

AGENDA



4:30 P.M.

CITY COUNCIL MEETING

TUESDAY, JUNE 11, 2024

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

2. ROLL CALL/MOMENT OF ART

3. CONSENT ITEMS - APPROVE

LINK TO DOCUMENT =

- Minutes - May 28, 2024 City Council Regular Meeting.
- Minutes - May 29, 2024 City Council Special Meeting.
- AB 3068 Approval of a potential multi-year contract for quarterly culvert cleaning for approximately \$38,664 per year.
- AB 3069 Approval of a Resolution authorizing the City of Sedona to enter into a development agreement with Blueflagiris, LLC, Redrockiris, LLC, Alkemista, Inc, and Alkemista Brew, Inc. for the development of a mixed-use project at 2144 W State Route 89A and 40 Goodrow Lane with lease term restrictions for the multi-family units and shared parking agreements and restricted hours of operation for the commercial uses.
- AB 3070 Approval of the renewal of undercover license plates for existing undercover vehicles.

4. APPOINTMENTS - None

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

6. PUBLIC FORUM

(This is the time for the public to comment on any issue within the jurisdiction of City Council 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




- AB 3055 **Presentation/discussion** by Arizona Public Service (APS) regarding their fire mitigation efforts and summer readiness program.
- AB 3046 **Discussion/possible action** regarding the adoption of a Resolution approving the sale and execution and delivery of Excise Tax Revenue Obligations, Series 2024, in an amount not to exceed \$18,000,000; approving the form and authorizing the execution and delivery of necessary agreements, instruments and documents; delegating authority to determine certain matters with respect to the foregoing and declaring an emergency.
- AB 3059 **Discussion/possible action** regarding the approval of a Resolution adopting the City's Public Safety Personnel Retirement System Pension Funding Policy for fiscal year 2024-2025.
- AB 3072 **Discussion/possible action** to approve the Notice of Intent to Increase Wastewater Rates and set the public hearing date regarding the same.
- AB 2953 **Presentation/discussion** regarding the March 2024 Sales and Bed Tax Report.

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.



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- f. AB 3074 **Discussion/possible direction** regarding transportation projects that will be submitted to NACOG for funding opportunities. 
- g. AB 3027 **Discussion/possible direction/action** regarding proposed State legislation, short-term rental legislation and State budget and their potential impact on the City of Sedona. 
- h. AB 3066 **Discussion/possible action** regarding future meeting/agenda items. 

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.

10. ADJOURNMENT

Posted: 06/06/24

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.

NOTICE TO PARENTS AND LEGAL GUARDIANS: Parents and legal guardians have the right to consent before the City of Sedona makes a video or voice recording of a minor child, pursuant to A.R.S. § 1-602(A)(9). The Sedona City Council meetings are recorded and may be viewed on the City of Sedona website. If you permit your child to attend/participate in a televised City Council meeting, a recording will be made. You may exercise your right not to consent by not allowing your child to attend/participate in 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, May 28, 2024, 4:30 p.m.

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

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 Anette Spickard, Deputy City Manager Andy Dickey, City Attorney Kurt Christianson, Assistant City Attorney Monique Cody, Director of Community Development Steve Mertes, Director of Public Works/City Engineer Kurt Harris, Short Term Rental Specialist Teresah Arthur, Senior Code Enforcement Officer Tony Schiaveto, Community Development Director Steve Mertes, Police Chief Stephanie Foley, Accounting Manager Renee Stanley, Budget and Financial Analyst Sterling West, Engineering Supervisor John Hall, Housing Manager Shannon Boone, Housing Coordinator Jeanne Frieder, Jean McGann Interim Director of Financial Services, Deputy City Clerk Marcy Garner, and City Clerk JoAnne Cook.

2. Roll Call

3. Consent Items

- a. **Minutes - May 14 , 2024 City Council Regular Meeting.**
- b. **AB 3058 Approval of Resolution authorizing an Intergovernmental Agreement for the provision of services by the Coconino County Elections Department.**
- c. **AB 3059 Approval of a Resolution adopting the City's Public Safety Personnel Retirement System Pension Funding Policy for fiscal year 2024-2025.**
- d. **AB 3064 Approval of a purchase agreement for the acquisition of Parcel 401-38- 013F, at 195 Brewer Road, Sedona.**

Item 3c was from Consent Items for discussion by Councilor Furman.

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

Questions and comments from Council.

Motion: Councilor Kinsella moved to table item 3c and to have it brought back to Council at the June 11, 2024 meeting under regular business. Seconded by Councilor Furman. Vote: Motion passed with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Kinsella, Williamson) and zero (0) opposed.

4. Appointments - None.

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

6. Public Forum

Opened to the public at 4:41 p.m.

Rob Smith, Sedona, spoke regarding traffic congestion in his neighborhood by the Chapel of the Holy Cross.

Brought back to Council at 4:44 p.m.

7. Proclamations, Recognitions & Awards - None.

8. Regular Business

a. AB 3050 Public hearing/discussion/possible action regarding approval of the Tentative City Budget for Fiscal Year 2024-2025.

Presentation by Jean McGann, Sterling West, and Renee Stanley.

Comments and questions from Council.

Opened the public hearing at 5:16 p.m.

No public comments were heard.

Closed the public hearing at 5:16 p.m.

Comments and questions from Council.

Motion: Councilor Kinsella moved to approve the Tentative Budget for FY 2024-25 and thereby set the expenditure limit for the budget at \$106,155,786. Seconded by Councilor Williamson. Vote: Motion passed with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Kinsella, Williamson) and zero (0) opposed.

b. AB 3062 Discussion/possible action regarding approval of a Resolution approving a Development Agreement with the Villas on Shelby, LLC allowing exemptions from the LDC for the provision of 30 units of affordable housing.

Presentation by Shannon Boone.

Comments and questions from Council.

Councilor Kinsella expressed her concern that Council did not have the design review and the cost of the parking and rendering available prior to this item coming forward to Council.

Motion: Councilor Fultz moved to approve Resolution 2024-11, approving the Development Agreement with the Villas on Shelby, LLC, with the exception of removing Section 2.1.3 of the agreement. Seconded by Councilor Dunn. Vote: Motion passed with seven (7) in favor (Jablow, Ploog, Dunn, Fultz, Kinsella, Williamson) and zero (0) opposed.

Break at 6:53 p.m. Reconvened at 7:16 p.m.

c. AB 3049 Presentation/discussion/possible direction regarding update on the Short-Term Rental Monitoring Program.

Presentation by Teresah Arthur and Tony Schiaveto.

Questions and comments from Council.

Opened to the public at 9:33 p.m.

Cameron Wylde, Sedona, spoke regarding STR property management.

Brought back to Council at 9:37 p.m.

Questions and comments from Council.

d. AB 3027 Discussion/possible direction/action regarding proposed State legislation, short-term rental legislation and State budget and their potential impact on the City of Sedona.

Questions and comments from Council

Opened to the public at 10:00 p.m.

Cameron Wylde, Sedona, spoke against sex offender screening requirement and noise.

Brought back to Council at 10:02 p.m.

Discussion only, no direction given.

e. AB 3066 Discussion/possible action regarding future meeting/agenda items.

Councilor Williamson requested a presentation from the Yavapai College, Councilor Kinsella supported her request. Councilor Ploog requested a presentation from Northern AZ Healthcare. Councilor Williamson supported her request.

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 10:12 p.m. without objection.

I certify that the above are the true and correct actions of the Regular City Council Meeting held on May 28, 2024.

JoAnne Cook, CMC, City Clerk

Date

**Action Minutes
Special City Council Meeting
City Council Chambers, Sedona City Hall
102 Roadrunner Drive, Sedona, Arizona
Wednesday, May 29, 2024, 3:00 p.m.**

1. Call to Order

Mayor Jablow called the meeting to order at 3:01 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, and Councilor Jessica Williamson.

