legislative Process Next Steps

- Will continue Council updates and memo prior to Council meeting
- Will schedule meetings with Legislators at the Capitol
- Request to Speak:
 - Provides opportunity to weigh in on legislation through the portal on azleg.gov
 - Council has own log-in
 - PDG and Staff will notify Council when to weigh in on behalf of the City

Questions/Discussion





**CITY COUNCIL
AGENDA BILL**

**AB 2906
January 24, 2023
Regular Business**

Agenda Item: 8c

Proposed Action & Subject: Discussion/possible action regarding amending the Historic Preservation Commission Handbook, reducing the number of members of the City's Historic Preservation Commission from 7 to 5 members.

Department	City Manager
Time to Present	10 Minutes
Total Time for Item	30 minutes
Other Council Meetings	N/A
Exhibits	A. Proposed Changes to HPC Handbook B. Table 8.1 of Review Procedures

City Attorney Approval	Reviewed 1/17/23 KWC	Expenditure Required	
		\$ N/A	
City Manager's Recommendation	Approve amendments to the Historic Preservation Commission Handbook, reducing HPC membership from 7 to 5 members.	Amount Budgeted	
		\$ N/A	
		Account No. (Description)	
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: The Historic Preservation Commission (HPC) is appointed by the City Council and has the review and decision authority as shown in Exhibit B, Summary Table 8.1 of Review Procedures, pursuant to the application-specific procedures.

Historically, the 7-member HPC requirement was addressed in prior versions of the LDC. In 2018, the amendments to the LDC removed the 7-member requirement from the LDC and placed it in the HPC Handbook.

Staff has struggled and continues to struggle attracting applicants to fill HPC vacancies. Currently there are two vacancies which have remained unfilled since September 2020. An updated posting history supporting the request for a reduction in members is as follows:

Posting History:

- A press release advertising 2 HPC vacancies initially went out on September 30, 2020.
- The deadline to apply was extended, and a third open seat was added in the November 4, 2020 press release due to a resignation.

- *The deadline was extended to December 31, 2020, another public notice went out on January 6, 2021, and then the deadline was changed to “remain open until filled”.*
- *In January 2021 Commissioner Huggins and Commissioner Holmes were interviewed and reappointed to terms, leaving one seat remaining open.*
- *In May 2021 an application was received from Kimberly Clark, but it was determined that Kimberly did not satisfy the “out of town” member requirements (FYI: there may be two non-resident members at the discretion of Council), so the remaining vacancy was posted again on July 2, 2021.*
- *In October 2021 Commissioner Holmes resigned, creating two vacancies. At that time the decision was made not to send another press release out since the current remained open until filled, and we were still actively trying to fill the position with no responses.*
- *Vice Chair Gehlbach’s term expired in March 2022 and Commissioner Pfaff resigned in April 2022, leaving 4 seats vacant.*
- *On April 14, 2022, Vice Chair Gehlbach and Commissioner Segner were reappointed to HPC terms, making a quorum of 4 members, and leaving just 2 seats open.*
- *Later in October 2022, Vice Chair Gehlbach resigned, creating 3 vacancies, and leaving the commission with no Vice Chair. Chair Burkee-Unger and Commissioner Fiene’s terms expired late November 2022, which would have created 5 vacancies, but the selection committee, consisting of the Mayor, Vice Mayor and HPC Chair, agreed to recommend appointment Nate Meyers (Executive Director of the Sedona Historical Society), and reappoint Chair Unger and Commissioner Fiene to terms on the HPC without an interview.*
- *The other two vacancies remain open and there have been zero additional applications received.*

Staff recommends reducing the number of HPC commissioners from 7 to 5. The proposed amendments to the HPC Handbook are shown on page 6 of the HPC Handbook which is attached as Exhibit A.

Climate Action Plan/Sustainability Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Chair Brynn Burkee-Unger has expressed support for the reduction from 7 to 5 members.

Alternative(s): Council may choose not to approve the proposed amendments, and the vacancies will remain posted until filled.

MOTION

I move to: approve amending the Historic Preservation Commission Handbook, reducing the Historic Preservation Commission membership from 7 to 5.

City of Sedona Historic Preservation Commission Handbook



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Appendix 1	Historic Landmark Register

July 2018

Introduction

This handbook is the policy and procedure manual of the City of Sedona's Historic Preservation Commission. The purpose of the Handbook is to introduce commissioners and community members to the Commission by outlining the Commission's:

- Purpose
- Goals
- Duties
- Roles as Advisors and Advocates
- Responsibility to Research and Record historic resources
- Landmark Incentives
- Membership
- Term of Office
- Meetings

Sedona preservation efforts rely heavily on the dedication of local preservationists. Those individuals who voluntarily serve on the Commission play a critical role in the protection and enhancement of our historic resources, and without their service, much of our heritage would be lost. The dedication of the Commission — past and present, who give countless hours of service to the Sedona community are greatly appreciated.

Notable Milestones in the Commission's History

- 1992 First Historic Resource Survey
- 1997 Historic Preservation Commission established
- 1998 First landmark designation (Jordan Ranch)

Program Purpose

The protection, enhancement, and perpetuation of properties and areas of historic, cultural, archaeological, architectural, and aesthetic significance as being necessary for the economic, cultural, educational and general welfare of the public.

The City of Sedona joins with the United States of America and the State of Arizona in this endeavor, pursuant to the provisions of:

- National Historic Preservation Act
- Arizona Revised Statutes, A.R.S. Section 9-462.01
- City of Sedona Land Development Code, Section 8.7
- Antiquities Act of 1906

Program Goals

- Identify and preserve the historic resources that represent distinctive elements of Sedona's historic, archaeological, architectural and cultural heritage.
- Maintain and foster the unique identities and legacies of historic resources, to help make the community a desirable place to live, work and visit.
- Promote the use and adaptive reuse of historic resources for the education, pleasure, and welfare of the people of the community.
- Foster civic pride in the accomplishments of indigenous people, pioneers, artists and others of the past.
- Protect and enhance Sedona's attractiveness as a destination to visitors and the economic benefit incurred through tourism.
- Stabilize and improve property values of restored, renovated, rehabilitated and protected historic resources.
- Provide incentives where appropriate for restoration by owners of landmarks or historic resources.
- Provide standards for restoration and adaptive reuse of designated historic resources and new construction within Historic Districts.
- Advance the recommendations set forth in the Sedona Community Plan.

*"Preserve and celebrate the community's history."
-Sedona Community Plan Goal*

Commission Duties

- Maintain review criteria to assure fair and impartial evaluation and designation of properties as landmarks and Historic Districts.
 - Periodically review the criteria, and make adjustments or updates as may be required.
- Review properties proposed for designation as landmarks, explain to the owners thereof the potential effects of designation as known to the Commission at that time and make a decision to designate, conditionally designate, or deny designation.
- Maintain criteria to assure fair and impartial review of applications for Certificate of Appropriateness and Certificate of No Effect.
 - Such criteria shall be subject to review by the Planning and Zoning Commission and ratification by the City Council.
- Review and approve, conditionally approve or deny applications for a Certificate of Appropriateness, Certificate of Demolition and Certificate of Economic Hardship.
- Conduct public hearings and render decisions on major alterations as set forth in Section 8.7.
- Issue historic resource identification markers for designated properties.
- Recognize the owners of designated properties; issue commendations to owners of historical properties who have rehabilitated their property in an exemplary manner.
- Review property nominations for designation as a Historic District, explain to the owners thereof the potential effects of designation as known to the Commission at that time
- Make recommendations regarding rezoning of a Historic District to the Planning and Zoning Commission and City Council.
- Propose design guidelines appropriate to individual Historic Districts.
- Annually prepare a written report of Commission activities and submit it to the City Council and the State Historic Preservation Office (SHPO). These reports shall be available for public review.
- Maintain and update, as needed, a work program for historic preservation.
- Review properties for the Historic Resource Recognition Award Program, inform owners of the effects of recognition, and make a decision to designate or deny the recognition award.

"The City Historic Landmark Program will protect and celebrate historic sites."

-Sedona Community Plan, p. 15



HPC Commissioners at the Purtymun House

Advisors and Advocates

- Increase public awareness of the values of historic, cultural, archaeological and architectural preservation, by developing and participating in public education programs and publications.
- Assist property owners, on request, on the restoration, rehabilitation, alteration, decoration, landscaping, or maintenance of any historic resource.
- Cooperate with and enlist the assistance of persons, organizations, foundations and public agencies in matters involving historic preservation, renovation, rehabilitation and reuse, with City Council approval as appropriate.
- Work with and assist departments of the city in matters affecting historic preservation and related publicity.
- Encourage and assist property owners of historic properties on procedures for inclusion on state historic listings and the National Register of Historic Places.
- When City Council approval is appropriate, make recommendations to the City Council regarding the acquisition of property suitable for preservation. Such acquisition may include the purchase or acceptance of donated property.
- Make recommendations to the City Council regarding the utilization of federal, state, city or private funds to promote historic preservation.
- Make recommendations to the City Council to accept gifts, grants, funds, contributions, and bequests from individuals and public and private entities, agencies, foundations, trusts, corporations, and other organizations or institutions.

“Support and provide education programs, projects, and events that promote Sedona’s unique cultural heritage and increase public awareness and appreciation of historic sites and the City Historic Landmark Program.”

-Sedona Community Plan Policy

Research & Record

The Historic Resource Survey

The City of Sedona Historic Resource Survey is a compilation of completed surveys of historic resources in the city. The city’s survey form is based on the format of the State Historic Preservation Office’s Historic Property Inventory Form and addresses the National Register of Historic Places and city landmark criteria.

The Historic Resource Survey is made up of two parts, Section I is the Historic Landmarks Inventory which includes detailed information about each Landmark. Section II, the Surveyed Sites includes surveys of historic properties in the city that have been surveyed.

The Historic Register is an abbreviated version of the Historic Landmark Inventory (see Appendix A).

Additional Commission Duties:

- Recommend additional properties to survey.
- Conduct surveys and detailed studies of additional properties and areas.
- Assess the potential for designation of additional properties or districts.
- Consider deletion of any properties that may no longer exist or have been irreversibly altered to the detriment of their historic character and integrity.



Ranger Station Barn

Landmark Incentives

The intent is to make ownership of a landmark or contributing property as beneficial as possible. In addition to the intangible benefits of owning a historic resource with community importance, the Commission may, when applicable and possible, provide such owners with 1 or more of the following:

- Recommendation to the Department of Community Development that an alternate use be considered;
- Advice in locating potential sources of financial assistance and tax credits;
- Advice in preparing grant applications and potential third party sponsorship;
- Advice in routine or emergency technical information and referrals;
- Advice in the formulation of a neighborhood preservation or historic district;
- Advice in obtaining other benefits as may become available;
- Waiver of fees. Fees for applications may be waived or reduced by the Director upon a request from the property owner, or an authorized agent or by the Commission, if it is determined that such a waiver or reduction of fees would further the goals of the historic preservation program (see page 2).

“Create incentives, tools, and programs that preserve historic sites, such as the transfer of development rights, allowing adaptive uses of historic structures, and a public/private partnership fund.”

-Sedona Community Plan Policy, p.106



The Chapel of the Holy Cross

Commission Membership

- The members of the Commission shall be appointed by the Mayor and Council.
- The Commission shall be composed of ~~75~~ **53** members, **53** of whom shall be residents of the city, and up to 2 who need not be residents of the city; provided, that the City Council finds at the time of their appointment that they have substantial ties within the corporate limits of the city, such as owning real property, owning a business, being employed within the city limits, or based on any other activities and factors deemed relevant by the Council.
- Prospective members should have demonstrated significant interest in and commitment to the field of historic preservation, evidenced either by involvement in a local historic preservation group, current nonconflicting or previous employment or volunteer activity in the field of historic preservation, or demonstrated serious interest in the field.
- To the extent possible, it is desirable that at least 2 members be current or previous professionals in the areas of architecture, history, planning or archaeology.
- Immediately prior to assumption of the duties of office, each member shall take and subscribe to the oath of office.
- All Commission members shall serve without pay, except that members may be reimbursed for actual expenses incurred in connection with their duties, upon authorization.
- The Commission shall adhere to the rules, policies, and procedures as outlined in the City of Sedona Commission Handbook.

Commissioners Term of Office

- Membership appointment to the Commission shall be for a period of 3 years. Terms shall be staggered so that no more than 3 members' terms shall expire in any given year.
- All terms shall begin on December 1 and shall end on November 30 or until a successor is appointed and qualified.
- In the event of a resignation, removal or death of a member, the Council shall fill the vacancy for the unexpired term.
- The Council by a majority vote may remove any member of the Commission as otherwise provided by ordinance or the City Code.



Commission Officers

- The members of the Commission shall elect from among themselves a Chairperson and a Vice Chairperson.
- Officers shall serve a 1-year term and until their successors are elected.
- Officers may serve successive terms, if so chosen by the Commission.
- The Chairperson shall preside at meetings and execute their duties as set forth in the City of Sedona Commission Handbook, the Land Development Code and this Handbook.
- The Chairperson shall serve as liaison with the city staff.
- The Vice Chairperson shall perform the duties of Chairperson in the latter's absence or disability.
- The members shall fill a vacancy in either office for the unexpired term through a new election.

Commission Meetings

- The Commission shall meet a minimum of 4 times per year, and more often if needed.
- Four members shall constitute a quorum. The affirmative vote of the majority of members present shall be required for passage of any matter before the Commission. Any member may abstain from voting on a matter by declaring a conflict of interest, in which case such member shall step down and take no part in discussions or deliberations on that matter.
- All meetings of the Commission shall be open to the public and noticed as provided by Arizona law.
- Minutes shall be kept of all meetings. The minutes shall include all issues considered and shall record the individual votes of members on each action item.

References

National

National Park Service & Historic Preservation:

<https://www.nps.gov/subjects/historicpreservation>

Federal Historic Preservation Laws, Regulations, and Orders:

<https://www.nps.gov/subjects/historicpreservation/laws.htm>

National Register of Historic Places:

<https://www.nps.gov/nr/>

The Secretary of the Interior's Standards for the Treatment of Historic Properties are common sense historic preservation principles and best practices:

<https://www.nps.gov/tps/standards.htm>

State

State Historic Preservation Office

<https://azstateparks.com/shpo/>

City

City of Sedona Community Development

www.sedonaaz.gov/CD

City of Sedona Historic Preservation

<http://www.sedonaaz.gov/your-government/departments/community-development/historic-preservation>

Sedona Community Plan

www.sedonaaz.gov/complan

8.2.

Summary Table of Review Procedures

Table 8.1, Summary Table of Review Procedures, lists the development applications authorized by this Code, whether public notice is required, whether a pre-application meeting is required, and the role of City review and decision-making bodies.

Table 8.1 Summary Table of Review Procedures										
KEY: R = Review and Recommendation D = Review and Decision A = Appeal ✓ = Required < > = Public Hearing Required										
Procedure	Code Reference	Notice			Pre-Application Meeting	Review and Decision-Making Bodies				
		Published	Written	Posted		Staff	Historic Prsvtn Comm.	Planning & Zoning Comm.	City Council	Board of Adjustment
Development Permits										
Development Review	Minor	8.4				✓	D [1]		< A >	
	Major	8.4	✓	✓	✓	✓	R	< R > [3]	< D >	< A >
Conditional Use Permit		8.4.B	✓	✓	✓	✓	R	< R > [3]	< D >	< A >
Single-Family Residential Review		8.4.C					D			< A >
Temporary Use Permit		8.4.D				✓[2]	D			< A >
Subdivision Procedures										
Preliminary Plat		8.5.A	✓	✓	✓	✓	R		< R >	< D >
Final Plat		8.5.B					R			< D >
Land Division or Combination		8.5.C					D			< A >
Reversion to Acreage		8.5.E	✓	✓	✓	✓	R		< R >	< D >
Ordinance Amendments										
Rezoning		8.6.A	✓	✓	✓	✓	R	< R > [3]	< R >	< D >

Table 8.1

Summary Table of Review Procedures

KEY: R = Review and Recommendation D = Review and Decision A = Appeal ✓ = Required < > = Public Hearing Required

Procedure	Code Reference	Notice			Pre-Application Meeting	Review and Decision-Making Bodies				
		Published	Written	Posted		Staff	Historic Prsvtn Comm.	Planning & Zoning Comm.	City Council	Board of Adjustment
Rezoning to Planned Development (PD)	8.6.B	✓	✓	✓	✓	R		< R >	< D >	
Code Amendment (Text)	8.6.C	✓			✓ [4]	R		< R >	< D >	
Historic Preservation Procedures										
Historic Landmark Designation	8.7.A	✓	✓	✓	✓	R	< D >		< A >	
Historic District Designation	8.7.C	✓	✓	✓	✓	R	< R >	< R >	< D >	
Certificate of Appropriateness	8.7.D	✓	✓	✓		R	< D >		< A >	
Certificate of No Effect	8.7.D					D [5]				
Flexibility and Relief										
Variance	8.8.A	✓	✓	✓	✓	R				< D >
Minor Modification	8.8.B					<i>As required for associated application</i>				
CFA Alternative Standards Request	8.8.C		✓		✓	<i>Director makes decision prior to submittal of subject development application</i>				
Appeal	8.8.D	✓	✓	✓		<i>As indicated in table above</i>				
Special Exception	8.8.E	✓	✓	✓		R			< D >	

Notes:

- [1] The Director may refer minor development review applications to the Planning and Zoning Commission.
- [2] A pre-application meeting is required for some types of temporary use permit applications; see Section [8.4.D](#).
- [3] Applies only in historic districts or for designated historic properties.
- [4] Pre-application meetings are required only for text amendments proposed by an applicant, not staff.

**Table 8.1
Summary Table of Review Procedures**

KEY: R = Review and Recommendation D = Review and Decision A = Appeal √ = Required < > = Public Hearing Required

Procedure	Code Reference	Notice			Pre-Application Meeting	Review and Decision-Making Bodies				
		Published	Written	Posted		Staff	Historic Prsvtn Comm.	Planning & Zoning Comm.	City Council	Board of Adjustment

[5] HPC Chair (or designee) and staff make the determination regarding a Certificate of No Effect.

[Ord. 2018-12, 11-14-18 ([Res. 2018-34](#))].

The Sedona Land Development Code is current through Ordinance 2021-03, passed June 8, 2021.