Staff in attendance: City Manager Anette Spickard, Deputy City Manager Andy Dickey, Assistant City Attorney Monique Coady, Sustainability Manager Bryce Beck, Sustainability Coordinator Zachary Schwarz, AmeriCorps Intern Climate Resilient Specialist, Seth Gardner, Police Chief Stephanie Foley, Executive Assistant to the Chief of Police Sherri O'Connor, and Deputy City Clerk Marcy Garner.

3. Special Business

a. AB 2740 Discussion/possible direction regarding an update on progress made on the Climate Action Plan.

Presentation by Bryce Beck, Zachary Schwarz and Seth Gardner, with Chief Foley present for questions.

Questions and Comments from Council throughout the presentation.

Jo Martin and Sondra Brunone with the Les Springs Homeowner's Association, spoke in support of the efforts of staff to bring in other communities. They spoke on the importance of facilitating the needs of residents and emergency management information.

Presentation continued with Bryce Beck, Zachary Schwarz and Seth Gardner.

Council thanked staff for their remarkable presentation and preparedness.

Open to public comment at 5:55 pm

Steve Schliebs, Sedona, thanked Bryce and Zach for their efforts and advised council he would reach out to them via email.

Closed public comment at 5:56 p.m.

Presentation and discussion only, no direction given.

b. Discussion/possible action regarding ideas for future meetings/agenda items – None.

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.

No Executive Session was held.

5. Adjournment

Mayor Jablow adjourned the meeting at 5:57 p.m. without objection.

I certify that the above are the true and correct actions of the Special City Council Meeting held on May 29, 2024.

Marcy Garner, Deputy City Clerk

Date



**CITY COUNCIL
AGENDA BILL**

**AB 3068
June 11, 2024
Consent items**

Agenda Item: 8c
Proposed Action & Subject: Approval of a potential multi-year contract for quarterly culvert cleaning for approximately \$38,664 per year.

Department	Public Works
Time to Present	NA
Total Time for Item	
Other Council Meetings	N/A
Exhibits:	A. Contract B. Proposal

Finance Approval	Reviewed RMS 6/4/24
City Attorney Approval	Reviewed 6/4/24 KWC
City Manager's Recommendation	Recommend approval ABS 6/4/24

Expenditure Required	
	\$ 38,664
Amount Budgeted	
	\$ 38,664 (\$115,992 over 3 years)
Account No. (Description)	10- 5320- 39- 6771 Quarterly Culvert Cleaning

SUMMARY STATEMENT

Background: This is part of Sedona’s preventative pre-monsoon effort based on a quarterly schedule. Public Works has a city-wide culvert cleaning plan scheduled to be completed every 6 years. This contract is for up to 3 of those 6 years to allow a reassessment of contractor performance and equipment needs. This contract addresses the ongoing challenges of the inherent variability of sediment loading within roadside drainage systems, and the annual stormwater Stormceptor (oil, grease, sediment water separator) cleaning along the SR179 corridor as required by ADOT.

The culverts will be cleaned on a quarterly basis rotating through zones following the Know Your Zone areas. Work is planned in FY 25 in Zones 4 and 1, due to Zone 4 having the highest need. Two days of culvert cleaning per quarter per year will occur until the zones are complete. The following year work will advance to Zone 2 and follow sequentially to Zone 12. The strategy is to facilitate maintenance programs, such as curbside yard waste collection, culvert cleaning, etc.; utilizing the Know Your Zone areas, to improve community familiarity for potential emergency evacuation preparedness.

The \$38,664 is adjusted to account for a unit price adjustment from the received 8-hour bid to the city's 10-hour workday using the \$260/hour quote.

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

Watershed sediment removal from tributaries to Oak Creek improves water quality and quantity within the drainage system. This is required under the City's ADEQ MS4 Permit and improves overall drainage function to reduce flooding risk, and evapotranspiration while protecting Oak Creek's ecological well-being.

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): None

MOTION

I move to: approve the multi-year contract for quarterly culvert cleaning in the approximate amount of \$38,664 per year.

**DEPARTMENTAL CONTRACT FOR SERVICES FOR
THE CITY OF SEDONA**

This Contract ("CONTRACT") is made and entered into on this ____ day of _____, 20 ____ ("Effective Date"), by and between the **City of Sedona**, an Arizona municipal corporation ("CITY") and **Kary Environmental Services, Inc.** an Arizona Corporation ("CONTRACTOR").

RECITALS

- A. CITY intends to undertake a project for the benefit of the public and with public funds that is more fully set for in Exhibit A, Scope of Work.
- B. CITY desires to retain the services of CONTRACTOR to perform certain services and produce the specific work as set forth in Exhibit A.
- C. CONTRACTOR desires to provide CITY with the services and produce the specific work set forth in this Exhibit A in accordance with the practices and standards set forth in this Contract; and
- D. CITY and CONTRACTOR desire to memorialize their agreement with this document.

AGREEMENT

The parties agree as follows:

1. SCOPE OF WORK.

- A. Scope of Work. The CONTRACTOR agrees to perform everything required to be performed and furnish all labor, materials, necessary tools, expendable equipment, and all utility and transportation services required to perform certain services and complete all work in connection with **Storm Culvert Cleaning Services** (the "Project") as set forth in **Exhibit A** "Scope of Work" attached hereto and incorporated herein by reference. The work includes any and all Services reasonably contemplated, normally included, and necessary to complete the Scope of Work in a professional and timely manner with due diligence and in strict compliance with the applicable Maricopa Association of Government (MAG) Specifications and CONTRACTOR'S proposal as set forth in Exhibit A. The CONTRACTOR shall work closely with the CITY and its designated employees to complete the Project. The CONTRACTOR shall perform the work required by and outlined in Exhibit A to the satisfaction of the City, exercising that degree of care, skill, diligence and judgment that is ordinarily exercised under similar circumstances by reputable members of its trade or profession in conformity with the best standards in the industry at the time and locality where the services are provided.
- B. Change in Scope of Work. If deemed necessary by CITY, the CONTRACTOR and CITY will confer to further define specific tasks in the Scope of Work and estimate the amount of time and cost required for those tasks. Any work that is different from or in addition to the work specified in Exhibit A 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 CONTRACTOR. If CONTRACTOR proceeds without such written authorization, CONTRACTOR shall be deemed to have waived any claim for unjust enrichment, *quantum meruit* or implied contract. Except as expressly provided herein, no agent, employee or representative of CITY shall have the authority to agree to any changes or modifications, either directly or implied by a course of action, relating to the terms and scope of this CONTRACT.

- C. Inspection; Acceptance. All work and Services performed by CONTRACTOR will be subject to inspection and acceptance by the CITY at reasonable times during CONTRACTOR'S performance. If requested by CITY, CONTRACTOR will provide CITY with any record drawings at completion of the project in such form and detail as the CITY may require.
- D. Time. Time is of the essence for this Contract. The CONTRACTOR shall complete all Services timely, efficiently and in accordance with any time schedule set forth in Exhibit A.
- E. Corrections. CONTRACTOR shall promptly provide, at no additional cost to CITY, any and all corrections, modifications, additional documents, or other items that may be necessary to correct any errors and/or omissions in the work or services, documents, designs, specification, and/or drawings provided by the CONTRACTOR.
- F. Key Personnel. CONTRACTOR shall utilize the key personnel, if any, listed in Exhibit A or in the proposal to the CITY. CONTRACTOR shall not change key personnel, not utilize the listed key personnel, or utilize any other key personnel without prior written approval of the CITY. Any substituted personnel shall have the same or higher qualifications as the personnel being replaced.