Disclaimer: The City Clerk’s Office has the official version of the Sedona Land Development Code. Users should contact the City Clerk’s Office for ordinances passed subsequent to the ordinance cited above.

[City Website: www.SedonaAZ.gov](http://www.SedonaAZ.gov)

[Code Publishing Company](#)



**CITY COUNCIL
AGENDA BILL**

**AB 2901
January 24, 2023
Regular Business**

Agenda Item: 8d

Proposed Action & Subject: Discussion/possible action regarding the proposal of a new program to assist homeowners in voluntarily placing a Use Deed Restriction on their own property requiring owner-occupancy for short-term rentals or disallowing short-term rentals.

Department	CM – Housing
Time to Present	15 min
Total Time for Item	45 min
Other Council Meetings	N/A
Exhibits	A. Deed Restriction

City Attorney Approval	Reviewed 1/17/23 KWC	Expenditure Required	
			\$ 1,000
City Manager's Recommendation	Approve the proposal of a new program to assist homeowners in voluntarily placing deed restrictions on their own property requiring owner-occupancy and/or disallowing short-term rentals.	Amount Budgeted	
			\$ 0
		Account No. (Description)	To be covered by savings in Affordable Housing accounts
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: Short-term rentals (STR's) or vacation rentals have become a significant housing issue in Sedona. Having proliferated over the last few years, the latest estimates show 16.3% of Sedona's housing stock, or 1105 out of 6775 total properties, is used as STR. Currently, state law prohibits cities from regulating the number of STR's.

STR's pose many problems, from the change in character of residential neighborhoods to over-tourism as their existence essentially doubles the number of lodging rooms in Sedona. STR investors often out-bid local would-be homeowners, meaning homeownership grows increasingly difficult for permanent residents. Because STR's typically generate more rental income than long-term rentals, many homes that were once available for local renters are also lost to the STR market. The demand to acquire these revenue-generating properties, combined with high tourism and demand for nightly/weekly rentals, has driven home values higher in Sedona.

The median sales price for a single-family home in Sedona rose to a new high of \$1,050,000 in 2022. This represents a 60% increase over the last three years.

The Sedona Five-Year Affordable Housing Action Plan prepared by Elliott D. Pollack and Company recommends deed restricted housing programs as one possible tool to increase the availability of housing locals can afford. Some communities have implemented programs to purchase deed restrictions, offering tens of thousands of dollars per home to incentivize owners to restrict their homes to occupancy by only local workers. In lieu of such a high-cost program, City staff proposes assisting existing homeowners in filing a deed restriction on their property voluntarily. Such a deed restriction would disallow STR on the property, meaning that any future buyer would be limited to using the property for owner-occupancy, or renting the property for a minimum of 30 days. Though there may be far fewer residents who voluntarily restrict the value of their property by not allowing its sale to an STR investor, the strategy is a means of giving control to local residents to secure the future of the community.

The program would involve Housing staff in assisting homeowners in filling out Exhibit A, a Use Deed Restriction which gives the City the right to enforce the STR restriction. The City would then file the document with the County Recorder at a cost to the City of \$15. A nominal payment of \$15 would also be provided to the applicant as part of the consideration for the agreement. There will be adequate savings in Affordable Housing accounts to cover this cost.

Climate Action Plan/Sustainability Consistent: Yes - No - Not Applicable

Removing barriers to affordable housing and ensuring a healthy housing stock is directly related to the sustainability of Sedona as a community.

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s):

MOTION

I move to: approve the Voluntary STR Deed Restriction Program in amount not to exceed \$15.00 per Deed, subject to approval of a Use Deed Restriction form by the City Attorney.

RECORDING REQUESTED
BY AND WHEN RECORDED
MAIL TO:

**Housing Manager
City of Sedona
102 Roadrunner Drive
Sedona, AZ, 86336**

Exempt from Affidavit pursuant to A.R.S. § 11-1134(A)(3)

(Space Above for Recorder's Use)

**USE DEED
RESTRICTION
(No Short-Term Rental
or Owner-Occupied
Short-Term Rental)**

APN: _____

The City of Sedona, an Arizona municipal corporation ("City") and _____ an individual, or ("Declarant") enter into the following use deed restriction ("Deed Restriction") concerning the property described as APN: _____ with an address of: _____ ("Property"), as more particularly described in Attachment 1. City and Declarant are sometimes hereinafter each singularly referred to as "Party" and collectively referred to as the "Parties."

RECITALS

- A.** WHEREAS, Declarant and the City agree to restrict the occupancy of the Property to lease or rental terms of at least 30 days as set forth below.
- B.** WHEREAS, Declarant has agreed to restrict the Property from Short-Term Rental use as set forth below for a term of 49 years and which term renews with each conveyance of title.

COVENANTS AND RESTRICTIONS

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained herein, the sufficiency of which is mutually acknowledged, the Parties agree as follows:

1. **Covenant Running with the Land.** In consideration of monies received, Declarant does hereby covenant and agrees to restrict, and does by this instrument restrict, the future use of the Property for a term of 49 years, renewed upon conveyance and as set forth below, by the

establishment of this covenant running with the land. The City shall cause to be recorded this Deed Restriction against the Property in the Official Records of the appropriate City.

2. **Definitions.** The following definitions shall apply to the Property and this Deed Restriction:

- a. **City** shall include employees of City, its agents, contractors and vendors retained by City who are tasked with enforcing the restrictive covenants contained herein.
- b. **Declarant** shall mean any person or entity that acquires an ownership interest in the Property.
- c. **Dwelling Unit** means all facilities, units, dwellings (including, but not limited to a duplex, multiple, or single family) or residential structures, or any segment thereof, on the Property.
- d. **Primary Residence** shall mean the occupation and use of a residence as the primary residence, which shall be determined by the City taking into account the following circumstances:
 - i. Voter Registration in the City of Sedona (or signing an affidavit stating that the applicant is not registered to vote in any other jurisdiction);
 - ii. Stated address on Arizona Driver's License or Arizona Identification Card;
 - iii. Stated address on motor vehicle registration;
 - iv. Stated residence for income and tax purposes;
 - v. Such other circumstances as well as such processes for verification and investigation deemed appropriate by the City in determining the applicant is continuously occupying and using the residence as a primary residence.
- e. **Short-Term Rental** shall mean the rental, lease, exchange or sale of the Property, or any portion thereof, for a period of time that is fewer than thirty (30) days.

3. **Restrictive Covenants; Use of the Property; Violations.**

- a. **Restrictive Covenants.** The following restrictive covenants shall apply to the Property:
 - i. **Short-Term Rental Prohibited:** Use of the Property as a Short-Term Rental is prohibited. All Dwelling Units shall be leased or rented on a non-transient basis. In no event shall any Dwelling Unit lease or rental terms (initial or any renewals) be less than 30 days. All leases or rental terms shall be in writing and signed by Declarant or Declarant's agent and the tenant.
 - ii. **Owner Occupied Short-Term Rental:** Declarant may use a portion of a Dwelling Unit as a Short-Term Rental for no more than 120 days each calendar year so long as the Dwelling Unit is also concurrently occupied by the Declarant as their Primary Residence. In no event shall any Dwelling Unit lease or rental terms (initial or any renewals) be less than 30 days unless .
- b. **Notice.** Declarant acknowledges Declarant is required to notify any lender, appraiser and title company of Declarant's intent to enter into this Deed Restriction and cause such Deed Restriction to be recorded against the Property. The Declarant shall provide notice to and obtain a Subordination Agreement from their Lender subordinating the Lender's interest to this Deed Restriction.
- c. **Deed Restriction Runs with the Land.** Declarant intends, declares and covenants, on behalf of itself and all Subsequent Declarants and operators of the Property, that during the term of this Deed Restriction, all of the covenants and agreements set forth in this Deed Restriction regulating and restricting the use and occupancy of the

Property (i) shall be and are covenants running with the Property, encumbering the Property, and are binding upon all subsequent Declarants, owners, and operators of the Property, (ii) are not merely personal covenants of Declarant, and (iii) shall bind Declarant and all subsequent owners during the term of this Deed Restriction. Declarant hereby agrees that any and all requirements of the laws of the State of Arizona to be satisfied in order for the provisions of this Deed Restriction to constitute deed restrictions and covenants running with the land shall be deemed to be satisfied in full, and any requirements or privities of estate or title are intended to be satisfied hereby, to ensure that these restrictions will run with the land. For the term of this Deed Restriction, each and every contract, deed or other instrument hereinafter executed conveying the Property or any portion thereof shall expressly provide that such covenants contained herein shall survive and be effective regardless of whether such contract, deed or other instrument hereafter executed conveying the Property or any portion thereof provides that such conveyance is subject to this Deed Restriction.

4. **Default by Declarant; Inspection.**

- a. Use or lease of the Property which is not allowed or is prohibited by this Deed Restriction shall constitute a default and shall be subject to the enforcement provisions and remedies contained in this Deed Restriction.
- b. City or its designee has the authority to inspect and monitor the Property, or otherwise ensure continued compliance with the terms of the Deed Restriction. If the City has reasonable cause to believe that the occupancy or use of the Property is in violation of any provision of this Deed Restriction, the City may inspect the Property between the hours of 8:00a.m. and 5:00p.m., Monday through Friday, after providing the Declarant and occupants with at least twenty four (24) hours written notice. Notice to the occupants may be given by posting notice on the door to the Property. This Deed Restriction shall constitute permission to enter the Property during such times upon such notice without further consent. A default by Declarant shall include breach of the covenants set forth in this Deed Restriction, including without limitation any of the following:
 - i. Any ownership, use or occupancy of the Property in violation of Section 3 above.
 - ii. Any action by the Declarant to encumber the Property in a manner that conflicts with the terms of this Deed Restriction or renders compliance with the terms of this Deed Restriction impossible or impractical.

5. **Notice and Cure.** In the event a violation of this Deed Restriction is discovered, the City shall send a written Notice of Default to the Declarant detailing the nature of the default and providing thirty (30) days for the Declarant to cure such default. Notwithstanding the foregoing or any other term of this Deed Restriction, a default for lease or use of the Property as a Short-Term Rental shall be cured by the Declarant immediately. The notice shall state that the Declarant may request an appeal of the violation finding in writing within 15 days of such notice, in which event the City shall administratively review the finding and, if the violation finding is upheld, the Declarant may request in writing within 15 days of such administrative decision a hearing before the Board of Adjustment. A decision by the Board of Adjustment may only be judicially appealed in superior court per the Arizona Rules of Procedure for Special Actions.

If no administrative or City appeal is timely requested in writing and the violation is not cured within 30 days of mailing the notice of default, the Declarant shall be deemed to be in violation of this Deed Restriction. If an administrative or City appeal is requested, the decision of the City shall be final for the purpose of determining if a violation has occurred and, if such violation is not cured

within 15 days of such final determination, the Declarant shall be deemed to be in violation of this Deed Restriction. If a decision of the City is judicially appealed, an order of the Court confirming the violation shall be final for the purpose of determining if a violation has occurred and, if such violation is not cured within 15 days of such final determination, the Declarant shall be deemed to be in violation of this Deed Restriction.

6. **Remedies.** In the event of violation, non-performance, default or breach of any term of this Deed Restriction by the Declarant, City shall have the right to enforce Declarant's obligations herein by an action for any equitable remedy, including injunction or specific performance, as well as pursue an action to recover damages. In addition, any amount due and owing to the City shall bear interest at the rate of 1.8% per month, compounded annually until paid in full. The City shall be entitled to recover any costs related to the enforcement of this Deed Restriction, including but not limited to, attorney's fees, court filing costs, and City recording costs. In addition to any other remedy provided by law or equity, the City may attach a lien for any amount due to City upon the Property. The Declarant expressly waives any objection to the attachment of a lien for amounts due to the City. In the event of a transfer or conveyance of the Property which violates the terms of this Deed Restriction and constitutes a violation of this Deed Restriction, both the grantor and grantee shall be jointly and severally liable for any damages and costs due under this Deed Restriction.

7. **Consensual Lien.** For the purpose of securing each Declarant's compliance with and performance of this Deed Restriction, Declarant hereby grants to the City a lien against the Property in an amount equal to the cost reasonably incurred by the City in enforcing the servitudes and burdens imposed by this Deed Restriction upon the Property in the prosecution of legal action against any Declarant or former Declarant who violates the covenants and restrictions set forth herein and against any person or entity who occupies the burdened Property in violation of this Deed Restriction. Each person or entity who accepts or claims ownership of, or a right to occupy the Property, hereby consents to the foregoing lien.

8. **Liquidated Damages.** In the event of a violation of the Deed Restriction by the Declarant, the determination of actual monetary damages would be difficult to ascertain. Therefore, the City and Declarant hereby agree that liquidated damages shall be calculated and applied in the amount of FIVE HUNDRED DOLLARS (\$500.00) per day for each day that the Declarant is in violation of this Deed Restriction and has failed to timely cure the violation. Liquidated Damages shall be in addition to the City's ability to recover costs as set forth in Section 6 above. Liquidated Damages shall be in addition to the City's right to seek equitable remedies of injunction and/or specific performance. In the event of any unauthorized lease or use of the Property or Short-Term Rental, any amounts collected or receipt of other things of value by the Declarant or assigns under such leases shall be paid to the City as liquidated damages as demanded by the City (in lieu of the \$500 daily liquidated damages), including such amounts collected or received by the Declarant prior to receipt of a Notice of Default and prior to expiration of a thirty (30) day period to cure, and such amounts shall be in addition to the right of the City to recover costs and seek equitable remedies.

9. **No Release of Deed Restriction in Event of Foreclosure, Deed in Lieu, or Tax Sale**

- a. Notwithstanding any other provision of this Deed Restriction, in the event of a foreclosure, acceptance of a deed-in-lieu of foreclosure, or assignment, this Deed Restriction shall remain in full force and effect.
- b. In the event of a tax sale, this Deed Restriction shall remain in full force and effect, shall run with and burden the land and shall constitute a condition of the subdivision and land use approval which shall survive any sale of the Property through a tax lien sale process.

10. **Declarant's Reserved Rights.** Declarant reserves to itself, and to its representatives, heirs,

successors, assigns, transferees, agents, and lessees, all rights inuring from ownership of the Property not otherwise restricted or prohibited by virtue of this Deed Restriction, including, but not limited to, the right to engage in or permit others to engage in all uses of the Property that are not expressly prohibited by this Deed Restriction, and are not inconsistent with the purposes of this Deed Restriction.

11. **Successors and Assigns Bound.** Declarant hereby agrees and acknowledges that the Property shall be held, sold, conveyed, owned, and used subject to the applicable terms, conditions and obligations imposed by this Deed Restriction relating to the use of the Property, and matters incidental thereto. Such terms, conditions, and obligations are a burden and restriction on the use of the Property, as applicable.

The provisions of this Deed Restriction shall (subject to the limitations contained herein and without modifying the provisions of this Deed Restriction) be enforceable as equitable servitudes and conditions, restrictions and covenants running with the land, and shall be binding on the Declarant and upon each and all of its respective heirs, devisees, successors, and assigns, grantees, mortgagees, lienors, officers, directors, employees, agents, representatives, executors, trustees, successor trustees, beneficiaries, administrators, any person who claims an interest in the Property, and upon future Declarants of the Property and each of them.

12. **No Other Restrictions.** This Deed Restriction imposes no other obligations or restrictions on Declarant, and neither its successors, nor any other person or entity claiming under them, shall be in any way restricted from using the Property except as provided herein or as otherwise provided in the Sedona City Code and Land Development Code.

13. **General Provisions.**

a. **Controlling Law.** The interpretation and performance of this Deed Restriction shall be governed by the laws of the State of Arizona and applicable federal law.

b. **Jurisdiction; Venue; Waiver of Jury Trial.** The Parties to the full extent permitted by law, hereby knowingly, intentionally and voluntarily, do the following: (1) Submit to personal jurisdiction in the State of Arizona with respect to any action arising from or relating to this Deed Restriction; (2) Agree that the Superior Court of Arizona, Coconino County or Yavapai County, depending on the location of the Property, shall have exclusive jurisdiction to hear and determine all claims or disputes between the parties pertaining directly or indirectly to this Deed Restriction; (3) Waive any claim that the court in Subpart (2) is an inconvenient forum or an improper forum based on lack of venue; and (4) Acknowledge and agree that (i) any controversy which may arise under, as a result of, or in connection with this Deed Restriction would be based upon difficult or complex issues, and (ii) as a result, any lawsuit arising out of any such controversy shall be tried in a court of competent jurisdiction by a judge sitting without a jury.

c. **Liberal Construction.** Any general rule of construction to the contrary notwithstanding, this Deed Restriction shall be liberally construed to effect the purposes of this Deed Restriction. If any provision in this Deed Restriction is found to be ambiguous, an interpretation consistent with the purposes of this Deed Restriction that would render the provision valid shall be favored over any interpretation that would render it invalid.

d. **Severability.** If any provision of this Deed Restriction or the application thereof is found to be invalid, the remaining provisions of this Deed Restriction or the application of such provisions other than that found to be invalid shall not be affected thereby.

e. **Termination of Rights and Obligations.** A party's rights and obligations under this Deed Restriction terminate upon transfer of the party's interest in the Deed Restriction or Property, except that liability for acts, omissions or breaches occurring prior to transfer shall survive transfer.

f. **Captions.** The captions in this Deed Restriction have been inserted solely for convenience of reference and are not a part of this Deed Restriction and shall have no effect upon its construction

or interpretation.

14. **Modification.** This Deed Restriction shall not be amended, released, terminated, or removed from the Property without the prior written consent of the City.

EXECUTED as of the _____ day of _____, 2023.

DECLARANT:

INSERT NAME OF DECLARANT

INSERT NAME OF DECLARANT

Date: _____

Date: _____

ACKNOWLEDGEMENT

STATE OF ARIZONA)
) ss.
City of _____)

On this _____ day of _____, _____, before me, the undersigned Notary Public, personally appeared _____ **[ADD FULL NAME]** and _____ **[ADD FULL NAME]**, whose identity/ies was/were proven to me on the basis of satisfactory evidence to be the person who they claim to be, and acknowledged that they signed the Warranty Deed.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

My Commission Expires:

City of Sedona, an Arizona municipal corporation

DATED: _____

By: _____

Karen Osburn

Its: City Manager

**EXHIBIT A
TO
DEED RESTRICTION**

[See attached legal description]



**CITY COUNCIL
AGENDA BILL**

**AB 2900
January 24, 2023
Regular Business**

Agenda Item: 8e
Proposed Action & Subject: Discussion/possible action regarding updates to the City's Down-Payment Assistance Programs.