2. **COMPENSATION; BILLING.**

- A. Compensation. The CITY agrees to pay CONTRACTOR as compensation for the work and/or services performed in accordance with the Scope of Work according to the fee schedule set forth in **Exhibit A**, if any, an amount not to exceed **\$115,992**. Except as otherwise set forth in this CONTRACT, billing and payment will be in accordance with the conditions set forth in **Exhibit A**.
- B. Payment. Unless otherwise agreed to by the CITY in writing, CONTRACTOR will submit monthly invoices to the CITY. CITY will process and remit payment within thirty (30) days and payment will be delinquent only thirty (30) days after the date an invoice is received by the CITY. Each invoice shall set forth a general description of the work performed, in accordance with the Scope of Work, and for the hours billed, if applicable. Payment may be subject to or conditioned upon CITY'S receipt of unconditional waivers and releases on final payment from all subconsultants. If a dispute over payment arises, and during all claims resolution proceedings, CONTRACTOR shall continue to render the services in a timely manner. Payment by the CITY does not constitute acceptance by the CITY of the work and/or services or CONTRACTOR'S performance, nor does payment constitute a waiver of any rights or claims by the CITY.
- C. Expenses. Any fee required by any governmental agency in order for CONTRACTOR to

accomplish a task hereunder may be reimbursed by CITY, however, no reimbursable expenses or costs of any kind shall be paid by the CITY unless expressly approved by the CITY in writing before they are incurred. Any approved reimbursable expenses will be paid at the actual cost without any markup and will be paid only after they are incurred.

D. Taxes. CONTRACTOR shall be solely responsible for any tax obligations resulting from CONTRACTORS performance of this CONTRACT. The CITY shall have no obligation to pay any amounts for taxes, of any type, incurred by the CONTRACTOR.

3. **PROFESSIONAL RESPONSIBILITY.** The CONTRACTOR hereby warrants that it is qualified by experience, necessary work force and materials to assume the responsibilities and render the Services described herein and has all requisite corporate authority and professional licenses in good standing that are required by law. CONTRACTOR warrants that the services rendered will conform to the requirements of this CONTRACT and the professional standards of the CONTRACTOR'S trade or field. The CITY has no obligation to provide CONTRACTOR with any equipment, business registrations, licenses, tools, or materials required to perform the Scope of Work. CONTRACTOR shall maintain a valid license through the Arizona Register of Contractors for all types of work or services provided for the Project required by A.R.S. §32-1122 and related provisions and obtain a business license from the CITY if applicable.
4. **COMPLIANCE WITH LAW.** It is required that the work and services to be performed by CONTRACTOR hereunder shall be done in compliance with all applicable laws, ordinances, rules and regulations 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. This CONTRACT shall be read to include each, and every provision of law and any clause required by law to be included and this CONTRACT shall be enforced as though such provisions were included.
5. **INDEMNIFICATION.** To the fullest extent permitted by law, CONTRACTOR will indemnify, defend and hold harmless CITY, and each council member, officers, boards, commissions, officials, employee or agent thereof (collectively the 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) relate to, arise out of, or are caused by, or in connection with the negligent acts or omissions, recklessness or intentional misconduct of CONTRACTOR, its officers, employees, agents or any tier of subcontractor in connection with CONTRACTORS work or Services in the performance of this CONTRACT. In consideration of the award of this Agreement, CONTRACTOR agrees to waive all rights of subrogation against the Indemnified Party for losses arising from the work or Services performed by CONTRACTOR for the CITY. 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 Section. This indemnification survives the expiration or termination of this CONTRACT.
6. **INSURANCE.**

A. General:

1. The CONTRACTOR agrees to procure and maintain in force during the term of this Agreement, at its own cost, the following coverages as requested by CITY, either in the initial bid, or prior to commencement of particular tasks. The CONTRACTOR shall submit to CITY before any work is performed, certificates from the CONTRACTOR'S insurance carriers indicating the presence of coverages and limits of liability as follows:
2. Worker's Compensation Insurance:
 - Coverage A: Statutory benefits as required by the Labor Code of the State of Arizona.
 - Coverage B: Employer's Liability
 - Bodily Injury by accident \$1,000,000 each accident
 - Bodily Injury by disease \$1,000,000 policy limit
 - Bodily Injury by disease \$1,000,000 each employee
3. Commercial General or Business Liability Insurance (Occurrence Form) 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.
4. 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 CONTRACTOR'S owned, hired or non-owned automobiles assigned to or used in performance of the Services. Certificate to reflect coverage for "Any Auto, All Owned, Scheduled, Hired or Non-Owned."
5. Professional Liability coverage with minimum limits of ONE MILLION DOLLARS (\$1,000,000.00) each claim and TWO MILLION DOLLARS (\$2,000,000.00) general aggregate, if professional services are utilized by CONTRACTOR for design and performance of the Project. If approved by CITY, evidence of qualified self-insured status may be substituted for one or more of the foregoing insurance coverages. In the event the policy is written on a "claims made" basis, the CONTRACTOR warrants that any retroactive date shall precede any work on the Project. Coverage must have no exclusion for design-build projects.

B. CONTRACTOR 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 CONTRACTOR pursuant this Agreement. 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. All policies must be written by insurance companies whose rating, in the most recent AM Best's Rating Guide, is not less than A-VII or higher, unless CONTRACTOR obtains prior written approval of CITY.

D. A Certificate of Insurance shall be completed by the CONTRACTOR'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 thirty (30) days prior written notice has been given to CITY. The completed Certificate of Insurance shall be sent to:

City of Sedona
102 Roadrunner Drive
Sedona, AZ 86336
ATTN: City Clerk

- E. Failure on the part of CONTRACTOR 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 CONTRACTOR to CITY upon demand, or CITY may offset the cost of the premiums against any monies due to CONTRACTOR from CITY.
 - F. CITY reserves the right to request and receive a certified copy of any policy and any pertinent endorsement thereto. CONTRACTOR agrees to execute any and all documents necessary to allow CITY access to any and all insurance policies and endorsements pertaining to this Project.
 - G. All policies shall provide primary coverage and waivers of subrogation by endorsement or otherwise. A waiver of subrogation shall be effective as to any person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, did not pay for the insurance premium directly or indirectly and whether or not the person or entity had an insurable interest in the property damaged.
 - H. The following policies shall include Additional Insured endorsements: Automobile Liability Insurance and Commercial General Liability.
 - I. CITY reserves the right to require higher limits of liability coverage if, in the CITY's opinion, operations or services create higher than normal hazards.
7. **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.
8. **TERM; TERMINATION.**
- A. Term. This CONTRACT shall continue for a one (1) year period from the effective date and shall be automatically renewed annually for an additional two (2) one-year terms without the necessity of any action by the parties and shall terminate on **4/22/2027**, or at such earlier time as all work included in the Scope of Work is completed or the CONTRACT otherwise terminates as provided herein.

- B. Termination for Convenience. This CONTRACT is for the convenience of the CITY and may be immediately terminated without cause after receipt by the CONTRACTOR of written notice by the CITY. Upon termination for convenience, CITY shall pay CONTRACTOR for all work previously authorized and performed prior to the date of termination. If, however, CONTRACTOR 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. If applicable, upon any termination of this CONTRACT, no further payments shall be due from the CITY to CONTRACTOR unless and until CONTRACTOR has delivered to the CITY full sized and usable copies of all documents, designs, drawings, and specifications generated by CONTRACTOR in relation to the Project or this CONTRACT. No other payments, including any payment for lost profit or business opportunity, and no penalty shall be owed by CITY to CONTRACTOR in the event of termination upon notice. After termination, CONTRACTOR may complete other such work as it deems necessary, except that such work will be at its own expense and there shall be no "termination charge" whatsoever to CITY.
- C. Termination for Cause. CITY may terminate this CONTRACT for cause if CONSULTANT fails to cure any breach of this CONTRACT within seven days after receipt of written notice specifying the breach.
- D. Extension for Procurement Purposes. Upon expiration of the Term of this CONTRACT, including the initial term and any renewals, at the CITY'S discretion, this CONTRACT may be extended on a month-to-month basis for a maximum of six (6) months to allow for the CITY to complete its procurement processes to select a vendor to provide services/materials similar to those provided under this CONTRACT. There are no automatic renewals of this CONTRACT.
- E. Appropriation of Funds. Every payment obligation of the CITY under this CONTRACT is conditioned upon the availability of funds appropriated or allocated for payment of such obligation. If funds are not allocated and available for the continuance of this CONTRACT, This CONTRACT may be terminated by the CITY at the end of the period for which funds are available. No liability shall accrue to the CITY in the event this provision is exercised, and CITY shall not be obligated or liable for any future payments or for any damages resulting from termination under this provision.
9. **VENUE; JURISDICTION; JURY TRIAL WAIVER.** 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. Both parties hereby waive any right to a jury trial which they may otherwise have in the event of litigation arising out of this CONTRACT or the subject matter thereof and consent to a trial to the court.
10. **INDEPENDENT CONTRACTOR.** CONTRACTOR is an independent contractor. Notwithstanding any provision appearing in this CONTRACT and any exhibits and/or addenda, all personnel assigned by CONTRACTOR to perform work under the terms of this CONTRACT shall be and remain employees or agents of the CONTRACTOR for all purposes. The CITY does not have the authority to supervise or control the actual work of CONTRACTOR, its employees or subcontractors. CONTRACTOR shall make no representation that it is the employee of CITY for any purpose.

11. **NO WAIVER.** Delays in enforcement or the waiver of 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.
12. **ENTIRE AGREEMENT.** This CONTRACT, together with the attached Exhibits, is the entire agreement between the CONTRACTOR and CITY, superseding all prior oral or written communications. If anything in the attached Exhibits is inconsistent with the provisions of this CONTRACT, the provisions of this CONTRACT shall govern. None of the provisions of this CONTRACT may be amended, modified or changed except by written amendment executed by both parties. This CONTRACT will be construed and interpreted according to its plain meaning, and no presumption will be deemed to apply in favor of or against the party drafting the CONTRACT. 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 term or provision.
13. **NON-DISCRIMINATION.** CONTRACTOR, its agents, employees, 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).
14. **COMPLIANCE WITH FEDERAL AND STATE LAWS.**
 - A. In the performance of this CONTRACT, CONTRACTOR will abide by and conform to any and all federal, state and local laws.
 - B. Under the provisions of A.R.S. §41-4401, CONTRACTOR hereby warrants to CITY that CONTRACTOR 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"). A breach of the Contractor Immigration Warranty shall constitute a material breach of this CONTRACT and shall subject CONTRACTOR to penalties up to and including termination of this CONTRACT at the sole discretion of CITY. The 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. CONTRACTOR agrees to assist the CITY in regard to any such inspections. CITY may, at its sole discretion, conduct random verification of the employment records of CONTRACTOR and any subcontractors to ensure compliance with the Contractor Immigration Warranty. CONTRACTOR agrees to assist CITY in regard to any random verification performed. Neither CONTRACTOR nor any subcontractor shall be deemed to have materially breached the Contractor Immigration Warranty if CONTRACTOR 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.

- C. The provisions of this Section must be included in any contract CONTRACTOR enters into with any and all of its subcontractors who provide services under this CONTRACT or any subcontract. For the purposes of this paragraph, "Services" are defined as furnishing labor, time or effort by a contractor or subcontractor. Services include construction or maintenance of any structure, building, transportation facility or improvement to real property.
 - D. If applicable (CONTRACTOR is a natural person), CONTRACTOR shall execute the required documentation and affidavit of lawful presence as set forth in ARS §1-502/8 USC §1621 (**Exhibit B**).
 - E. CONTRACTOR 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. If applicable, CONTRACTOR 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."
15. **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 any dispute cannot be resolved through direct discussions, the parties may endeavor to settle the dispute through voluntary mediation. If the dispute cannot be resolved, the matter may then be submitted to the judicial system.
16. **DELAYS.** CONTRACTOR shall not be responsible for delays which are due to causes beyond CONTRACTOR'S reasonable control. In case of any such delay, any deadline established as part of the Scope of Work shall be extended accordingly.
17. **REMEDIES UPON BREACH.** If any party to this CONTRACT materially breaches the terms of the CONTRACT, the non-breaching party may exercise any and all remedies available to them under Arizona law, including, without limitation, if applicable, bringing a lawsuit for monetary damages or specific performance. THE PARTIES HERETO EXPRESSLY COVENANT AND AGREE THAT IN THE EVENT OF LITIGATION ARISING FROM THIS CONTRACT, NEITHER PARTY SHALL BE ENTITLED TO AN AWARD OF ATTORNEY FEES, EITHER PURSUANT TO CONTRACT, PURSUANT TO A.R.S. §12-341.01 (A) AND (B), OR PURSUANT TO ANY OTHER STATE OR FEDERAL STATUTE, COURT RULE, CASE LAW, OR COMMON LAW.
18. **CONFLICT OF INTEREST.** From the date of this CONTRACT through the termination of its Service to CITY, CONTRACTOR 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 at 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 A.R.S. §38-511.

19. **NOTICE.** Any notice or communication between CONTRACTOR and CITY that may be required, or that may be given, under the terms of this Agreement 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: City of Sedona
Attn: Ian Coubrough
icoubrough@sedonaaz.gov
102 Roadrunner Drive
Sedona, AZ 86336

CONTRACTOR: Kary Environmental Services, Inc.
Attn: Vernon Dowse
vernond@karyenvironmental.com
641 S Drew Street
Mesa, AZ 85210

20. **EXHIBITS.** The following exhibits, are a part of this CONTRACT and are incorporated herein by reference:

Exhibit A: Scope of Work

Exhibit B: Affidavit of Lawful Presence

In the event of any conflict between the terms of an Exhibit and this CONTRACT, the terms of the CONTRACT shall control.

21. **NOTICE TO PROCEED.** Unless otherwise noted by CITY, acceptance of this CONTRACT constitutes official notice to proceed with the work.

22. **PUBLIC RECORDS.** Notwithstanding any provisions of this CONTRACT regarding confidentiality, secrets, or protected rights, CONTRACTOR acknowledges that all documents provided to the CITY may be subject to disclosure by the Arizona public records law under A.R.S. §39-121 and related provisions. In the event CONTRACTOR objects to any disclosure, CONTRACTOR agrees to handle all aspects related to the request including properly communicating with the requester and timely responding with information, and CONTRACTOR agrees to indemnify CITY from an claims, actions, lawsuits, damages and losses resulting from CONTRACTOR's objection to the disclosure.

23. **NO BOYCOTT OF ISRAEL OR USE OF FORCED LABOR OF ETHNIC UYGHURS IN PEOPLES REPUBLIC OF CHINA.** As applicable, CONTRACTOR certifies and agrees that it is not currently engaged in and for the duration of the CONTRACT will not engage in a boycott of Israel, as that term is defined in A.R.S. §35-393 and will not use forced labor or goods or services produced by forced labor of ethnic Uyghurs in the People's Republic of China (PRC) or any contractors, subcontractors or suppliers that use forced labor or goods or services produced by forced labor of ethnic Uyghurs in the PRC as provided by A.R.S. §35-394.

CITY OF SEDONA, ARIZONA

**KARY ENVIRONMENTAL SERVICES,
INC.**

City Manager or City Department Head

By:_____

Title:_____

ATTEST:

I hereby affirm that I am authorized to enter into and sign this CONTRACT on behalf of CONTRACTOR

JoAnne Cook, City Clerk

APPROVED AS TO LEGAL FORM:

Kurt W. Christianson, City Attorney

EXHIBITS

Exhibit A

- Scope of Work and Associated Costs.

Exhibit B

- Affidavit of Lawful Presence as set forth in ARS 1-502/8 USC §1621.
- Affidavit of Lawful Presence not required as this consultant is a corporation (Inc., LLC, LLP).