Department CM - Housing
Time to Present 15 min
Total Time for Item 45 min
Other Council Meetings December 23, 2021
Exhibits A. HSNA Contract

City Attorney Approval	Reviewed 1/17/23 KWC	Expenditure Required	
		\$ 0	
City Manager's Recommendation	Approve the changes to the City's two Down-Payment Assistance Programs as recommended in AB 2900.	Amount Budgeted	
		\$ 400,000 (available cash for balance sheet loans)	
		Account No. (Description)	N/A – balance sheet loans
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background:

One year ago, Council approved the contract with Housing Solutions of Northern Arizona (HSNA) to implement the City's Down-Payment Assistance Programs. HSNA started working right away to advertise the program, conduct community outreach, complete loan documents and conduct outreach to lenders for program approval.

Launched February 1st, the programs - one for City staff, and the other for the broader Sedona workforce – have provided only two down-payment assistance loans in 2022. Two other participants received the homebuying counseling and opted to purchase homes without the assistance.

Over ten months, HSNA reported 44 total new clients inquiring about the Sedona programs, 18 of whom completed the application process for down-payment assistance. Of those 18, 16 have completed the required homebuyer counseling. Four qualified buyers remain in the process of searching for a home, and the four mentioned above completed the program. Five households are actively working to save funds or improve their credit. (cont)

Number of New Client Contacts/Initial Interest	44
Number of Applications Received	18
Number of Clients Completing First Housing Counseling Session	16
Number of Clients Actively Pursuing Homeownership/Assistance	4
Number of Clients Purchased w/ Assistance	2
Number of Clients Purchased w/out Assistance	2

The four who are actively looking for a home are struggling to find homes in their price range. Their household incomes are \$19,200, \$42,000, \$69,600 and \$82,000. It is unlikely the two on the lower end will find a home in the Verde Valley (as required by the program). However, the other two simply don't have quite enough buying power for the current Verde Valley Market. The average household must make under \$100,000/year to qualify (varies by family size), and the average income of the 16 applicants is \$60,716. A household needs to earn about \$80,000/year for a \$350,000 home. (This leaves a small window, presenting challenges for participants making less than \$80,000, while most over \$100,000 do not qualify for the program). Homes priced under \$350,000 are a rarity throughout the Verde Valley, and there is a lot of competition for those properties. Despite seeing a rise in inventory over the past few months, there are still few homes in this price range. Compounding this challenge, rising interest rates continue to reduce the buying power of qualified applicants.

As such, we see a need to revise the program to support more buyers. The following three changes are recommended.

1. Since every dollar of down-payment assistance increases the buyers' purchasing power, it is recommended that we **increase the assistance amount** for both programs. The current down-payment assistance is a 2.5:1 match of the buyer's funds, up to \$25,000. We recommend increasing the match to 4:1, offering up to \$40,000. (As a reminder, the assistance is structured as a no-interest loan and will most often be repaid upon sale or transfer of the home) The Sedona programs were modeled after one for the City of Flagstaff, who recently made the same change.
2. Based upon buyer feedback, (note that 26 people who inquired didn't apply) HSNA has recommended to **reduce the retention period** (the time the buyer must remain with a Sedona employer) from 7 years to 5 years in both programs. The retention period is one of the payback triggers, so currently employees are bound to their employer for 7 years, or will have to repay the loan, which could force them to sell their home before building enough equity to purchase another home in the area. Since a job change wouldn't necessarily increase the risk of the loan, the primary reason for this loan requirement is to benefit employers in employee retention. Reducing this time may make the program appealing to more buyers.
3. For the City employees' program (Employer Assisted), there is currently a requirement that the employee have one-year of employment history with the City prior to eligibility. This is not a requirement for assistance provided in the Sedona workforce program. It is suggested that we **eliminate the employment history requirement**, which may draw more interested buyers and could help the City with recruiting challenges.

Climate Action Plan/Sustainability Consistent: Yes - No - Not Applicable

Removing barriers to affordable housing and ensuring a healthy housing stock for workforce is directly related to the sustainability of City of Sedona as an organization and to the sustainability of Sedona as a community.

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s):

MOTION

I move to: approve the three changes to the City's two Down-Payment Assistance Programs and related documents as recommended in AB 2900.

CONTRACT FOR PROFESSIONAL SERVICES FOR THE CITY OF SEDONA

This Contract is entered into this 2nd day of February, 2022 by and between the City of Sedona, an Arizona municipal corporation ("City"), and Housing Solutions of Northern Arizona, Inc., an Arizona nonprofit corporation ("Provider").

- A. The PROVIDER agrees to perform certain consulting and coordinating services for CITY, in connection with **FIRST TIME HOMEBUYERS' ASSISTANCE PROGRAMS (SWHAP and SEAH) & HOUSING EDUCATION AND COUNSELING ADMINISTRATION** as set forth in **Exhibit A** (attached).
 - B. CITY agrees to pay the PROVIDER as compensation for services a flat fee in accordance with the process and fee schedule set forth in **Exhibit A** not to exceed a total amount of **\$60,000 annually**. If deemed necessary by CITY, the PROVIDER and CITY will confer to further define specific tasks in the scope of work and estimate the amount of time to be spent on those tasks.
 - C. Any work that is different from or in addition to the work specified shall constitute a change in the scope of work. No such change, including any additional compensation, shall be effective or paid unless authorized by written amendment executed by the City Manager and by PROVIDER. If PROVIDER proceeds without such written authorization, PROVIDER shall be deemed to have waived any claims of unjust enrichment, *quantum meruit* or implied contract. Except as expressly provided herein, no agent, employee or representative of CITY shall have the authority to enter into any changes or modifications, either directly or implied by a course of action, relating to the terms and scope of this contract.
1. Subject to Arizona Public Records Law, correspondence, reports and other documentation of PROVIDER'S work shall be considered confidential information and will be distributed only to those persons, organizations or agencies specifically designated by CITY or its authorized representative, or as specifically required for completion of PROVIDER'S task, or pursuant to a public records request under ARS 39-121 and related provisions. In the event such request is made for a commercial purpose, CITY will notify PROVIDER for purposes of redaction or protection of proprietary work/confidential information.
 2. Except as otherwise set forth in this contract, billing and payment will be in accordance with the conditions set forth in **Exhibit A**. Invoices are due and payable upon receipt and are delinquent only thirty (30) days after the date received by CITY. Each invoice shall set forth a general description of the work performed, in accordance with the scope of work. PROVIDER may complete such work as it deems necessary, after termination, except that such work will be at its own expense and there shall be no "termination charge" whatsoever to CITY.
 3. Any fee required by any governmental agency in order for PROVIDER to accomplish a task hereunder shall be provided by CITY.
 4. In the event any term or provision of this contract is held to be illegal or in conflict with any law of the United States or Arizona or any local law, the validity of the remaining provisions shall not be affected, and this contract shall be construed and enforced as if it did not contain the particular term or provision

5. **OWNERSHIP OF DOCUMENTS.** All documents, including, but not limited to, correspondence, estimates, notes, recommendations, analyses, reports and studies that are prepared in the performance of this contract are to be, and shall remain, the property of CITY and are to be delivered to CITY before the final payment is made to the PROVIDER.
6. **PROFESSIONAL RESPONSIBILITY.** PROVIDER hereby warrants that it is qualified to assume the responsibilities and render the services described herein and has all requisite corporate authority and professional licenses in good standing, required by law.
7. **COMPLIANCE WITH LAW.** It is contemplated that the work and services to be performed by PROVIDER hereunder shall be done in compliance with applicable laws, ordinances, rules and regulations that are in effect on the date of this contract. Any subsequent changes in applicable laws, ordinances, rules or regulations that necessitate additional work shall constitute a change in the scope of work. It is unlawful for any business to operate if it is (1) physically located within the city limits, or (2) if it has an obligation to pay transaction privilege taxes (TPT) to the City of Sedona for the business it is conducting, without first having procured a current business license from the City and complying with any and all regulations of such business specified in the Sedona City Code, Sedona Land Development Code (LDC), and Arizona Revised Statutes except as exempted pursuant to SCC 5.05.025. Said compliance shall include but not be limited to compliance with any and all zoning ordinances and specified building uses. A business license is in addition to the privilege tax license required by Section 8-300 of the Sedona City Tax Code.
8. **INDEMNIFICATION.** To the fullest extent permitted by law, PROVIDER shall indemnify and hold harmless CITY, and each council member, officer, employee or agent thereof (CITY and any such person being herein called an "Indemnified Party"), for, from and against any and all losses, claims, damages, liabilities, costs and expenses (including, but not limited to, reasonable attorneys' fees, court costs and the costs of appellate proceedings) to which any such Indemnified Party may become subject, under any theory of liability whatsoever ("Claims") to the extent that such Claims (or actions in respect thereof) are caused by the negligent acts, recklessness or intentional misconduct of PROVIDER, its officers, employees, agents or any tier of subcontractor in connection with PROVIDER'S work or services in the performance of this contract. The amount and type of insurance coverage requirements set forth below will in no way be construed as limiting the scope of the indemnity in this paragraph.
9. **INSURANCE.**
 - A. The PROVIDER agrees to procure and maintain in force during the term of this contract, at its own cost, the following coverages as may be requested by CITY, either in the initial bid, or prior to commencement of particular tasks.
 1. Worker's Compensation Insurance as required by the Labor Code of the State of Arizona and Employers' Liability Insurance.
 2. Commercial General or Business Liability Insurance with minimum combined single limits of ONE MILLION DOLLARS (\$1,000,000.00) each occurrence and TWO MILLION DOLLARS (\$2,000,000.00) general aggregate.
 3. Automobile Liability Insurance with minimum combined single limits for bodily injury and property damage of not less than ONE MILLION DOLLARS (\$1,000,000.00) for any one occurrence, with respect to each of the PROVIDER'S owned, hired or non-

owned automobiles assigned to or used in performance of the services. In the event that the PROVIDER'S insurance does not cover non-owned automobiles, the requirements of this paragraph shall be met by each employee of PROVIDER who uses an automobile in providing services to CITY under this contract.

4. Professional Liability coverage with minimum limits of FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) each claim and ONE MILLION DOLLARS (\$1,000,000.00) general aggregate. If approved by CITY, evidence of qualified self-insured status may be substituted for one or more of the foregoing insurance coverages.
 - B. PROVIDER shall procure and maintain the minimum insurance coverages listed herein. Such coverages shall be procured and maintained with forms and insurers acceptable to CITY, acceptance of which shall not be unreasonably withheld. All coverages shall be continuously maintained to cover all liability, claims, demands and other obligations assumed by the PROVIDER pursuant this contract. In the case of any claims made to the policy, the necessary retroactive dates and extended reporting periods shall be procured to maintain such continuous coverage.
 - C. A Certificate of Insurance shall be completed by the PROVIDER'S insurance agent(s) as evidence that policies providing the required coverages, conditions and minimum limits are in full force and effect, and shall be subject to review and approval by CITY. The Certificate shall identify this contract and shall provide that the coverages afforded under the policies shall not be canceled, terminated or limits reduced until at least 30 days prior written notice has been given to CITY. The City shall be named as an additional insured. The completed Certificate of Insurance shall be sent to:

City of Sedona
102 Roadrunner Drive
Sedona, AZ 86336
ATTN: City Clerk
 - D. Failure on the part of PROVIDER to procure or maintain policies providing the required coverages, conditions and minimum limits shall constitute a Material Breach of Contract upon which CITY may immediately terminate this contract or, at its discretion, CITY may procure or renew any such policy or any extended reporting period thereto and may pay any and all premiums in connection therewith, and all monies so paid by CITY shall be repaid by the PROVIDER to CITY upon demand, or CITY may offset the cost of the premiums against any monies due to PROVIDER from CITY.
 - E. CITY reserves the right to request and receive a certified copy of any policy and any pertinent endorsement thereto. PROVIDER agrees to execute any and all documents necessary to allow CITY access to any and all insurance policies and endorsements pertaining to this particular job.
10. **NON-ASSIGNABILITY.** Neither this contract, nor any of the rights or obligations of the parties hereto, shall be assigned by either party without the written consent of the other.
11. **TERM; TERMINATION.** This Agreement shall commence January 1st, 2022 and expire December 31st 2024 or upon CITY providing PROVIDER with seven (7) days advance written notice, whichever occurs first. In the event the contract is terminated by CITY'S issuance of said written Notice of Intent to Terminate, CITY shall pay PROVIDER for all work previously authorized and performed prior to the date of termination. If, however,

PROVIDER has substantially or materially breached the standards and terms of this contract, CITY shall have any remedy or right of set-off available at law and equity. No other payments, including any payment for lost profit or business opportunity, and no penalty shall be owed by CITY to PROVIDER in the event of termination upon notice.

A. Upon expiration or termination of this Agreement, PROVIDER agrees to provide the CITY or its new loan servicer, all necessary documents and information needed to continue servicing the homebuyer assistance loans.

12. **VENUE.** This contract shall be governed by the laws of the State of Arizona, and any legal action concerning the provisions hereof shall be brought in the County of Yavapai, State of Arizona.

13. **INDEPENDENT CONTRACTOR.** PROVIDER is an independent contractor. Notwithstanding any provision appearing in this contract, and any exhibits and/or addenda, all personnel assigned by PROVIDER to perform work under the terms of this contract shall be, and remain at all times, employees or agents of PROVIDER for all purposes. PROVIDER shall make no representation that it is the employee of CITY for any purpose.

14. **NO WAIVER.** Delays in enforcement or the waiver of any one (1) or more defaults or breaches of this contract by CITY shall not constitute a waiver of any of the other terms or obligations of this contract.

15. **ENTIRE AGREEMENT.** This contract, together with the attached exhibits, is the entire agreement between PROVIDER and CITY, superseding all prior oral or written communications. None of the provisions of this contract may be amended, modified or changed except by written amendment executed by both parties.

16. **NON-DISCRIMINATION.** PROVIDER, its agents, employees, contractors and subcontractors shall not discriminate in any employment policy or practice. "Discrimination" means to exclude individuals from an opportunity or participation in any activity or to accord different or unequal treatment in the context of a similar situation to similarly situated individuals because of race, color, gender, gender identity, sexual orientation, religion, national origin or ancestry, marital status, familial status, age, disability, or Veteran status. (Ordinance 2015-10) (2015).

17. **COMPLIANCE WITH FEDERAL AND STATE LAWS:**

- A. Under the provisions of A.R.S. § 41-4401, PROVIDER hereby warrants to CITY that PROVIDER and each of its subcontractors will comply with, and are contractually obligated to comply with, all Federal Immigration laws and regulations that relate to their employees and A.R.S. § 23-214(A) (hereinafter "Contractor Immigration Warranty").
- B. A breach of the Contractor Immigration Warranty shall constitute a material breach of this contract and shall subject PROVIDER to penalties up to and including termination of this contract at the sole discretion of CITY.
- C. CITY retains the legal right to inspect the papers of any contractor or subcontractor employee who works on this contract to ensure that the contractor or subcontractor is complying with the Contractor Immigration Warranty. PROVIDER agrees to assist CITY in regard to any such inspections.

- D. CITY may, at its sole discretion, conduct random verification of the employment records of PROVIDER and any subcontractors to ensure compliance with the Contractor Immigration Warranty. PROVIDER agrees to assist CITY in regard to any random verification performed.
 - E. Neither PROVIDER nor any subcontractor shall be deemed to have materially breached the Contractor Immigration Warranty if PROVIDER or any subcontractor establishes that it has complied with the employment verification provisions prescribed by Sections 274A and 274B of the Federal Immigration and Nationality Act and the E-Verify requirements prescribed by A.R.S. § 23-214, Subsection A.
 - F. The provisions of this article must be included in any contract that PROVIDER enters into with any and all of its subcontractors who provide services under this contract or any subcontract. "Services" are defined as furnishing labor, time or effort in the State of Arizona by a contractor or subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.
 - G. PROVIDER shall execute the required documentation and affidavit of lawful presence as set forth in ARS 1-502/8 USC § 1621 (Exhibit B).
 - H. PROVIDER understands and acknowledges the applicability to it of the Americans with Disabilities Act, the Immigration Reform and Control Act of 1986 and the Drug Free Workplace Act of 1989. The following is only applicable to construction contracts: PROVIDER must also comply with A.R.S. § 34-301, "Employment of Aliens on Public Works Prohibited," and A.R.S. § 34-302, as amended, "Residence Requirements for Employees."
18. **DISPUTE RESOLUTION.** The parties agree in good faith to attempt to resolve amicably, without litigation, any dispute arising out of or relating to this contract. In the event that any dispute cannot be resolved through direct discussions, the parties agree to endeavor to settle the dispute by mediation. Either party may make a written demand for mediation, upon which demand the matter shall be submitted to a mediation firm mutually selected by the parties. The mediator shall hear the matter and provide an informal opinion and advise within twenty (20) days following written demand for mediation. Said informal opinion and advice shall not be binding on the parties, but shall be intended to help resolve the dispute. The mediator's fee shall be shared equally by the parties. If the dispute has not been resolved, the matter may then be submitted to the judicial system.
19. **DELAYS.** PROVIDER shall not be responsible for delays which are due to causes beyond PROVIDER'S reasonable control. In case of any such delay, any deadline established as part of the scope of work shall be extended accordingly.
20. **ATTORNEYS' FEES AND COSTS.** Should any legal action, including arbitration, be necessary to enforce any term of provision of this contract or to collect any portion of the amount payable hereunder, all expenses of such legal action or collection, including witness fees, costs of the proceedings and attorneys' fees, shall be awarded to the substantially prevailing party.
21. **CONFLICT OF INTEREST.** From the date of this contract through the termination of its service to CITY, PROVIDER shall not accept, negotiate or enter into any contract or agreements for services with any other party that may create a substantial interest, or the appearance of a substantial interest in conflict with the timely performance of the work or

ultimate outcome of this contract and/or adversely impact the quality of the work under this contract without the express approval of the City Manager and the City Attorney. Whether such approval is granted shall be in the sole discretion of the City Manager and the City Attorney. The parties hereto acknowledge that this Contract is subject to cancellation pursuant to the provisions of ARS § 38-511.