LETTER OF TRANSMITTAL - COPY

March 13, 2024

Ian Coubrough, CPPB
Procurement Officer
106 Roadrunner Drive
Sedona, AZ 86336
E: icoubrough@sedonaaz.gov

**SUBJECT: REQUEST FOR PROPOSAL – 24-006
CULVERT CLEANING SERVICES
DUE FRIDAY, MARCH 14, 2024; AT 2:00 PM. LOCAL ARIZONA TIME**

Kary Environmental Services, Inc. (KES), a local business located in Mesa, Arizona, is pleased to submit this response for the Request for Proposal (RFP) to the City of Sedona (COS) for the Culvert Cleaning Services.

The City of Sedona's reliability of KES as a valued contractor has been underscored through our many Municipal contracts completed over the last forty-two (42) years in array of environmental contracting such as: Vector Services, Tanker Services, Emergency Response, Routine Responses, Pressure Washing, Household Hazardous Waste Collection, Labor, Transportation & Disposal, Routine & Emergency Biohazard Response.

KES is registered with the Arizona Registrar of Contractors for both Residential and Commercial properties. KES's ROC numbers are ROC151767 CR-5 (Commercial) and ROC218820 CR-5 (Residential). Both licenses cover HAZMAT, Asbestos, Lead Paint, and Mold Abatement as well Biological Cleanups. KES also carries ROC 263766 K-57 for Commercial and Residential Demolition.

Sincerely,

A handwritten signature in blue ink, appearing to read "Vernon Dowse", is written over a light blue horizontal line.

Vernon Dowse
Project Manager
Kary Environmental Services, Inc.
641 S Drew Street
Mesa, AZ 85210
P: 480-945-0009
E: vernond@karyenvironmental.com

Kary Environmental Services Inc.'s Team's Mission is to protect life, health, property, and the environment by isolating, containing, and mitigating toxins; performing remedial activities and minimizing the dangers associated with these activities. Utilizing our over 40 years of experience, KES provides a core team for our clients that implements policies and procedures proven to protect not only the environment, but our client's liabilities.

STATEMENT OF QUALIFICATIONS (ABILITIES, EXPERIENCE, AND EXPERTISE)

OFFICERS OF THE COMPANY

Mr. Jeff Kary	President / Owner
Mr. George Schweidereick	Vice President
Mr. Austen Kary	Chief Financial Officer

STATE OF INCORPORATION

Arizona, 1992
Federal I.D. Number 86-0694862

OTHER INFORMATION

Use of company purchase order required.
Not Tax Exempt
ISNetworld #400-215714
Mohave Contract #18I-KES-1108
State of Arizona Contract #CTR059032 "Emergency and Routine Response"
SAM.Gov - Active Registration

COMPANY OVERVIEW

Kary Environmental Services, Inc. (KES) has provided environmental engineering support, consulting, and contracting services to an Arizona client-base since 1982. KES has grown to become a regionally recognized environmental consulting and contracting services company that is a mainstay professional presence, engaged by State, County, and local municipal offices to manage high-profile environmental events within the Southwest.

KES operates a full-service environmental and occupational health and safety consulting and contracting services office located in Mesa, Arizona. The KES Team consists of a core of professional staff that is led by seasoned veterans who have decades of in-the-field experience working for a wide array of public and private sector clients, including Fortune 500 companies, small and medium businesses, Indian, federal, state, and local governmental agencies.

KES is governed by USEPA, OSHA, MSHA, USDOT, AZDEQ, Maricopa County, and the City of Mesa and again has never received a violation on any level since the formation of the company in 1982.

FIRM EXPERIENCE

EXPERIENCE

KES is one of the oldest and most experienced Industrial Services, Training, Emergency Response, Abatement, and Hazmat firms in the State of Arizona. The locally owned and operated office, which has been providing environmental services for over forty-two years, is dedicated to the consistent achievement of industry-leading standards of excellence in environment services and technology, occupational health and safety, and construction. KES has an established track record of completing client projects within budget and on schedule. This is accomplished through extensive experience, innovative problem-solving, cutting-edge technology, and a project management structure that ensures accountability.

KES offers our clients a unique combination of contracting and consulting field service expertise that is well suited for the environmental service needs of our clients and their associated properties. The KES Mesa Office is centrally located and possesses the corporate flexibility, technical expertise, and resource mobility to quickly respond to virtually any project regardless of complexity or scale. In addition, KES has fostered many teaming relationships with other environmental consulting and service companies, which gives the KES Team access to an extraordinary pool of professional scientists and technical resources.

As an environmental contractor that is a registered contractor for both Residential and Commercial properties in the State of Arizona, KES is recognized as having an extensive experience in supplying services, including asbestos abatement, lead-paint abatement, mold remediation, clandestine drug laboratory cleanup, as well as site investigations, remedial projects, construction of remediation systems, decommissioning and removal of underground and aboveground storage tanks, and the sampling and testing of soil, water, and air media. KES has a diverse staff that is, in general, cross-trained and certified for maximum flexibility in staffing projects, and includes equipment operators, environmental technicians, and laborers.

A list of services KES provides to our clients includes, but is not limited to the following:

Emergency and Biological Response	Solid Waste Management
Hazardous Waste Management Services	Storage Tank Management
Site Assessments (ESA/SI)	Remedial Investigations
Industrial Hygiene Studies	Air Monitoring
Site Remediation	Phase I ESAs
Asbestos/Lead Management	Phase II ESAs
Mold Abatement	Environmental Training
Project Oversight	Demolition Services
Permitting	Environmental Audits
562219 - Other Nonhazardous Waste Treatment and Disposal	
562910 - Remediation Services	
562991 - Septic Tank and Related Services	
562998 - All Other Miscellaneous Waste Management Services	

Insurance Coverage

KES is able to comply with the insurance requirements for virtually any of our client's needs. Our policies are written to allow for necessary adjustments in our coverage and can be revised in accordance with a client or task requirement.

Our clients, as additionally insured under KES policies, are protected by insurance policies written by "A Rated" underwriters that include General Liability Insurance, Auto Liability Insurance, Contractor Errors and Omissions, Pollution Liability Insurance (Environmental Impairment), and Employer's Liability Insurance (Worker's Compensation), all of which meet or exceed the minimum coverage required by most clients and facilities.

Environmental & Regulatory Licenses & Permits

KES maintains the following licenses and permits, which have always been sustained by operations in good standing with the licensing and permitting entities. Copies of all current firm licenses and permits are available upon request. In addition, certain individuals on the KES Team are licensed by the agency to conduct certain tasks in an established professional and high-integrity manner.

- EPA Hazardous Waste Transporter Permit: AZR000509141
- USDOT Hazmat Reg. No.: 070109 551 093RS
- Maricopa County Medical Waste Hauler No. 9005
- ADEQ Approved Bio-hazardous Waste Transporter
- ADEQ Approved Solid Waste Transfer Facility
- Maricopa County Non-Hazardous Liquid Waste Hauler No. 9345 and 8520
- Department of Transportation Number: USDOT 861421

Arizona Registrar of Contractors Licenses

- (A - General Engineering) ROC301238 A
- (Hazardous Materials and Asbestos) Commercial: ROC151767 L-05
- (Hazardous Materials and Asbestos) Residential: ROC218820 C-05
- (Wrecking / Demolition) ROC263766 K-57

Individual Licensing

- Brad Griego – Registered UST Provider (ADEQ): D00363

Work Experience under Contract with Governmental Agencies & Municipalities

KES personnel have provided broad spectrum environmental services, including Biological Response, Emergency Response, Hazardous and Non-Hazardous Waste Transportation and Disposal Services, Chemical Assessment and Lab-Packing Services, Environmental Consulting, Environmental Engineering Support Services, Abatement and Hazard Mitigation Services, UST Removal and LUST Response Support, Household Waste Collection and Disposal, and Contracting Services to Counties, Municipalities, Tribal Nations and Communities, and the State of Arizona for over forty years. This work has been accomplished through long-term agreements and renewable service contracts. A brief list of our clients follows:

- United States Department of Energy
- United States Drug Enforcement Agency
- Arizona Department of Environmental Quality
- Arizona Department of Administration
- Arizona Department of Transportation
- Arizona Department of Emergency and Military Affairs
- Arizona Department of Health Services
- Arizona Public Service
- Salt River Project
- Maricopa County
- Pima County
- City of Phoenix
- City of Mesa
- City of Chandler
- City of Glendale
- City of Peoria
- City of Surprise
- City of Goodyear