22. NOTICE. Any notice or communication between PROVIDER and CITY that may be required, or that may be given, under the terms of this contract shall be in writing, and shall be deemed to have been sufficiently given when directly presented or sent pre-paid, first class United States Mail, addressed as follows:

City of Sedona:
Karen Osburn
City of Sedona
102 Roadrunner Dr.
Sedona, AZ 86336
Kosburn@sedonaaz.gov

To Provider:
Devonna McLaughlin
Housing Solutions of Northern Arizona, Inc.
PO Box 30134
Flagstaff, AZ 86003
devonnam@housingnaz.org

23. AUTHORITY: Each party warrants that it has authority to enter into this Contract and perform its obligations hereunder, and that it has taken all actions necessary to enter into this Contract.

24. NOTICE TO PROCEED. Unless otherwise noted by CITY, acceptance of this contract is official notice to proceed with the work.

CITY OF SEDONA, ARIZONA

HOUSING SOLUTIONS OF NORTHERN ARIZONA, INC.



Karen Osburn, City Manager

By: 

Title: Chief Executive Officer

ATTEST:

I hereby affirm that I am authorized to enter into and sign this contract on behalf of PROVIDER



JoAnne Cook, City Clerk

APPROVED AS TO LEGAL FORM:



Kurt W. Christianson, City Attorney

EXHIBIT A
SCOPE OF WORK & COMPENSATION SCHEDULE

DATA AND RECORDS

1. **City Ownership of Documents and Data:** Any original documents prepared or collected by Provider in performance of this Contract such as models, samples, reports, test plans, survey results, graphics, tables, charts, plans, maps, specification, surveys, computations and other data shall be the property of the City ("City's work product"), unless otherwise agreed to by the parties in writing. Provider agrees that all materials prepared under this Contract are "works for hire" within the meaning of the copyright laws of the United States and hereby assigns to the City all rights and interests Provider may have in the materials it prepares under this Contract, including any right to derivative use of the material.
2. **Re-Use:** City may use City's work product without further compensation to Provider, provided, however, City's reuse without written verification or adaption by Provider for purposes other than contemplated herein is a City's sole risk and without liability to Provider. Provider shall not engage in any conflict of interest nor appropriate any portion of City's work product for the benefit of Provider or any third parties without City's prior written consent.
3. **Delivery of Document and Data:** Upon termination of this Contract in whole or part, or upon expiration if not previously terminated, Provider shall immediately deliver to City copies of all City's work product and any other documents and data accumulated by Provider in performance of this Contract, whether complete or in process.

Sedona Workforce Homeownership Assistance Program
SCOPE OF WORK

The intent of the City of Sedona's Workforce Homeownership Assistance Program (SWHAP) is to make homeownership possible for citizens who work within the City of Sedona city limits. SWHAP is a one-time benefit per eligible household. This program will assist households with the up-front costs of homeownership who are mortgage eligible, based on credit and income, but lack the cash necessary for the down payment and closing costs associated with purchasing a home. Housing Solutions of Northern Arizona, Inc. ("Provider" or "HSNA"), a local HUD-approved housing counseling agency and nonprofit organization, has been selected by the City of Sedona to administer the program. HSNA will, provide one-on-one housing counseling (including foreclosure mitigation) and general homebuyer education services to the Sedona area workforce, determine eligibility for program participation and administer the financial assistance at the time of purchase,

1. **PROGRAM ELIGIBILITY CRITERIA**
 - 1.1. SWHAP buyer eligibility criteria is as follows:
 - 1.1.1. To be eligible such homebuyers must be US Citizens or legal permanent residents of the United States.

- 1.1.2. Eligible buyers must be first-time Sedona-area homebuyers. This is defined as not owning a home within Yavapai or Coconino counties during the 3-year period ending on the date of purchase of the property.

A first-time home buyer ("FTHB"), according to HUD, includes any individual that has only owned with a former spouse while married.

A FTHB, according to HUD, would also include an individual who has only owned a principal residence not permanently affixed to a permanent foundation, or a property that was not in compliance with State, local or model building codes and cannot be brought into compliance for less than the cost of constructing a permanent structure.

- 1.1.3. Eligible Buyer (or at least one Eligible Buyer within the household who is on title for the property and a borrower/co-borrower on any mortgage financing) must be employed within the City of Sedona City Limits, working a minimum of 30 hours per week for that Sedona employer. Employer will verify that the employee's job duties cannot be completed remotely and that they are required to be present at the job site at least 30 hours per week. This program is not intended to benefit virtual/remote employees who can work from home anywhere in the state or country.
- 1.1.4. Eligible Buyers understand that repayment of assistance will be triggered if they are not employed by a Sedona business during the "retention period," which is defined as 7-years from the date of purchase/assistance.
- 1.1.5. Eligible Buyers must complete online homebuyer education course and one-on-one housing counseling through HSNA prior to closing on their home.
- 1.1.6. Eligible Buyers must occupy the home purchased with SWHAP funds as their principal place of residence.
- 1.1.7. Eligible Buyers must meet income guidelines, demonstrating that total household income for all members of the household (even those members who are NOT on the mortgage) does not exceed 150% of the area median income, adjusted for household size. For purposes of determining percentage of AMI, the program will use HUD AMI guidelines for the households, as determined by AMI Guidelines for Coconino County. AMI Guidelines are adjusted annually. HSNA will utilize the "Technical Guide for Determining Income and Allowances for the HOME Program, Third Edition," or its successor, or another methodology agreed-to by HSNA and the City of Sedona, to determine household income.
- 1.1.8. SWHAP assistance amount is determined by borrower's contribution. The program provides a 2.5 to 1 match on borrower funds; up to \$10,000 of borrower funds can be matched with up to \$25,000 in SWHAP funds. Borrower funds must be sourced and documented. HSNA will be responsible for sourcing and documenting borrower contribution. Borrower contribution may be a documented gift, as allowed by the first mortgage lender.
- 1.1.9. Borrower must complete a homebuyer education course prior to purchase that meets national industry standards. HSNA offers online homebuyer

education resources for clients to meet this criteria. The cost of the course with a coupon code is \$50.00 for the borrower.

- 1.1.10. Borrower must complete one-on-one homebuyer counseling with an HSNA Housing Counselor. Borrower will offered one-on-one homebuyer counseling at no charge. If a borrower elects to have HSNA pull a tri-merge credit report for review, the cost to the borrower is \$14.00 per person.
- 1.1.11. Borrower must establish a need for assistance. Borrower's liquid assets (not counting retirement assets) may not exceed 6 months' PITI after closing.
- 1.1.12. Borrower must be a Citizen of the USA or an alien lawfully admitted for permanent residence in the USA.

1.2. SWHAP housing unit eligibility is as follows:

- 1.2.1. Home to be purchase must be located within the Verde Valley area. The home to be purchased with SWHAP assistance must be located within one of the following zip codes. Area description is added for general guidance and description. If there is a discrepancy between the area description and the zip code, the specific zip code would determine eligibility.

Zip Code	Area Description
86322	Camp Verde
86324	Clarkdale
86325	Comville/Page Springs
86326	Cottonwood/Verde Villages/Bridgeport
86331	Jerome
86335	Rimrock/Beaver Creek/Lake Montezuma/McGuireville
86336	Sedona
86351	Sedona

- 1.2.2. Home purchase price may not exceed 1.3 times the media home sales price for the area/city where the home is located. Median home sales price will be calculated at least twice annually for various municipalities within the geographic boundary. This calculation will be completed by HSNA and reviewed by the City of Sedona. Homes selling for greater than appraised value are not eligible for assistance.
- 1.2.3. The home must be livable, passing lending guidelines for occupancy and purchase. A separate home inspection is not required through the SWHAP program. However, borrowers will sign a Hold Harmless Agreement as part of their loan documents, holding HSNA and the City of Sedona harmless for the condition of the home.
- 1.2.4. If the home being purchased is not an "arm's length transaction," the purchase will be reviewed by the HSNA Housing Assistance Programs committee to ensure the sale does not circumvent program goals. Approval may be granted on a case-by-case basis.

- 1.3. HSNA shall document and retain all eligibility with client records. Client records may be transferred to the City of Sedona if the City of Sedona elects to complete ongoing loan servicing in the future.

1.4. At this time, HSNA is expected to perform ongoing loan servicing for SWHAP loans. If this changes in the future, the party initiating the change will notify the other party in writing of the requested change in loan servicing. Client loan files will be transferred to the City of Sedona if they elect to perform loan servicing within 60 days of written notification.

2. ASSISTANCE LEVELS AND LENDING PARAMETERS

2.1. The intent of the City's SWHAP Program is to provide workforce within the City of Sedona with up-front financial assistance to enable credit-worthy first-time Sedona area homebuyers to open the door to homeownership.

2.2. The maximum assistance provided through the SWHAP program is as follows:

2.2.1. Maximum amount of financial assistance is \$25,000.00 per household.

2.2.2. SWHAP assistance amount is determined by borrower's contribution. The program provides a 2.5 to 1 match on borrower funds; up to \$10,000 of borrower funds can be matched with up to \$25,000 in SWHAP funds. Borrower funds must be sourced and documented. HSNA will be responsible for sourcing and documenting borrower contribution. Borrower contribution may be a documented gift, as allowed by the first mortgage lender.

2.2.3. If borrower is purchasing a market-rate home without other resale restrictions, repayment of SWHAP financial assistance is based on the higher of two calculations: (1) the amount of assistance received by the household at purchase. Or (2) a percentage of sales price or home value at the time of repayment; the percentage is based on the amount of assistance originally received, calculated as a percent of the original home price. If the borrower is purchasing a resale-restricted home with Deed Restrictions or through a Land Trust program, the amount of assistance repaid to the City of Sedona is equal to the amount of assistance provided to the borrower at closing.

2.2.4. SWHAP assistance will NEVER be forgiven. Repayment will occur at the time of a triggering event, defined as: (1) upon sale of the home, (2) cash-out refinance, (3) non-owner-occupancy, (4) change in title, or (5) no longer employed with a City of Sedona employer during the "retention period," (defined as seven years from purchase) whichever may come first.

2.2.5. In order to ensure affordability and long-term sustainability for the household, while determining need for the program, the households housing ratio must be between 30-35% of gross monthly income unless lender guidelines or layered assistance programs used by the borrower have more conservative requirements. Exceptions to ratio requirements may be made with review and approval of the HSNA Housing Assistance Programs committee, based on compensating factors.

2.2.6. Debt-to-Income ratio cannot exceed 45% of gross monthly income. Exceptions to affordability requirements may be made on a case-by-case basis, as recommended by the HSNA Housing Assistance Programs committee, based on compensating factors.

2.2.7. Mortgage is a 30-year fixed-rate mortgage with a competitive interest rate.

- 2.2.8. Closing costs are reasonable and consistent with industry norms.
- 2.2.9. SWHAP assistance is recorded in second position behind the primary mortgage, unless approved to subordinate behind another subordinate deed of trust.
- 2.3. HSNA may, with City of Sedona approval, vary slightly from above loan parameters on a case-by-case basis to assist with a particular hardship or when doing so can derive some other program benefit.

3. LOAN TERMS

The financial assistance loans will be secured on each property by a Promissory Note payable to the City of Sedona and a recorded Deed of Trust with the City of Sedona as beneficiary. The original recorded Deed of Trust and Promissory Note will be part of the client loan file and kept in a secure, locked location. The Note will never be forgiven. When the household repays SWHAP assistance, HSNA, acting on behalf of the City of Sedona, will record with Coconino County or Yavapai County Records' Office a Deed of Release and Reconveyance. HSNA will process payoff requests from the title company as part of ongoing loan servicing, unless the ongoing loan servicing is transferred to the City of Sedona, as outlined above.

The City of Sedona will subordinate into a second lien position to a primary mortgage lender in the future if the proposed first mortgage meets the financial interests of the borrower and there is minimal cash-out to borrower through the refinance, defined as borrower receiving no more than \$500.00. Refinancing to obtain a lower payment and/or lower interest rate with minimal cash out will be allowed. The City of Sedona, at its own discretion, may decide to subordinate to a third lien position. The City reserves the right to review each subordination as a lender. They may assign this right to review to HSNA. HSNA will provide housing counseling to SWHAP clients seeking a refinance and subordination to ensure the client understands costs associated with the refinance.

4. LOAN SERVICING

HSNA will service all SWHAP loans administered by HSNA for the life of the loan as part of this contract unless the City of Sedona determines in the future it wants to take on that loan servicing task. Enforcement of legal rights held by the City of Sedona through loan documents will be the responsibility of the City of Sedona, at its discretion.

5. CLIENT AND PROGRAM FILES

HSNA will keep and maintain program files for a minimum of five years after contract close out and be available to the City of Sedona for monitoring of the files. Client files will be maintained by HSNA while SWHAP loans are active and for a period of three years after loan payoff. Client files will include original Promissory Notes, recorded Deeds of Trust and all other loan and eligibility documentation. Client files, both hard copy and electronic versions, will be secured based on HUD guidelines for client confidentiality.

6. HOMEBUYER COUNSELING & EDUCATION

6.1. HSNA will follow the National Housing Counseling Standards for pre-purchase, post-purchase and foreclosure housing counseling, as well as homebuyer education, which have been adopted by HSNA. HSNA's housing counseling staff will complete continuing education and abide by HUD requirements in the delivery of both one-on-one housing counseling and education. The intent of the homebuyer education is to

provide clients with general information regarding the home-buying process, credit and savings information, lending details and how to shop for a home. In addition, Fair Housing, Consumer Protection laws and Home Inspection information is presented to potential homebuyers.

6.2. All homebuyer aspirants, regardless of income, are invited to complete HSNA's online homebuyer education course, offered through EHome America. The standard course is \$99.00 per household HSNA offers a discount code to homebuyers who participate in one-on-one housing counseling – the discounted cost the course is \$50.00 per household. The workshop fee will be paid by the household at the time of course registration. The homebuyer education certification provided at course completion is valid for one year.

6.3. Throughout the home-buying process, clients are encouraged to meet one-on-one with a certified homebuyer counselor who will help them navigate the home-buying process, determine their individual housing needs and wants, and overcome challenges to make homeownership feasible. The counselor will also help clients understand and access additional available financial assistance programs including WISH and any Employer-Assisted Housing Programs available in the area.

6.4. Financial assistance available through the City's SWHAP program will be committed on a first-come, first-served basis. Clients will be determined to be eligible for funds when they meet the following criteria: (1) have an accepted purchase contract with a closing date within 60 days; (2) have loan approval from a lender, demonstrating the loan meets HSNA's guidelines for a first mortgage; (3) have completed one-on-one homebuyer counseling and the required pre-purchase education class; (4) have provided all required documentation to the counselor to determine eligibility. Once a client is determined to be eligible for financial assistance, the HSNA Housing Assistance Programs Committee, comprised of experts in the lending field, will review the purchase, loan and financial assistance package to determine if the client is eligible to receive financial assistance.

6.5. HSNA's Housing Counselor will prepare loan documents and draw funds in preparation for close of escrow.

7. GENERATING MORTGAGE RESOURCES

HSNA agrees that eligible borrowers shall obtain the mortgage financing from the lender of their choice and shall choose the title company of their choice. HSNA shall use its best efforts to generate mortgage resources for eligible borrowers through (1) relationships with lending institutions; and (2) gaining approval of "soft second" mortgage products by the Federal Housing Administration (FHA), the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), the Veterans' Administration (VA) and the US Department of Agriculture (USDA), as necessary.

8. PROGRAM MARKETING

HSNA shall affirmatively market the program through media, literature, announcements, networking with Realtors and lenders, outreach to local employers, and other activities as appropriate. HSNA will advertise (to employers and Realtors) and host at least one open public information session annually for interested buyers and promote the SWHAP program at no less than two local events annually. HSNA will work to ensure outreach targets underserved households, to the best of its ability. HSNA personnel will maintain a

physical presence in Sedona as needed, including one day per week of scheduled open office hours. HSNA will create an online application portal easily accessible to the public.

9. PROJECT ADMINISTRATION

HSNA will provide all of the necessary services to carry out the daily tasks of ensuring that the project progresses satisfactorily and that all of the administrative functions associated with the project are properly executed in accordance with the contract. HSNA responsibilities include: (1) keeping project files detailing project activities, procurement, project information, correspondence and any additional information; (2) submitting quarterly reports as outlined below to the City of Sedona to provide updates on program outcomes and progress; (3) keeping client files detailing eligibility, income, ethnicity, age, disability, employer, and any other information deemed necessary by the City of Sedona; (4) project accounting, including documentation of expenditures and receipts; (5) managing personnel; (6) completing audits and other submissions; (7) overseeing project to ensure a cost-effective and efficient delivery of services; and (8) ensuring that an open process is conducted in all outreach activities and equal opportunity is provided to all persons regardless of race, color, sex, religion, disability, familial status or national origin.

Sedona Employer Assisted Housing Program (SEAH)

SCOPE OF WORK

The intent of the City of Sedona's Employer Assisted Housing Program (SEAH) is to make homeownership possible for citizens who work for the City of Sedona. SEAH is a one-time benefit per eligible household. This program will assist households with the up-front costs of homeownership who are mortgage eligible, based on credit and income, but lack the cash necessary for the down payment and closing costs associated with purchasing a home. Housing Solutions of Northern Arizona, Inc. (HSNA), a local HUD-approved housing counseling agency and nonprofit organization, has been selected by the City of Sedona to administer the program. HSNA will, provide one-on-one housing counseling (including foreclosure mitigation) and general homebuyer education to all City of Sedona employees, determine eligibility for program participation administer the financial assistance at the time of purchase

1. PROGRAM ELIGIBILITY CRITERIA

1.1. SEAH buyer eligibility criteria is as follows:

- 1.1.1. To be eligible such homebuyers must be US Citizens or legal permanent residents of the United States.
- 1.1.2. Eligible buyers must be first-time Sedona-area homebuyers. This is defined as not owning a home within Yavapai or Coconino counties during the 3-year period ending on the date of purchase of the property.

A first-time home buyer ("FTHB"), according to HUD, includes any individual that has only owned with a former spouse while married.

A FTHB, according to HUD, would also include an individual who has only owned a principal residence not permanently affixed to a permanent foundation, or a property that was not in compliance with State, local or model building codes and cannot be brought into compliance for less than the cost of constructing a permanent structure.

- 1.1.3. Eligible Buyer (or at least one Eligible Buyer within the household who is on title for the property and a borrower/co-borrower on any mortgage financing) must be employed by the City of Sedona City, working in a non-temporary position for a period of 12 consecutive months prior to purchase. The employee must be employed by the City of Sedona full-time, working on average at least 30 hours per week. Sedona HR Dept. will verify that the employee's job duties cannot be completed remotely and that they are required to be present at the job site at least 30 hours per week. This program is not intended to benefit virtual/remote employees who can work from home anywhere in the state or country.

Employee's most recent performance evaluation must demonstrate work performance is meeting or exceeding expectations. Employee must not be on a work performance plan.

- 1.1.4. Eligible Buyers understand that repayment of assistance will be triggered if they leave employment with the City of Sedona during the "retention period," which is defined as 7-years from the date of purchase/assistance.
- 1.1.5. Eligible Buyers must complete online homebuyer education course and one-on-one housing counseling through HSNA prior to closing on their home.
- 1.1.6. Eligible Buyers must occupy the home purchased with SEAH funds as their principal place of residence.
- 1.1.7. There are no income eligibility requirements for the SEAH program.
- 1.1.8. SEAH assistance amount is determined by borrower's contribution. The program provides a 2.5 to 1 match on borrower funds; up to \$10,000 of borrower funds can be matched with up to \$25,000 in SWHAP funds. Borrower funds must be sourced and documented. HSNA will be responsible for sourcing and documenting borrower contribution. Borrower contribution may be a documented gift, as allowed by the first mortgage lender.
- 1.1.9. Borrower must complete a homebuyer education course prior to purchase that meets national industry standards. HSNA offers online homebuyer education resources for clients to meet this criteria. The cost of the course with a coupon code is \$50.00 for the borrower.
- 1.1.10. Borrower must complete one-on-one homebuyer counseling with an HSNA Housing Counselor. Borrower will offered one-on-one homebuyer counseling at no charge. If a borrower elects to have HSNA pull a tri-merge credit report for review, the cost to the borrower is \$14.00 per person.
- 1.1.11. Borrower must establish a need for assistance. Borrower's liquid assets (not counting retirement assets) may not exceed 6 months' PITI after closing.
- 1.1.12. Borrower must be a Citizen of the USA or an alien lawfully admitted for permanent residence in the USA.
- 1.2. SEAH housing unit eligibility is as follows:
 - 1.2.1. Home to be purchase must be located within the Verde Valley area. The home to be purchased with SEAH assistance must be located within one of the

following zip codes. Area description is added for general guidance and description. If there is a discrepancy between the area description and the zip code, the specific zip code would determine eligibility.

Zip Code	Area Description
86322	Camp Verde
86324	Clarkdale
86325	Cornville/Page Springs
86326	Cottonwood/Verde Villages/Bridgeport
86331	Jerome
86335	Rimrock/Beaver Creek/Lake Montezuma/McGuireville
86336	Sedona
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- 1.2.2. Home purchase price may not exceed 1.3 times the media home sales price for the area/city where the home is located. Median home sales price will be calculated at least twice annually for various municipalities within the geographic boundary. This calculation will be completed by HSNA and reviewed by the City of Sedona. Homes selling for greater than appraised value are not eligible for assistance.
- 1.2.3. The home must be livable, passing lending guidelines for occupancy and purchase. A separate home inspection is not required through the SEAH program. However, borrowers will sign a Hold Harmless Agreement as part of their loan documents, holding HSNA and the City of Sedona harmless for the condition of the home.
- 1.2.4. If the home being purchased is not an "arm's length transaction," the purchase will be reviewed by the HSNA Housing Assistance Programs committee to ensure the sale does not circumvent program goals. Approval may be granted on a case-by-case basis.
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 - 2.1. The intent of the City's SEAH Program is to provide workforce within the City of Sedona with up-front financial assistance to enable credit-worthy first-time Sedona area homebuyers to open the door to homeownership.
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 - 2.2.1. Maximum amount of financial assistance is \$25,000.00 per household.
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- 2.2.3. If borrower is purchasing a market-rate home without other resale restrictions, repayment of SEAH financial assistance is based on the higher of two calculations: (1) the amount of assistance received by the household at purchase. Or (2) a percentage of sales price or home value at the time of repayment; the percentage is based on the amount of assistance originally received, calculated as a percent of the original home price. If the borrower is purchasing a resale-restricted home with Deed Restrictions or through a Land Trust program, the amount of assistance repaid to the City of Sedona is equal to the amount of assistance provided to the borrower at closing.
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company as part of ongoing loan servicing, unless the ongoing loan servicing is transferred to the City of Sedona, as outlined above.

The City of Sedona will subordinate into a second lien position to a primary mortgage lender in the future if the proposed first mortgage meets the financial interests of the borrower and there is minimal cash-out to borrower through the refinance, defined as borrower receiving no more than \$500.00. Refinancing to obtain a lower payment and/or lower interest rate with minimal cash out will be allowed. The City of Sedona, at its own discretion, may decide to subordinate to a third lien position. The City reserves the right to review each subordination as a lender. They may assign this right to review to HSNA. HSNA will provide housing counseling to SWHAP clients seeking a refinance and subordination to ensure the client understands costs associated with the refinance.

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access additional available financial assistance programs including WISH and any Employer-Assisted Housing Programs available in the area.

6.4. Financial assistance available through the City's SEAH program will be committed on a first-come, first-served basis. Clients will be determined to be eligible for funds when they meet the following criteria: (1) have an accepted purchase contract with a closing date within 60 days; (2) have loan approval from a lender, demonstrating the loan meets HSNA's guidelines for a first mortgage; (3) have completed one-on-one homebuyer counseling and the required pre-purchase education class; (4) have provided all required documentation to the counselor to determine eligibility. Once a client is determined to be eligible for financial assistance, the HSNA Housing Assistance Programs Committee, comprised of experts in the lending field, will review the purchase, loan and financial assistance package to determine if the client is eligible to receive financial assistance.

6.5. HSNA's Housing Counselor will prepare loan documents and draw funds in preparation for close of escrow.

7. GENERATING MORTGAGE RESOURCES

HSNA agrees that eligible borrowers shall obtain the mortgage financing from the lender of their choice and shall choose the title company of their choice. HSNA shall use its best efforts to generate mortgage resources for eligible borrowers through (1) relationships with lending institutions; and (2) gaining approval of "soft second" mortgage products by the Federal Housing Administration (FHA), the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), the Veterans' Administration (VA) and the US Department of Agriculture (USDA), as necessary.

8. PROGRAM MARKETING

HSNA shall affirmatively market the program through media, literature, announcements, networking with Realtors and lenders, outreach to local employers, and other activities as appropriate. HSNA will advertise and host at least one open homeownership and housing counseling information session for City of Sedona employees annually and promote the SEAH program at no less than two local events annually, these two events may be congruent with the requirement for the promotion of SWHAP. HSNA will work to ensure outreach targets underserved households, to the best of its ability. HSNA personnel will maintain a physical presence in Sedona as needed, including one day per week of scheduled open office hours. This requirement may be met in congruence with the same requirement for SWHAP. HSNA will create an online application portal easily accessible to the public.

9. PROJECT ADMINISTRATION

HSNA will provide all of the necessary services to carry out the daily tasks of ensuring that the project progresses satisfactorily and that all of the administrative functions associated with the project are properly executed in accordance with the contract..HSNA will proactively adapt guidelines along with the City of Sedona as needed, create and execute all loan documents required, and coordinate with lenders and title companies to close loans and ensure all documents are filed.HSNA responsibilities include: (1) keeping project files detailing project activities, procurement, project information, correspondence and any additional information; (2) submitting quarterly reports as outlined below to the City of Sedona to provide updates on program outcomes and progress; (3) keeping client files detailing eligibility, income, ethnicity, age, disability,

employer, and any other information deemed necessary by the City of Sedona; (4) project accounting, including documentation of expenditures and receipts; (5) managing personnel; (6) completing audits and other submissions; (7) overseeing project to ensure a cost-effective and efficient delivery of services; and (8) ensuring that an open process is conducted in all outreach activities and equal opportunity is provided to all persons regardless of race, color, sex, religion, disability, familial status or national origin.

Compensation Schedule

HSNA will provide services outlined in this contract for a flat fee of \$60,000.00 annually. HSNA will bill the City of Sedona in equal quarterly installments for services provided in the previous quarter. The quarterly invoice will be submitted to the City of Sedona by the 15th of the month following the quarter for billing. HSNA will provide quarterly program update reports to the City of Sedona with the invoice for that quarter's services. HSNA is also available to present to City Council to provide updates, as requested.

When the scope of this Contract is complete, Provider will provide a final report. The final report should be marked as final and should be inclusive of all necessary and pertinent information regarding the Contract as deemed necessary by the City. Notwithstanding anything to the contrary, the Provider shall not be required to provide any of the Provider's confidential or proprietary information in reports provided to the City, including without limitation, any information regarding research collaborators, research plans or any data, results or other information resulting from Provider's performance of research or any other activities relating thereto.



**CITY COUNCIL
AGENDA BILL**

**AB 2917
January 24, 2023
Regular Business**

Agenda Item: 8f
Proposed Action & Subject: Discussion/possible action regarding the request by the Sedona Chamber of Commerce and Tourism Bureau (SCC&TB) to use FY 23 contract contingency funds in the approximate amount of \$225,000 to resume a targeted destination branding/marketing effort.

Department	City Manager
Time to Present	20 minutes
Total Time for Item	60 minutes
Other Council Meetings	January 11, 2023, November 9, 2022
Exhibits	A. Proposal from the SCC&TB

City Attorney Approval	Reviewed 1/17/23 KWC	Expenditure Required	
		\$	225,000
City Manager's Recommendation	Consider the use of contingency funds to conduct a targeted destination branding/marketing effort, with creative content and targeting marketing strategies specifically sanctioned and directed by Council.	Amount Budgeted	
		\$	250,000
		Account No. (Description)	10-5246-01-6761 (Spendable Contingencies)
		Finance Approval	<input checked="" type="checkbox"/>

SUMMARY STATEMENT

Background: During the FY23 City budget preparation and establishment of the FY23 work program and budget for the Sedona Chamber of Commerce and Tourism Bureau (SCC&TB), the City Council approved a contingency line item in the amount of \$250,000 for use if and when tourism slowed to a point that the SCC&TB and City Council believed new branding/marketing efforts were needed. There was no branding/marketing included in the FY23 work program or budget. The contingency funds were set up to only be released by formal City Council action upon an approved proposal by the SCC&TB.

During the November 2022 work session with the SCC&TB to update the City Council on their progress on the FY23 work program, and the January 2023 joint meeting between the two organizations, the SCC&TB and members of the business community expressed that they are experiencing financial hardship due to the slowdown in visitation over the last six months of calendar year 2022, and the need to resume branding/marketing efforts to promote Sedona as a destination and remain competitive. The SCC&TB has provided a proposal and funding

request enclosed as Exhibit A. They will present the proposal to the City Council for their consideration.

Climate Action Plan/Sustainability Consistent: Yes - No - Not Applicable

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): N/A

MOTION

I move to: approve the use of unspent Sedona Chamber of Commerce and Tourism Bureau (SCC&TB) FY23 contract contingency funds, in the approximate amount of \$225,000 (or other amount), for their use towards destination branding and marketing efforts as directed by City Council.

JANUARY, 2023



Sedona Chamber of Commerce & Tourism Bureau Campaign



Outline

- **INTRODUCTIONS**
- **STATE OF THE ECONOMY RESEARCH**
- **CHALLENGE & OPPORTUNITY**
- **STRATEGY**
- **TARGET AUDIENCE**
- **CREATIVE SHOWCASE**
- **WHY THIS WORKS**
- **MEDIA STRATEGY & SUPPORT**
- **ROI/MEASURING SUCCESS**
- **BUDGET**
- **QUESTIONS & COMMENTS** Packet Pg 136

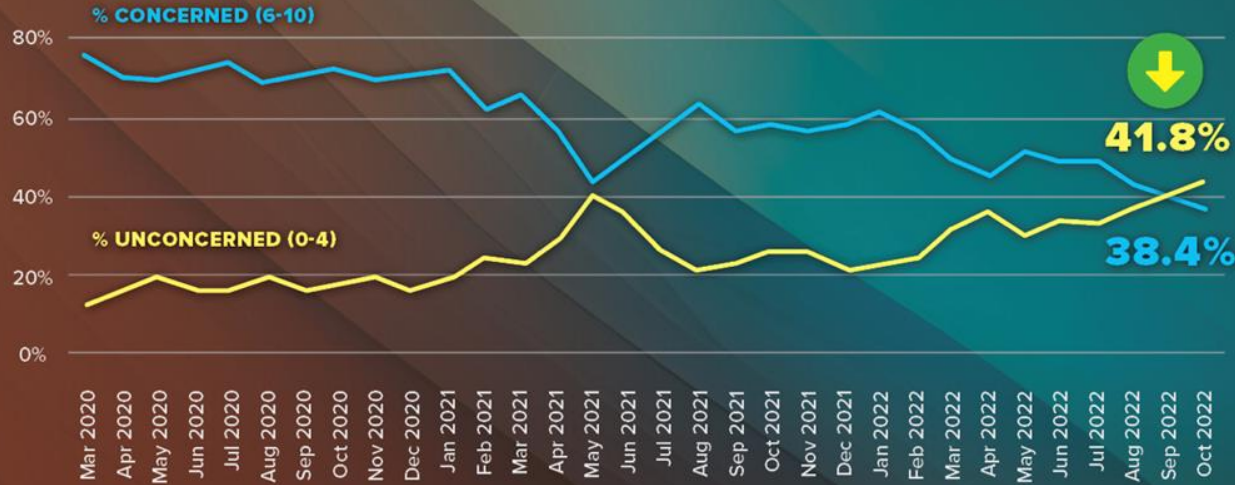
**SEDONA CHAMBER OF
COMMERCE & TOURISM
BUREAU RESEARCH**

DESTINATION ANALYSTS

TRAVELER SENTIMENT INDEX

Thinking about the current coronavirus situation, in general,

HOW CONCERNED ARE YOU PERSONALLY ABOUT CONTRACTING THE VIRUS?



- The percent of American travelers “unconcerned about contracting Covid” exceeding those concerned finally occurred in the Fall of 2022 signaling positive signs about continued improved health in the U.S. travel market.

Figure 1: Changes over time in levels of American travelers' personal concern about contracting the virus, starting March 2020.

While moderated Covid concerns is good news, American travelers expect that the U.S. will enter a recession soon, with two-thirds now believing this economic outcome to be imminent (interestingly, this belief spans generations, geographic regions and income levels). As such, **68% of American travelers say they are being careful with their money as a result of recessionary fears. Of this group tightening their wallets, 79% said this includes reducing expenditures on travel.**

- Destination Analysts

The **top deterrents to travel Americans report continue to center around financial and cost issues**, with gas being too expensive, travel in general being too expensive, personal financial reasons and airfare being too expensive topping the list as reasons that have kept Americans from traveling more than they would have preferred.

This is concerning, particularly for higher cost destinations like Sedona.

- Destination Analysts

Strong Dollars opens more International Interest - The U.S. dollar is stronger than it has been in a long time, making international travel look especially attractive. As of early December 2022, the dollar and euro are almost 1-to-1 and currency exchange rates to many other popular destinations are also favorable. Travelers have been heading to lower-cost countries for years as a way to get more for their money. **This will likely negatively impact Sedona who had benefited from high-end travelers putting off international travel in 2021 and 2022 opting for high quality domestic destinations.**

- Forbes Advisor

Travelers will continue to prefer short-term rentals over big chain hotels - More people are renting out their private spaces and buying second homes to turn into vacation rentals to supplement their income, according to The Wall Street Journal. Airbnb also released data indicating 2022 saw a significant increase in new listings, and new hosts in the US earned over \$1.8 billion, up 34% from the previous year.

- *Travel Daily Media, 2023 Trends*

“Work from roam” is the new “work from home.” - Remote work gave people the possibility to “work from roam,” as of the second quarter of 2022, Airbnb saw long-term stays (28 days or more) increase nearly 25 percent from 2021 and nearly 90 percent from 2019.

- *Travel Daily Media, 2023 Trends*

Increased Demand Whole Home Stays - Demand for Vrbo’s whole, completely private vacation homes in US western destinations is up by more than 30%. US travelers are drawn to scenes in outdoorsy destinations with mind-blowing landscapes.