City of Scottsdale
City of Prescott
City of Tempe
City of El Mirage
Town of Gilbert
Town of Yuma
Town of Fountain Hills
Town of Queen Creek
Freeport McMoRan
Apache Nitrogen Products
South 32
Capstone Mining
Bureau of Indian Affairs
Inter-Tribal Council of Arizona
Navajo Nation
White Mountain Apache Tribe
San Carlos Apache Tribe
Gila River Indian Tribe
Gila River Gaming Enterprises
Hopi Tribe
Tohono O'odham Nation
Zuni Pueblo
BNSF Railway
United Parcel Service
Honeywell
On Semiconductor
Bright International
Microchip
Hexcel Corporation
FUJI Film
Cactus Materials
Flip Chip
Chemico
Isola
Rogers Corporation
Infineon
Applied Materials
Nikola Motors
Lucid Motors
Roche Tissue Diagnostics
Mayo Clinic
Banner Health

QUALITY ASSURANCE

KES has assigned Vernon Dowse as the Contract Manager. George Schweidereick, Vice President, will serve as the Corporate Officer of Record and, as appropriate, allocate capital resources and provide Senior QA/QC of all work products for the COS. He will as provide valued contract management support and will serve as the Senior Administrative Officer responsible for all contract documents, insurance management, and Human Resource concerns, including health and safety monitoring, and ensuring appropriate training and certification of KES technical staff. Mr. Schweidereick will also provide an effective corporate liaison with the City of Sedona, subcontractor, and administrative offices and personnel, as appropriate and necessary.

Mr. Dowse will have complete technical and tasking responsibility for each project under the COS contract. Mr. Dowse's management philosophy is founded on responsible delegation and a keen sense of professional accountability. His primary role is to make sure that COS expectations are met or exceeded and that each project receives appropriate professional attention and credible QA/QC review. Success is predicated on the ability to understand the project parameters, identify the limiting factors, and know the State's expectations. Vernon is an experienced professional with a talent for identifying the technical needs and pitfalls associated with any given environmental project.

As Contract Manager, Mr. Dowse will be responsible for administering the prime contract with the COS and any subcontracts associated with individual delivery orders. He will assist the Managers in maintaining their cost and schedule tracking systems and will support the Program by consolidating individual delivery order cost, schedule and technical data into a program-wide report.

Quality project management is an essential component of the Client-focused services KES provides and is fundamental to KES's philosophical approach to client service. KES recognizes that high quality engineering and sound scientific application do not, in and of themselves, result in successful project completion. It is KES's belief that successful completion of a given project also requires accurate and efficient administrative services; rigorously tracked budgets and schedules; key findings and concerns communicated to our clients promptly and clearly; and corrective actions proposed and executed efficiently.

COMMUNICATION

Successful, dynamic management of technical environmental services at KES relies on robust cross-training and more than a decade of field experience for each Program and Senior Project Manager. As Program Manager, Mr. Dowse will have responsibility for the COS Contract. He will assign personnel as required and will delegate authority needed for them to manage individual orders. Mr. Dowse will be responsible for ensuring that contract objectives are met in a timely manner, within budgets and with quality workmanship and deliverables. He will direct the preparation and review of work, quality control and health and safety plans, and will assist in scheduling, project monitoring and cost control efforts. He will answer directly to the COS's Contracting Officer (CO) assuring the lines of communication are fast flowing, open, and forthcoming.

COMPLIANCE AND TRAINING

While it can be daunting to undertake new ways of operating, it's often for the better. Legislative changes usually come into effect for good reasons. They protect the safety of not just our employees and our businesses but our environmental impacts, as well.

Organic shifts in the market are hard enough to navigate, but changes driven by law bring an even greater complexity. It can be challenging for our company to understand all the nuances of how legislative changes will impact on our business. It's imperative that KES surround themselves with the right support from partners outside our organization. Legal counsel is the natural first step when seeking support, but we also look to other experts. Market and industry analysts, new technology partners and environmental professionals help us expedite ongoing regulatory changes. KES positions our company with the right partners that help find the best solutions and communicate changes in the clearest way possible, both inside and outside of our organization.

All KES personnel assisting with on-site activities at a hazardous or contaminated facility or sites are required to be current with their 40-hour OSHA training and subsequent updates, medical monitoring, and respiratory protection plan. The Health and Safety Officer in the KES Mesa office maintains the following records:

40-hour HAZWOPER (all)	DOT training (all)
8-hour annual update (all)	Commercial Driver License (CDL)
OSHA manager / supervisor	HAZMAT and Tanker Operations
Hazardous Material Spill Response Training (all)	RCRA training
Incident Commander training	Sampling protocol
Confined space entry (all)	Microbial remediation
Confined Space Rescue (all)	Excavation / Trenching
First aid	Fall Protection
CPR	Fork-lift operation.
Blood-borne pathogens (all)	AZ Clandestine Drug Lab Cleanup Worker and Supervisor
MSHA Certified (all)	Aerial platforms operation
AHERA Asbestos worker	Scaffolding Awareness
AHERA Asbestos supervisor	Lock out / Tag out procedures.
AHERA Asbestos inspector/Manager	

KES believes in a practical approach to training. Whenever and wherever possible, trainees are given hands-on instruction for testing and monitoring equipment, all levels of personal protective equipment (PPE), and real-life scenarios. Depending on class size, available time, and logistics, the KES Training Team has incorporated actual project sites as training opportunities. Our training curriculum is current, robust, and memorable.

Health & Safety Program

KES believes that its greatest asset is its staff and the technical team that responds to each project. The KES Corporate Health & Safety Program is comprehensive and includes all required and prudent training, appropriate certifications, exposure and annual health monitoring, and consistent use of site-specific Health and Safety Plans (HASP). A HASP is prepared for every KES project to maintain safe work conditions, prevent anticipated hazards and exposure risks, and monitor the health and safety of workers during the performance of field activities. Each HASP conforms to OSHA 29 CFR 1910, CERCLA, and RCRA standards as well as KES's Corporate Safety Plan. KES also employs Job Hazard Analysis where applicable.

KES has an established record of excellence under the State Worker's Compensation Program with high EMR ratings for the last three years. In addition, KES has received ZERO safety violations or work-related violations since the company was incorporated in 1982 including ZERO fatalities and Zero loss of limbs.

At the start of every project, every day, KES holds a Tailgate Safety Meeting. As a group, we identify all known hazards in the tasks we are about to perform and look for input from the entire team to eliminate, or at the very least, decrease the potential for risk or accident. Also included in the meeting are the site's evacuation plans, the nearest hospital, and route. Everyone working on the job site then signs the tailgate and acknowledges the risks have been identified and communicated. Anyone and everyone whether it be an employee, subcontractor, vendor, or client has full authority to call a "Stop Work" should any deficiencies in health or safety arise, before or during any KES work activities. Work will not commence until the hazard is identified, a corrective action is put into place, and it is communicated to all on site.

Quality Staff Experienced Staff

KES has over 110 environmental staff that includes Schedulers, Project Managers, Site Superintendents, Site Supervisors and Technicians. KES runs a day and night crew to ensure that someone is available for response around the clock. KES enjoys a diversity of individuals, many with unique environmental talents that lend well to almost any response or clean-up activity. All our staff are Department of Transportation (DOT) trained, Hazardous Materials and Waste Operations trained (HAZWOPER), Bloodborne Pathogen, and others have more specialized training to include confined space entry, asbestos, lead, and mold.

Employee Background Process

The employee background check is mandatory when working with government, state, and corporate entities. This ensures that the KES employees are highly qualified. KES has an initial background check, and then will follow through with a site-specific background check or badging when needed. This process is done from technician level, all the way through management. Knowing who your employees are helps with response times, badging requirements and is critical to the path of any project.