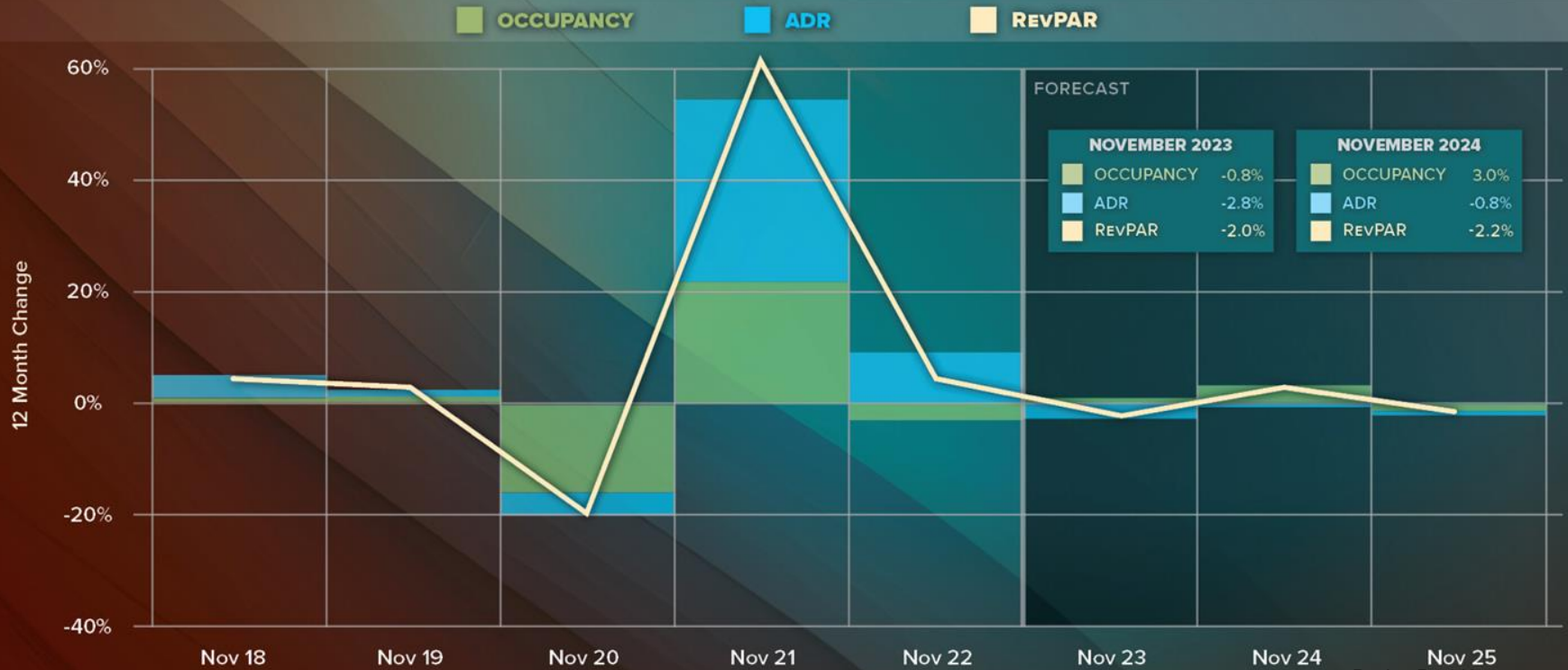
- *Vrbo*

NATIONAL FACTORS THAT COULD NEGATIVELY IMPACT SEDONA:

- Recessionary concerns damping travel activity – potential for overall slowing.
- Return to Urban Destinations – lack of high-end urban interest benefited Sedona over the last couple of years
- Strong Dollars opens more International Interest – more high-end travelers choosing international options – again the lack of international travel in 2021 and 2022 benefited Sedona
- “Work from roam” and continuing Short-Term Rental usage increasing whole house demand by leisure travelers - only becoming more of an issue for Sedona

REGIONAL TRAVEL FORECAST

PRESCOTT AND SEDONA RevPAR GROWTH DRIVEN PRIMARILY FROM ADR



Source: Smith Travel Research

SEDONA AREA TRADITIONAL LODGING PERFORMANCE

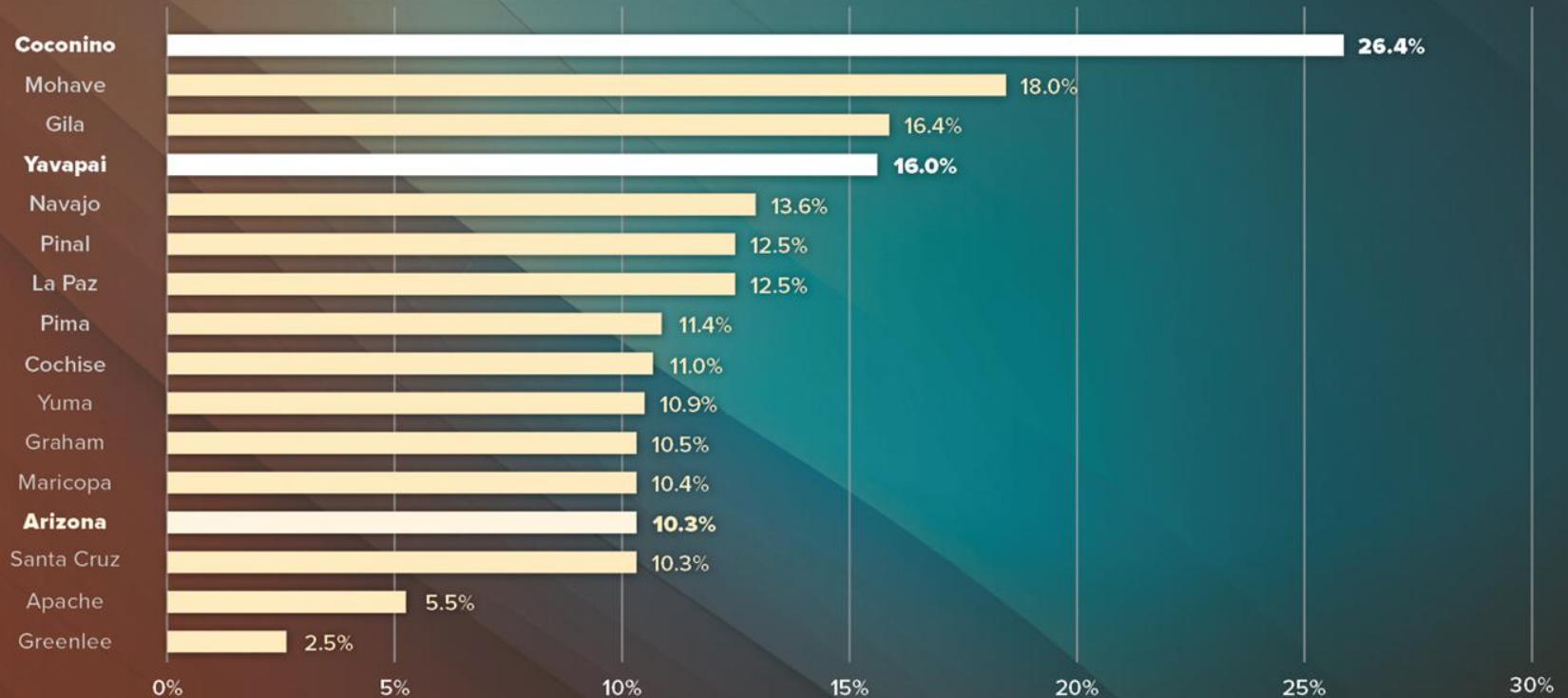
OCCUPANCY % COMPARISON FY23 YTD (JULY – NOVEMBER 2022)



Source: Smith Travel Research

TOURISM INDUSTRY IS CRITICAL TO RURAL ARIZONA

TOURISM EMPLOYMENT BY COUNTY



SEDONA'S TOURISM INDUSTRY

Tourism is a
 **\$1B**
Industry in Sedona

Visitors Generate
 **77%** =  **\$32M**
of the City's Sales and Bed Tax Revenues in Local Tax Dollars (FY22)

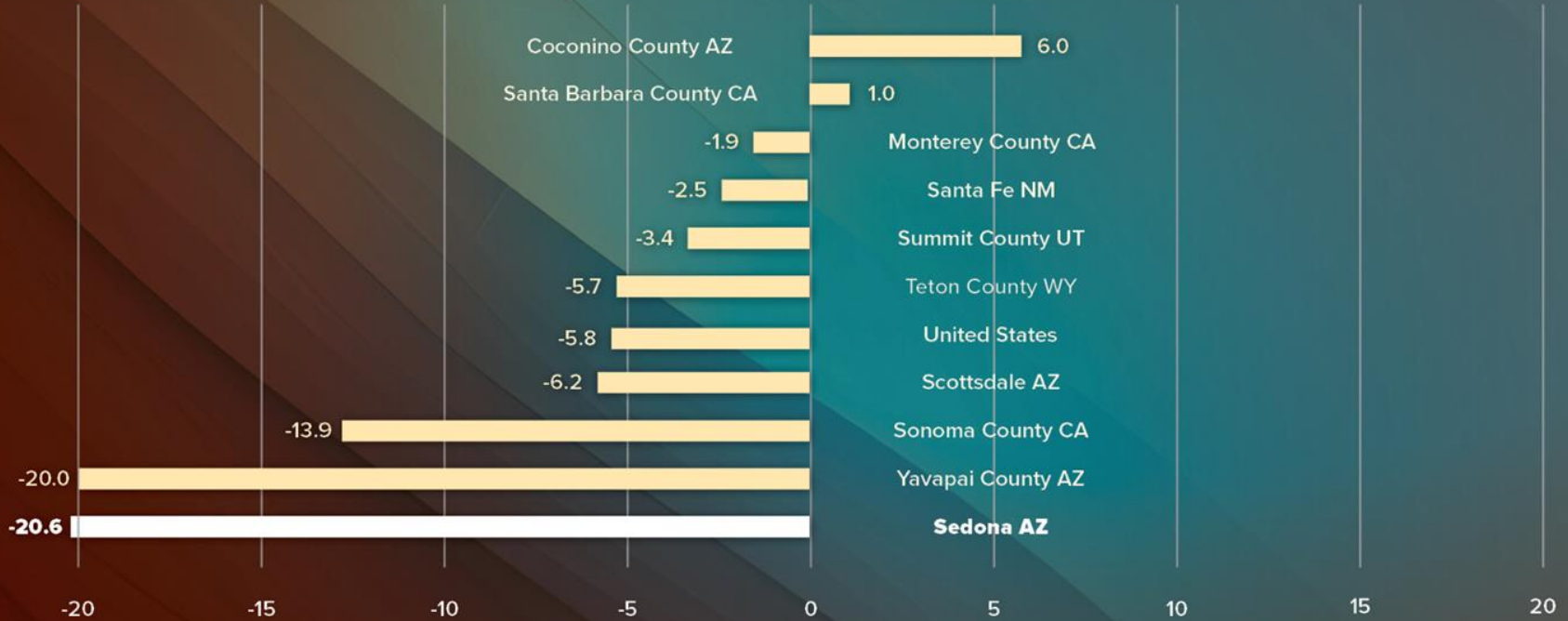


Tourism Supports Over
 **10,000** Jobs in Sedona

Sedona Tourism Generates Over
 **\$240** Million in Wages

COMPETITIVE DESTINATIONS

FY23 OCCUPANCY % CHANGE FROM FY19 (JULY - NOVEMBER)



DESTINATION SERVICES FUNNEL

STEP 1: **COUNTRY**

Brand USA

Attract people from around the world to the U.S.

STEP 2: **STATE**

Arizona Office of Tourism

Attract U.S. visitors to Arizona

STEP 3: **CITY**

Sedona Chamber of Commerce & Tourism Bureau

Attract visitors to Sedona

STEP 4: **PRIVATE ENTERPRISE**

Chamber Partners

Provide experience
that visitors desire

JANUARY, 2023



Sedona Chamber of Commerce & Tourism Bureau Campaign

Situation

During the COVID-19 outbreak, the number of visitors vastly increased. However, this came at a great cost.

While the city garnered record breaking tax collections during this very busy period, it was challenging on natural resources and the community.

But now, as the COVID-19 virus is under control, competing destinations have invested in heavy marketing efforts to welcome visitors back. Meanwhile, Sedona is still in a marketing pause and is losing market share.

Owning the Message

To invite the right target audience to Sedona, it is important to own our message. If we don't, someone else will.

Specific, detailed messaging will enable Sedona to communicate and highlight the value that the city has to offer and to attract the correct, highly-valued traveler.

By defining Sedona as an art and cultural destination, we can focus on the quality of visitors vs. the quantity that visit Sedona.

Challenge

Sedona needs to attract the correct visitors.

Get

Mid- to Affluent consumers

To

Consider traveling to Sedona

By

Communicating there is more to experience here
than its beautiful outdoors

Strategy

Define Sedona as a high-end destination to bring affluent tourists by highlighting the arts and cultural aspects that the city has to offer.

Known for its hiking trails, majestic red rock landscape, tours and sunsets, Sedona is not just an outdoor destination.

It is time to invite travelers to return to Sedona, by featuring the “Great Indoors.”

Target Audience



Target Audience

We will need to focus not only on age, but on lifestyle factors. Some key descriptors for that target market are those who are affluent, interested in arts and culture, have disposable income to stay for 4-5 days, and are interested in going out to dinner, shopping, staying at the hotels/resorts, etc.

BASE AUDIENCE

- Adults 35+
- HHI \$150k+, Or High Net Worth
- In-Market for Resort or 4 star hotel stay

PRIMARY INTERESTS

- Fine Dining
- High spenders
- Luxury shoppers
- Art collectors
- Museums
- Art Galleries
- Arts & Culture
- Performing Arts

Target Audience

WHO THEY ARE:

- Children are grown, Own a home, Employed full time, and are College Graduates
- Family and friends are the most important things in their life
- Prefers a small group of close friends
- Enjoy attending music performances, dining out, dancing, going to bars/nightclubs
- Enjoy participating in and attending sporting events
- Prefers to research vacation destinations online themselves vs using travel agents
- Like to try local cuisine when traveling
- High quality is the expectation

Source: MRI





Target Audience Consumer Insights

- 81% Not a parent of a child under 18
 - 22% are Grandparents
- 75% Own a home
- 55% Married
 - 37% Never Married
- 52% College Graduate
- 70% Employed Full or Part time
 - 30% Not Employed
 - 20% of which are Retired
- 46% Own a Pet
 - 29% Own a Dog
 - 19% Own a Cat
- 74% Caucasian
 - 13% Black/African American
 - 13% Asian
- 30% Net Worth \$2M+

Recommendation



Recommendation

Develop a bridge campaign that will reintroduce Sedona as a cultural destination.

THE CAMPAIGN WILL:

- Include heavy digital media, targeting affluent consumers from Phoenix and Southern California
- Encourage indoor exploration during summer months
- Allow for highly targeted and customized messaging
- Incorporate key partners and members within the community



BRAND CAMPAIGN

Meet Sedona Again.

When you think of Sedona, you think of the beautiful red rock formations, vortexes, and the turquoise McDonald's sign. But first impressions aren't everything. In this direction, we're re-introducing people to the wonders of this incredible city—the people, the culture, and the vibrant sights and sounds that can only be found if you just take a second look. The Sedona Red Rocks serve as a backdrop for the wonders that can be found on the inside.

Category: ART AND CULTURE

HEADLINE: Discover

SUBHEAD: A world of one-of-a-kind art.

SUBHEAD: Meet Sedona Again.

COPY: Sedona's beauty is unmatched. So is the art and sculpture in the over 80 art galleries throughout the city.

While you're here, we're sure you'll find the cuisine is just as beautiful as it is delectable.

Meet Sedona again at VisitSedona.com.



Category: CUISINE

HEADLINE: Experience

SUBHEAD: Cultural culinary delights.

SUBHEAD: Meet Sedona Again.

COPY: Nothing can compare to the beauty of Sedona. But it also is home to some of finest restaurant and bistros in the country.

And make sure to satisfy your appetite for art in the over 80 galleries.

Meet Sedona again at VisitSedona.com.



Category: BOUTIQUES

HEADLINE: Lose yourself

SUBHEAD: And find yourself on boutique row.

HEADLINE: Meet Sedona Again.

COPY: Sedona's Red Rocks are iconic and known the world over. But it is also home to some of the most unique clothing boutiques..

And don't forget to lose yourself in the more than 80 art galleries while you're here.

Meet Sedona again at VisitSedona.com.

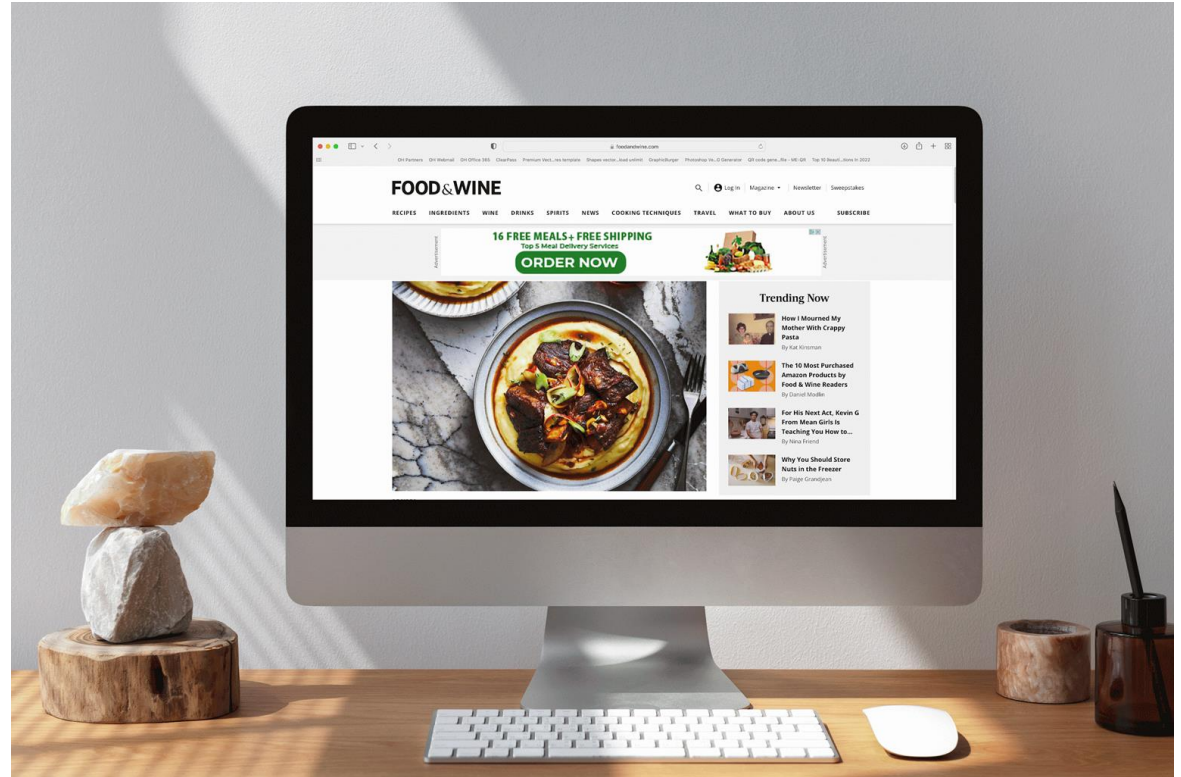




LANDING PAGE TAKEOVER

Animated

When consumers most likely to visit Sedona, in this case, Food and Wine lovers, land on a website that specializes on Food and Wine, our communication “Takes over” the landing page and delivers our message to the correct consumer.

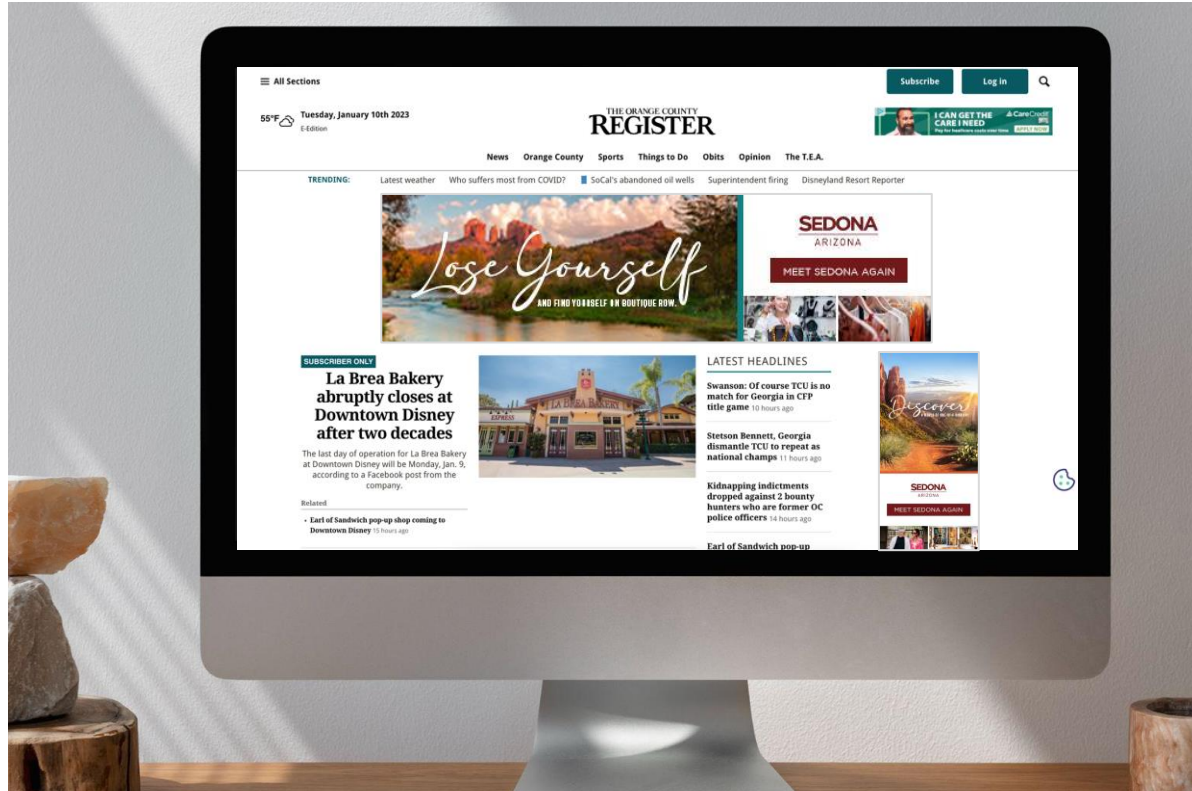


LANDING PAGE TAKEOVER

Static

Targeting likely travelers to Sedona can be done by “taking over” a landing page they are most likely to visit.

A large banner ad on top, and monument banner ads on the side will attract attention and deliver multiple messages at one time.

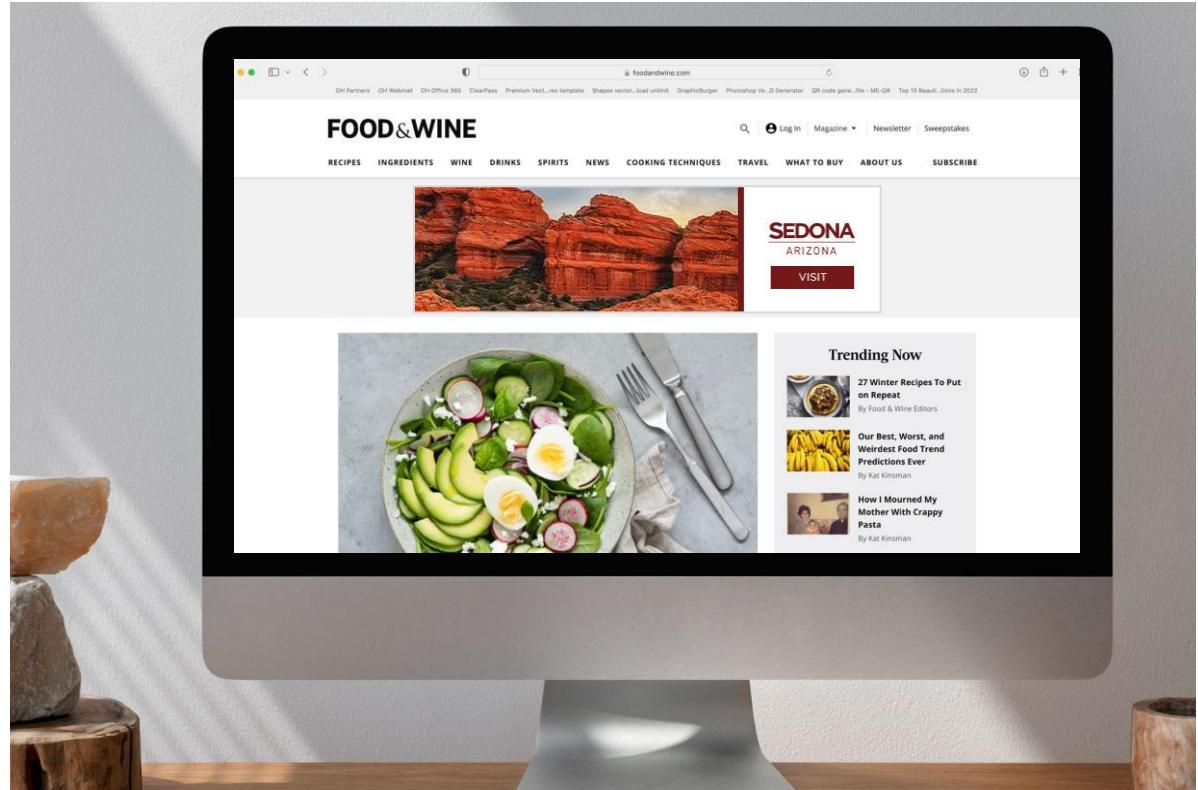


BANNER ADS

Animated

Banner ads that are animated are proven to be very effective to attract the attention of consumers.

Strategically placed on pages that are visited by consumers who are most likely to travel to Sedona increases engagement.

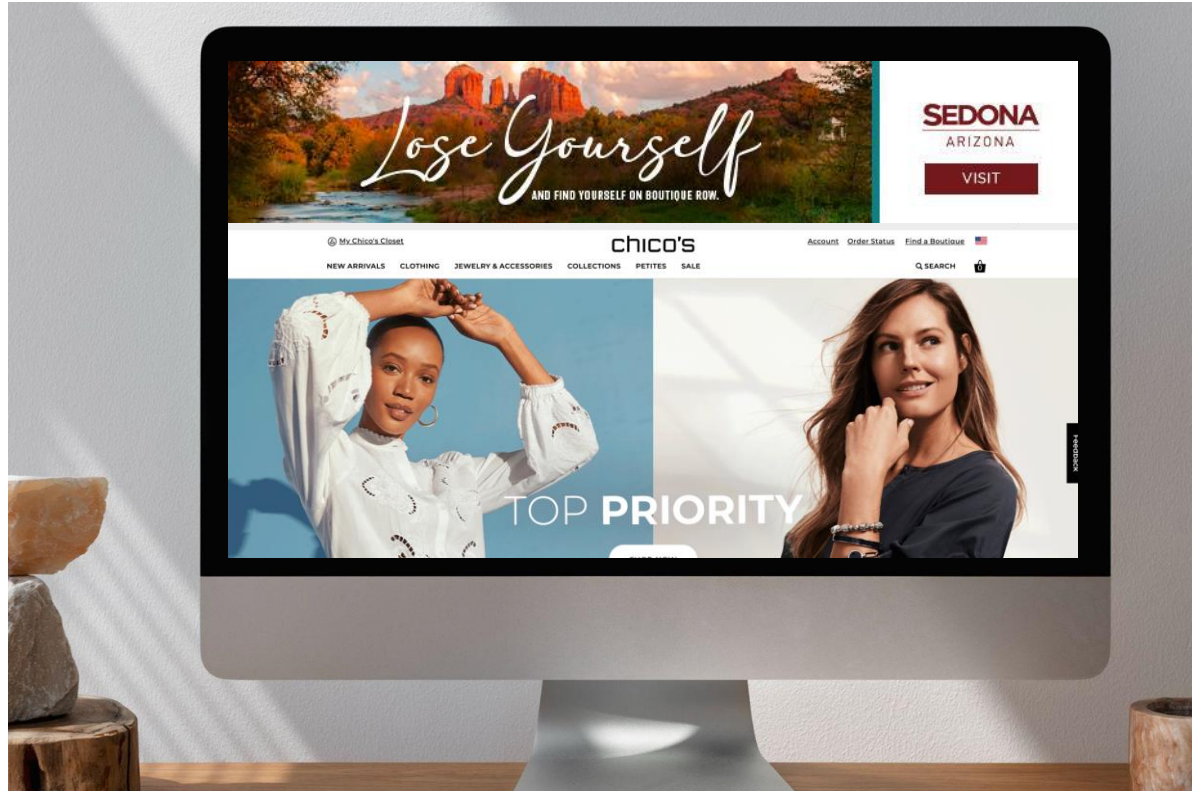


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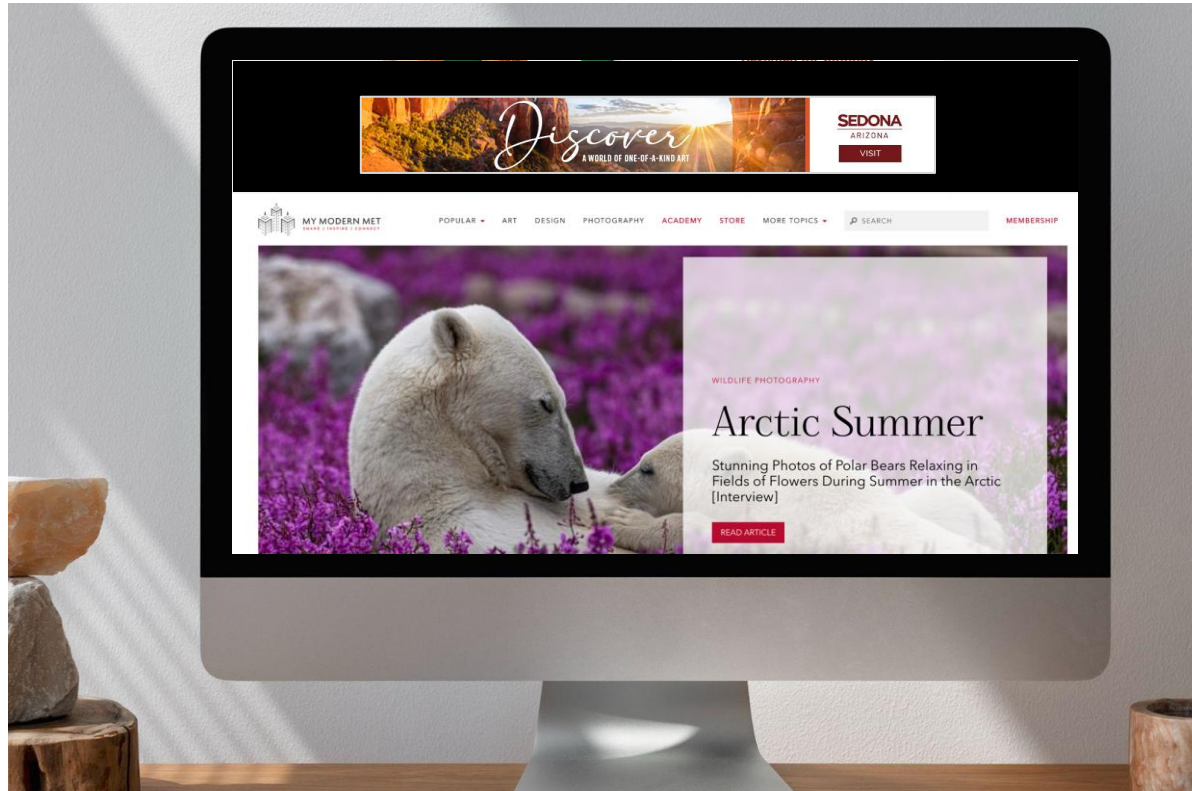


BANNER ADS

Animated

Banner ads that are animated are proven to be very effective to attract the attention of consumers.

Strategically placed on pages that are visited by consumers who are most likely to travel to Sedona increases engagement.



INSTAGRAM POST

HEADLINE: Discover

SUBHEAD: World of one-of-a-kind art.

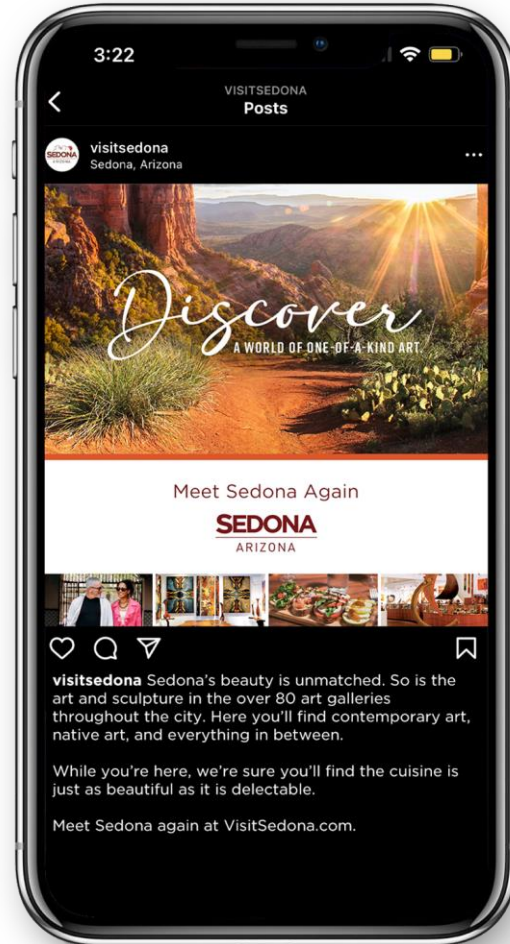
HEADLINE: Meet Sedona Again

VISUAL: ART / PAINTINGS / SCULPTURE

POST COPY: Sedona's beauty is unmatched. So is the art and sculpture in the over 80 art galleries throughout the city. Here you'll find contemporary art, native art, and everything in between.

While you're here, we're sure you'll find the cuisine is just as beautiful as it is delectable.

Meet Sedona again at VisitSedona.com.



FACEBOOK POST

HEADLINE: Lose yourself

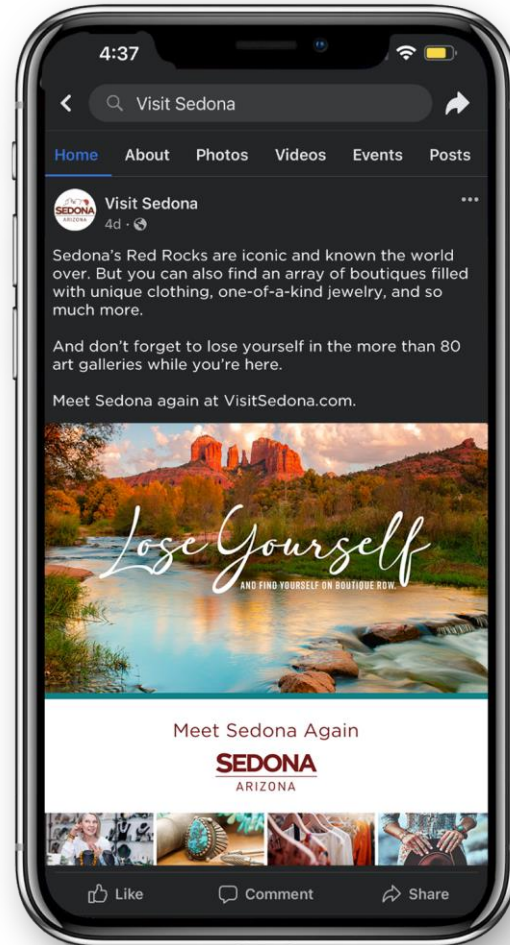
SUBHEAD: And find yourself on boutique row.

HEADLINE: Meet Sedona Again.

POST COPY: Sedona's Red Rocks are iconic and known the world over. But you can also find an array of boutiques filled with unique clothing, one-of-a-kind jewelry, and so much more.

And don't forget to lose yourself in the more than 80 art galleries while you're here.

Meet Sedona again at VisitSedona.com.



SOCIAL CAMPAIGN:

Be a Sedona insider

Here we have our selected influencers guide us around Sedona, not outside, but inside resorts, galleries, shops, and cultural experiences.



SEDONA INSIDERS

Who doesn't love to be an insider? In the know. Visiting places that only the locals have knowledge of.

Our insiders will create content that will showcase the "inside" of Sedona. Art galleries, restaurants, boutiques, and much more.

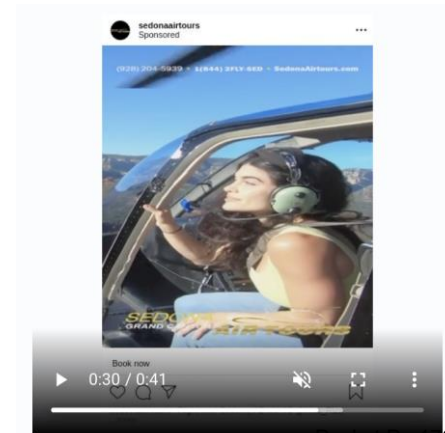
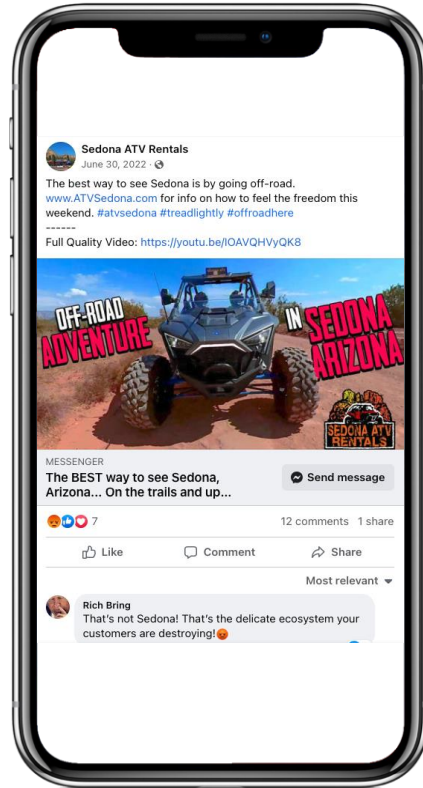
Then, they will post their videos to their social media channels for all their followers to see.