CAPACITY

Kary Environmental Service Inc is an Emergency Response Company first, which is exemplified by the number of Emergency Response contracts we are named on and service. It with that business model and the capacity of our personnel and equipment we have the capability to response to multiple emergency responses at a time. KES can respond to as many decontamination projects as Phoenix requests at any given time 24/7/365.

KARY ENVIRONMENTAL SERVICES EMPLOYEE CLASSIFICATION – JANUARY 2024

Number of Employees	165
Administration	6
Management	15
Field Supervisors	18
Technicians	104
Transportation Services	22

INDUSTRIAL SERVICES

Kary Environmental Services Inc offers Vactor, Air-Knife, and Hydro-Excavation services. These services are ideal for situations that involve possibilities of issues caused by hidden utilities or solid debris in the parameter of an intended excavation area.

By jetting compressed air or water into a concentrated area, followed by a high-powered vacuum, via our Vactor we can carve a precise excavation that minimizes risk and helps prevent unnecessary peripheral excavating. Air-Knifing and Hydro-Excavating are safer excavation methods than using an excavator or hand-auger and are much more cost-effective.

Our fleet's equipment is designed to meet the challenges projects incur while enabling us to provide efficient and cost-effective services. Our skilled team of project managers, operators and technicians bring invaluable knowledge and experience to all sizes of projects. A list Vactor services:

- Sludge Removal
- Solid Removal
- Hydro Excavation
- Jetting
- Dry Well Cleaning
- Surface Cleaning
- Utility Excavation
- Tank Cleaning
- Culvert Cleaning
- Storm Drain Cleaning

Drain Cleaning Services

One of the most important jobs for municipalities is caring for pipes. Drain cleaning is not just important, but it must be completed with accuracy, reliability, and safety. With the assistance of KES, we can not only protect your drains from clogs, but also remove sewer clogs and protect the health of pipes. The benefits are:

- **Prevent Drain Blockages** - Cities always strive to prevent clogged drains. Not only can it be difficult to get to clogs, but they can shut down operations for entire warehouses or regions in a city.
- **Keep Biohazards Away** - Drain cleaners keep biohazards out of drinking water and away from homes and products.
- **Reduce the Stress on Drainage Systems** - Drainage systems go through a lot, from dealing with human waste to processing excess water from storms. A dirty pipe can make that job 20 times harder, but one can remedy the issue with our storm sewer jetting services.

Vactor Trucks

Residents along Arizona know the importance of keeping storm drains clean. Those heavy monsoon rainstorms can take a real toll on drains in the city. As water seeps into the drains, so do other unwanted pollutants, leaves, and debris. With help from Vactor trucks, you can enjoy the power of suction that

removes all debris from drains without damaging the pipes themselves. With adjustable suction levels and more, our Vactor trucks prevent flooding and remove pollutants that build up harmful bacteria and contaminants in those pipes.

Culvert Cleaning Services

Preventative maintenance on culvert pipes is especially important for ensuring water flow can prevent damaged drainage structures and the roadbed. KES specializes in cleaning, unblocking and providing overall servicing to culverts of all sizes in any location. We utilize a fleet of Vactor trucks with a variety of technology specially designed for the capability of tackling culvert cleaning and clearing out complex drain and sewer systems. We use high pressure water jets and powerful vacuums to remove any debris and keep water flowing quickly and smoothly.

Our cleaning services protect culvert pipes by accurately loosening sediments without damaging the pipe's slope or integrity. While manual methods may work for clogs closer to the pipe entrance, problems deeper within the system need professional vactor trucks to ensure a safe and accurate job.

SUBMITTAL FORMS

PART III - RFP DOCUMENTS

PART III - A - SUBMITTAL FORM

In response to the Request for Proposals, the undersigned respondent hereby states its qualifications to furnish labor, material, travel, services, permits, supervision, equipment and equipment rental, and its capability to perform all work necessary and required to complete the following project in strict accordance with the terms of this Request for Proposals and the final contract for:

CULVERT CLEANING SERVICES


Respondent certifies that he/she has examined and is fully familiar with all the provisions of the Request for Proposals and any addendum thereto; that they are submitting a proposal in strict accordance with the Instructions in this document; and that they have carefully reviewed the accuracy of all attachments to this proposal.

Respondent certifies that they have examined the proposal documents thoroughly, studied and carefully correlated respondent's observations with the proposal documents and all other matters which can in any way affect the work.

Respondent agrees that this proposal constitutes a firm offer to the City which cannot be withdrawn by the respondent for ninety (90) calendar days from the date of actual opening of proposals. If awarded the contract, respondent agrees to execute and deliver to the City within seven (7) calendar days after receipt of City's Conditional Notice of Award, the applicable Contract form, insurance certificates and bonds (if required).

Kary Environmental Services Inc

Offeror (Entity Name)



Signature

641 S Drew Street

Street & Mailing Address

Vernon Dowse

Print Name of Signator

Mesa, AZ 85210

City, State and Zip

Project Manager

Title of Signator

480-945-0009

Telephone No.

480-330-6587

Mobile No.

georges@karyenvironmental.com

E-mail Address

3/13/2024

Date Signed

If not the same as above, indicate the city and state that your principal place of business is located:

Acknowledgment of Addenda (if any):

Addendum 1	Yes	Date Received	3/4/2024
Addendum 2	Yes	Date Received	3/7/2024
Addendum 3		Date Received	

PART III – B - RESPONDENT’S EXPERIENCE STATEMENT

The respondent submits as a part of its proposal, the following information as to its experience and qualifications:

- a. The respondent has been engaged in this business under its present business name for 42 years.
- b. Experience in work of a nature similar in type and magnitude to that set forth in this RFP extends over a period of 12 years.
- c. The respondent has satisfactorily completed all contracts awarded to it, except as follows: (name any and all exceptions and reasons therefore).

N/A all contracts satisfactorily completed or still ongoing.

- d. List all work completed within the last five (5) years of similar type and magnitude as set forth in this RFP. **Please include a sheet with all contact information and details of the project on a separate sheet.**

<u>OWNER</u>	<u>YEAR</u>	<u>TYPE OF COMPLETED WORK</u>	<u>CONTRACT AMOUNT</u>
<u>Patagonia Mine</u>	<u>2022</u>	<u>Vactor Services Hydro Excavation</u>	<u>\$4,358,752.35</u>
<u>Capstone Mine</u>	<u>2018</u>	<u>Vactor Services, Line Jetting</u>	<u>\$350,000.00</u>
<u>WACO Contracting</u>	<u>2023</u>	<u>Vactor Services, Hydro Excavation</u>	<u>\$160,000.00</u>
<u>City of Mesa</u>	<u>2023</u>	<u>Vactor Services, Line Jetting, Hydro Excavation</u>	<u>\$350,000.00</u>
<u>Liquid Environmental Services</u>	<u>2020</u>	<u>Vactor Services</u>	<u>\$471,417.00</u>

I certify that the above information is true and correct to the best of my knowledge.

Signed this 13 day of March, 2024 at Mesa, AZ
(day of month) (month) (year) (city, state)

NAME OF RESPONDENT: Vernon Dowse



(Signature and Title)

PART III – C - PERSONNEL & EQUIPMENT LIST

**Management/Supervisory Personnel
Servicing Contract**

Name:

Vernon Dowse

Experience providing similar services:

12 years

Support Staff

How many supporting staff will be provided to fulfill contract requirements?

Four at a minimum with as many as needed.

Equipment List

Provide a listing of equipment that will be dedicated to this contract and indicate the condition of equipment.

Vac-con 2100

Vactor combo unit

PART III – D - SCOPE OF SERVICES

1. General

The City is seeking a qualified contractor to provide services to maintain the City's storm water culverts. The successful Contractor shall work with the City Project Manager to schedule and perform quarterly culvert cleanings at various locations across the City. The project is anticipated to begin in the spring with a cleaning to be conducted each three months thereafter. Cleaning shall be performed utilizing a hydrovac system to clean and remove built up soil, sands, silt, debris, and trash. Mechanical methods are not desirable as they may damage the culverts during cleaning. The City will provide a water truck and operator as well as a location for all collected material to be dumped.