Then they will sign off with our campaign line, "Meet Sedona Again."



Media Research & Insights

Assets in the market



Competitive Spend - Online

Pathmatics Jan-Dec 2022

TOTAL SPEND

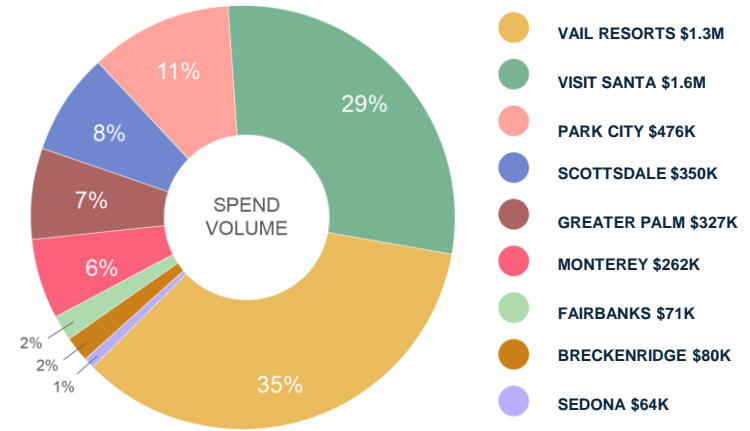
- Vail \$1.6M, primarily on Facebook/Instagram
- Visit Santa Barbara with \$1.3M on Facebook/Instagram
- Park City, UT. \$476K
 - \$260k on Social (FB/IG)
 - \$158k TripAdvisor
- Scottsdale \$350k
 - \$290k on Display, \$60k on Social
- Sedona Ranked 9th with \$64k on TripAdvisor

SPEND BY DEVICE/PLATFORM

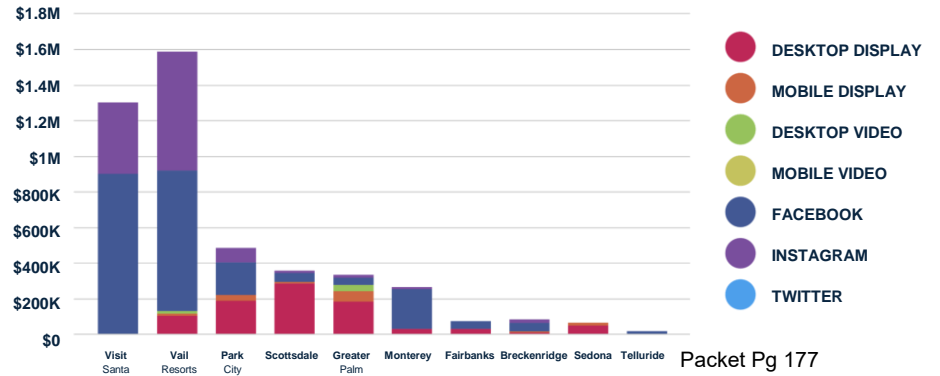
- 3.4M Facebook/Instagram
- 985k Display

MONTHLY SPEND

- Top months were Feb.-Mar. and Sept.

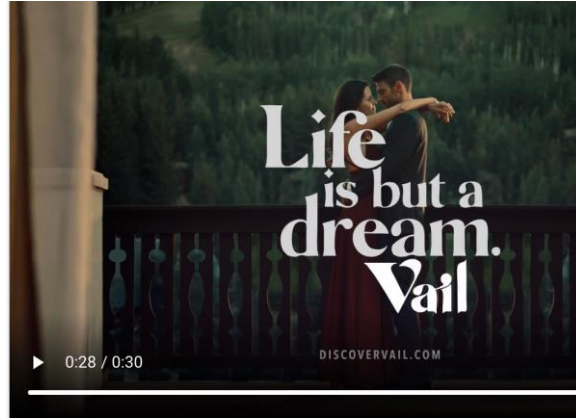


SPEND BY DEVICE



Online Competitive Creative

Adintel Jan-Dec 2022



Online Competitive Creative

Adintel Jan-Dec 2022

Get ready to experience pure vacation inspiration! From the stirring beauty of the Sonoran Desert to luxury resorts, award-winning restaurants and exciting attractions, Scottsdale has everything you need for a memorable getaway. Start planning today!

WWW.EXPERIENCESCOTTSDALE.COM
Plan A Scottsdale Getaway
Discover all the ways a trip to Scottsdale will leave you feeling effortlessly revitalized.

Learn More

explore
FAIRBANKS
ALASKA

\$278,598 Banner GREATER PALM SPRINGS AREA OF TOURISM

Plan your trip
to Indian Wells,
in Greater
Palm Springs.

Plan Now

INDIAN WELLS
CALIFORNIA

We're a
QUALITY TIME
kinda town

YOU WITH US?

What if you could
IN GREATER PALM SPRINGS

California
dream
big

greater
palm springs

Packet Pg 179

Target Audience Media Usage

INFORMATION SOURCES:

- Rely on advertising to keep up-to-date on products and services
- Internet is the most used information source
- Rely on the internet for:
 - News and current events
 - Sports news and events
 - Entertainment or celebrities
 - Planning travel
- Social media used regularly:
 - Facebook/Instagram (50% / 246 Index)

MEDIA	QUINTILE I (HEAVY)	QUINTILE II	QUINTILE III (MODERATE)	QUINTILE IV	QUINTILE V (LIGHT)
INTERNET	36%	30%	9%	18%	5%
NEWSPAPERS	8%	20%	17%	38%	15%
TV	22%	33%	14%	25%	3%
RADIO	15%	20%	20%	22%	20%
OOH	16%	26%	22%	22%	11%

Source: MRI

Media

Media Strategy

Focus on Digital and Social sites to **hyper target affluent tourists** and showcase the unique Arts, Culture, and Heritage that Sedona has to offer.

Using digital and social channels allows us to maximize **reach and frequency** to the desired audiences and highlight the specific amenities Sedona offers that would be of interest.



Digital Media Targeting Capabilities

FIRST PARTY DATA & LOOKALIKES:

- First-party data is information collected directly from customers via email lists, lead forms, or from CRM Data. Usually a list of names, email address, phone numbers, or device ids. Used to retarget specific individuals with verified customer data.
- Can utilize customer lists to create lookalike audiences that share attributes with your proven customers.

MEASUREMENT & REPORTING:

- Unique persons reached, Impressions, Video Views, Clicks/Engagements, CTR (click through rate), landing page views, ROAS (return on ad spend)
- Foot Traffic Attribution
- Actions taken on-site through Google Analytics

IDENTITY & BEHAVIORAL:

- Location, Age, Income, Intent, and Interests.

CONTEXTUAL TARGETING:

- Placing ads on websites with relevant content through Keywords or Phrases(extracted text content from websites matched with user-declared keywords), Categories(ex. Travel, Art, Food & Drink etc) or Site-lists.

Paid Social

OBJECTIVE: Target audiences through their social feeds while scrolling through content and interacting with friends.

RATIONALE: Social platforms offer granular targeting abilities; and a variety of objectives; such as drive site traffic, engagement, and conversions.

90% of the ideal audience uses Social media regularly.

PLATFORMS: Facebook/Instagram

CREATIVE: Images, & Video

PRIMARY KPIS AND BENCHMARKS: Impressions, Video Views, Engagements, CTR (click through rate), landing page views, ROAS (return on ad spend)

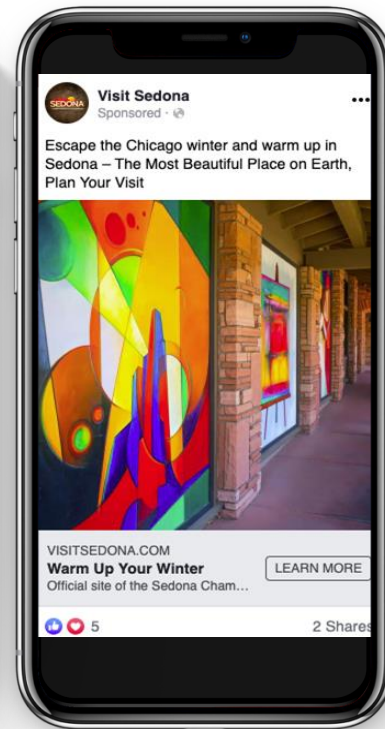
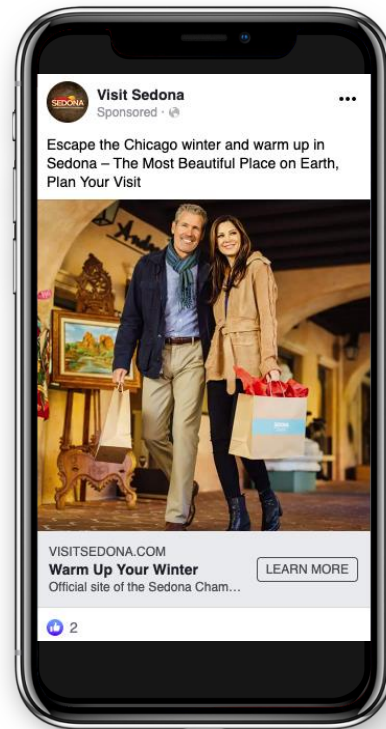
BUDGET: \$48,750 Apr-Jun

Los Angeles = \$37,500

Phoenix = \$11,250

Los Angeles Estimated Audience Size: 860,800

Phoenix Estimated Audience Size: 256,700



Display

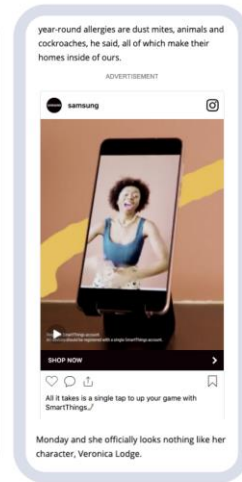
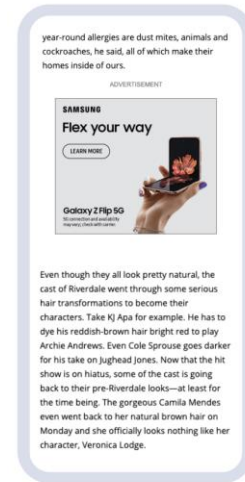
OBJECTIVE: Reach ideal visitors as they surf the web consuming content.

RATIONALE: Informs, persuades, and reminds target audiences to take action. Retargeting creates frequency of message and drives users down funnel.

CREATIVE: Desktop & Mobile banners
Option to use Social Ads within Display Placements.

PRIMARY KPI's: Impressions, CTR (click through rate), Landing page views, Foot Traffic Attribution

BUDGET: \$51,250 Apr-June
Los Angeles = \$38,250
Phoenix = \$12,000



BEFORE

AFTER

Packet Pg 185

Social Ad for Display Ad Examples:

Additional Considerations

Print

Conde Nast Traveler:

Brimming with inspiration for both experienced and aspiring jetsetters, this magazine features beautiful, fascinating destinations and in-depth guides for exploring them. Every issue is a mini getaway in itself.

Los Angeles / San Fernando / Inland Empire / Orange County Circulation 26,000
Phoenix Circulation 8,000

CREATIVE: Full Page Print

PRIMARY KPI's: Reach, and Impressions

BUDGET: May/June

Los Angeles = \$10,095

Phoenix = \$3,350



Print

Western Art & Architecture:

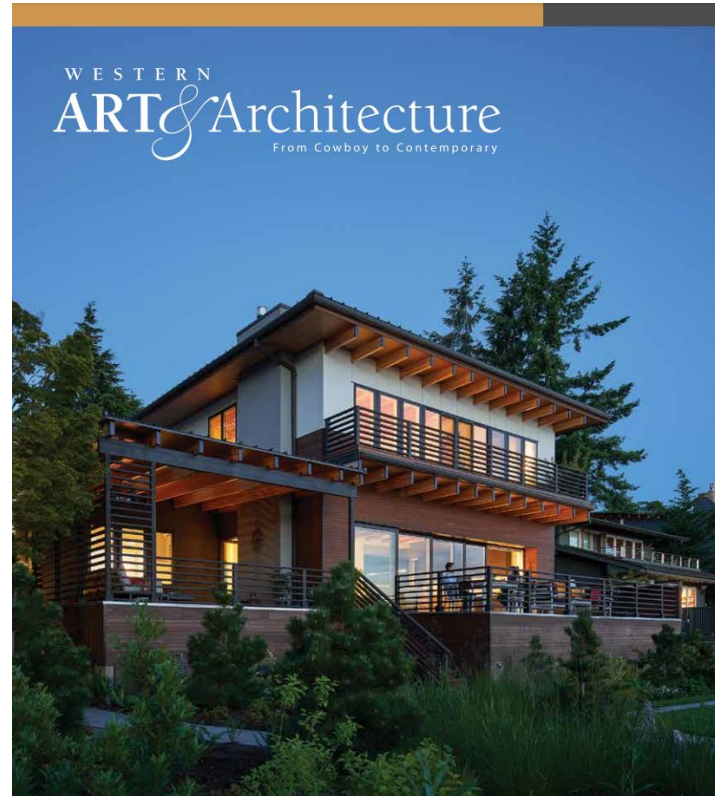
Coverages the arts from a lifestyle perspective. Exploring the western U.S. in search of events, auctions and showcases that celebrate interior design, architectural design and compelling art.

Reaching 75,000 readers Nationally with each issue *Southwest 34%*

CREATIVE: Full Page Print

PRIMARY KPI's: Reach, and Impressions

BUDGET: April/May
\$5,000



Print

Better Home & Gardens:

Offers home decor inspiration with an emphasis on lush photography that continues to engage both designers and DIY decorators today. Each edition features helpful information on a wide variety of content, from food and cooking to home improvement to women's beauty and style.

Los Angeles: CIRCULATION 255,600, READERS 1,191,096

Phoenix: CIRCULATION 127,900 READERS 596,014

CREATIVE: Full Page Print

PRIMARY KPI's: Reach, and Impressions

BUDGET: May/June

Los Angeles = 37,990

Phoenix = \$19,010



Packet Pg 189

Postcards

Art Lovers Direct Mail:

This Art Lovers audience reaches consumers who have visited one or more of these types of locations in the past 180 days:

- Art galleries
- Museums
- Frame shops
- Art fairs

CREATIVE: Postcard

PRIMARY KPI's: Reach, and Impressions

BUDGET: *Starting at \$2,500*

Los Angeles: 244,490 Total Cost \$183,369

Phoenix Metro: 11,502 Total Cost \$8,615.00



NPR Radio

* OTHER MEDIA TO CONSIDER: NPR

- Southern California Public Radio
 - [KPCC- FM](#) - Submitted online form
 - [KCRW](#) - Submitted online form
- Phoenix MSA
 - KJZZ: M-Su 5a-12a estimated weekly schedule \$12,750 per week

OPEN RATES

Mon-Sun

Daypart

KJZZ

5a-10a

AM Drive

315

10am-3p

Midday

145

ROTATION PLANS

3-Part Plus PRIME TIME*

KJZZ

Day Specific 5a-7p, increments of 3

215

Mon-Sun 5a-7p,

increments of 3 200

4-Part Plans TOTAL DAY**

Day Specific 5a-12a, increments of 4

165

Packet Pg 191

Measurement Plan

Measurement Plan

- Compare hotel & airline bookings year over year
- Email sign-ups
- Sedona Arts Center visits year over year
- Paid and organic MEDIA metrics
- Organic website traffic comparison YOY or MOM
- Online community research to test for favorability and/or intent to travel to market, etc.
- Earned media exposure, placements and value

Budget

Budget Summary

Total Budget = \$225,000

- Media (Los Angeles DMA and Phoenix MSA) ~ \$100,000-\$135,000
 - Influencers and/or production ~ \$50,000
- Agency Fees ~ \$90,000-100,000

Questions & Comments

SEDONA
ARIZONA

Thank you!

PHOENIX

602-254-5159

3550 N. CENTRAL AVE. | STE. 1500
PHOENIX, AZ 85012

LAS VEGAS

702-757-3833

6385 SOUTH RAINBOW BLVD. | STE.
100
LAS VEGAS, NV 89118

Appendix



Micki Hein

EXECUTIVE VICE PRESIDENT, BRAND & MARKETING

ABOUT

Micki's career spans over 20+ years across various industries and brands. Most notably leading initiatives for key global accounts such as Dove Hair Care and Deodorant and Dole Salads with up to \$5.6M budgets (non-media).

In her current role, Micki leads the Client Services, Social Media, and PR teams across the agency by providing strategic insights, thought leadership, and ideas that help achieve business objectives. She leads proactive initiatives with approach and processes that empower the team to deliver successful outcomes, and champion ideas that push client and agency teams outside of their comfort zones in order to improve performance and constantly innovate

ROLE AND PARTICIPATION ON ACCOUNT

Leads Client Services, Social Media and PR teams over entire agency



Mark Naparstek

VP. EXECUTIVE CREATIVE DIRECTOR

ABOUT

Recently named "Creative Of The Year" by the American Advertising Federation of Phoenix, Mark has a passion for advertising that has spanned over two decades and has earned him numerous national awards. Mark's experience includes travel and tourism, automotive, utilities and packaged goods. He started his career in New York City and moved to Las Vegas where he worked on the "What happens here, stays here" campaign for Las Vegas as both an Art Director and Creative Director. Mark has worked with almost every resort group on the Las Vegas Strip including MGM Resorts, Caesars Entertainment, Venetian, Wynn Resorts and Virgin Hotels Las Vegas. Mark's work has been featured in The *New York Times*, *Forbes*, *ABC News*, *Nightline*, *USAToday*, *The View* and many others.

ROLE AND PARTICIPATION ON ACCOUNT

Creative Operations and Creative Direction



Kim Bender

VP MEDIA ENGAGEMENT & STRATEGY

ABOUT

Kim leads strategy and oversight of all media types on behalf of OH Partners' clients. With more than 25 years in the marketing/advertising industry, Kim's media insights and overall approach help clients effectively reach their target audiences through creative and efficient approaches. Kim's media experience includes leading planning and strategy on brands such as Warner Bros, Burger King, California State Lottery, Bally's and Paris Las Vegas, Pinnacle Entertainment, Live! Casino & Hotel, the Vegas Golden Knights, Virgin Hotel & Casino Las Vegas and Gila River Hotels & Casinos.

ROLE AND PARTICIPATION ON ACCOUNT

Strategy and Paid Media