Unless otherwise specified, Contractor shall:

- Be responsible for all materials, labor, and services required to perform the cleaning services.
- Be responsible for ensuring the piping is cleared out and will allow for proper drainage.
- Be responsible for ensuring any debris or trash in the immediate inlet or outlet apron is removed.
- Allow for inspection by the City of all services provided and equipment being used.
- Be aware that other projects may be occurring simultaneously and work by others shall be accommodated.
- Be responsible for all project safety, safety materials, and safety equipment, to protect the City of Sedona, the general public, the contractor and its employees.
- Be responsible for the title and risk of loss or damage to all items until acceptance by the City.
- Contractor shall not subcontract any portion of the work required under this contract.
- Be responsible to safeguard their own materials, tools, and equipment. The City shall not assume any responsibility for vandalism and/or theft of materials, tools and/or equipment.
- Keep all work areas in orderly condition, free of unnecessary material and equipment. All debris shall be picked up and hauled away by the Contractor to the City's designated site.
- Upon being notified of a work request by the City Project Manager, respond and provide contracted services within seven calendar days.
- Be responsible for the transportation and drop-off of all collected debris at the City's designated drop-off location at 7700 West State Route 89A, Sedona, AZ 89336.

The City has provided an estimated number workdays in the Cost Proposal, Part III-E. These quantities are estimates only and are not a promise to order services. The City also reserves the right to request services from the contractor in addition to the quantities listed in the Cost Proposal and such requests shall be provided within the contracted response time in this section and at the contracted rates in Part III-E.

2. Payment

The City shall make payment to Contractor based on the rate submitted in Part III-E. City shall not be responsible for payment for downtime or any other periods of time Contractor is not directly providing services to the City such as mobilization, etc. The rate provided in Part III-E shall be all inclusive of all overhead, profit, materials, etc. Invoices shall be submitted for approval upon completion of service and shall include the number of working days Contractor has completed. A workday is defined as a 10-hour period when services described in this RFP are provided. Should services be provided that are more or less than a full workday, Contractor shall provide a prorated invoice for the actual time spent providing services.

PART III – E - COST PROPOSAL

DESCRIPTION (JOB SCOPE)	QTY	UNIT	UNIT PRICE	TOTAL BASE BID
Citywide Culver Cleaning	8	Workdays	\$ <u>3,150.00</u>	\$ <u>24,840.00</u>
Price is based upon an 8-hour workday and with operator and technician. Additional hours will be billed at \$260.00/Hour				

EXHIBITS

Exhibit A

- Scope of Work and Associated Costs.

Exhibit B

- Affidavit of Lawful Presence as set forth in ARS 1-502/8 USC §1621.
- Affidavit of Lawful Presence not required as this contractor is a corporation (Inc., LLC, LLP).

APPENDIX A-1 - EXCEPTIONS TO CONTRACT DOCUMENTS

**CULVERT CLEANING SERVICES
RFP No. 24-006**

Legal Name of Proposer/Firm: Kary Environmental Services Inc

List any exceptions to the RFP or Sample Services Agreement. Provide a summary discussion for proposed exceptions and include any proposed alternative. If there are no exceptions, please state "NONE."

Exceptions: *N/A*

If additional space is needed, include additional copies of this page.

KEY PERSONNEL

Key Personnel Bio

Background					
Name	Vernon Dowse				
Current Position with Firm	Project Manager	Years with Firm	3	Years in Position	2
Education and Training	40-Hour HAZWOPER, Confined Space Entrant/Rescue Certified, MSHA, N.O.R.M surveyor/worker, Bloodbourne Pathogen, ISN net world Certified				
Total # of Years of Experience	12				

Relevant Work Experience	
	Describe knowledge and experience in performing asbestos, lead, and mold abatement services.
1.	Vernon has over twelve years of environmental project experience in dealing with routine hazardous material, industrial Services and Emergency and Routine Response throughout the United States while working in the Environmental Field. He oversees the QA/QC on the majority of the KES Emergency Response Projects to include Hydro-Blasting, and Vactor Truck Projects. He has dealt with Chemical and Biological Hazards. He has an excellent project record working for governmental, commercial, and industrial client' Emergency and Routine Response contracts.
	Describe level of knowledge, familiarity, and experience with relevant Federal, State, local, and industry standards.
2.	Vernon has overseen many projects throughout the southwest that include government and private entites that include the mining industries, pertroleum farms, municipal treatment plants, He attends annual refreshers to keep up on regulatory changes. He attends many hours of continuing education traing to keep up on all EPA, OSHA and State and Local regultions.
	List professional credentials, licenses, certifications, etc. Provide copy.
3.	Lead Awareness Training 40 Hour OSHA Hazardous Waste General Site Worker Training Manager/Supervisor 8 Hour OSHA Hazardous Waste Refresher 8 Hour OSHA Hazardous Waste Supervisor 16 Hour Confined Space Entry Training Confined Space Rescue Trained 16 Hour MSHA Surface Mining Training Certification First Aid and CPR Training Certified Driver's License (CDL) <u>CAN OPERATE THE FOLLOWING:</u> Vaccon Hydro Excavater Hydro Blaster Jetter

Key Personnel Bio

Relevant Project Experience			
#	Project Title	Location	Year Completed Done w/ Current Firm?
1.	City Of Mesa	Mesa	2023 <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Brief description of project, your role, and record of performance	Project Manager/Scheduler/QC – Sewer Jetting, utilizing a vactruck to jet underground lines while pulling all debrie into the barrel of the truck. \$150,000.00. On time and budget.	
2.	Nikola	Coolidge	2023 <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Brief description of project, your role, and record of performance	Project Manager/Scheduler/QC – Culvert cleaning, all debries were vacuumed into vactruck barrel and length of culvert was jetted using a sled head due to the diameter of the culvert. \$1,500,000.00 On time and budget	
3.	Capstone	Globe	2023 <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Brief description of project, your role, and record of performance	Project Manager/Scheduler/QC – Descale Lines from minning process utilizing a vac truck with Rotary jetter heads to pierce the hard copper scale and move the debrie to the vacuum pipe. \$195,000.00. On time and Budget.	
4.	Apache Nitrogen	St. David	2023 <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Brief description of project, your role, and record of performance	Project Manager/Scheduler/QC – Hydro excavate Drywells 20 ft deep that had been neglected for years and filled with dirt,rock and other debries. \$25,000.00 On time and budget.	
5.	Waco	Phoenix	2023 <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Brief description of project, your role, and record of performance	Project Manager/Scheduler/QC – Hydro Excavate mains for the city of phoenix, holes would vary from a simple 4x4x5 to 20x10x15. \$28,000.00. On time and budget.	

REFERENCES

PROJECTS

Respondent Company Name/ DBA: Kary Environmental Services Inc	
Years in business providing similar services:43	
Contractor's License No(s):301238	Type: General Engineering
Provide names, contact, and telephone numbers of three (3) organizations that have received similar goods and/or services from your company. At least one (1) reference should be comparable in size to the City's proposed contract.	
Firm/Government Agency Name: Sundt Construction Inc	
Contact Person: Sheena Leon	Phone:520-240-3427
Address: South 32 Mine 749 Harshaw Avenue Patagonia, AZ 85624	Fax:
	E-Mail Address: slleon@sundt.com
\$ Value of Work, Supplies/Services and Dates Provided: \$4,358,752.35 Vactor, tanker, and roll-ff 02/25/2022 – Currently still servicing.	
Firm/Government Agency Name: WACO Contracting	
Contact Person: Chad Watkins, Ryan Riggs	Phone: Phone: 602-390-7574, 480-459-0312
Address: 3250 S 35 th Ave Phoenix, Az 85009	Fax:
	E-Mail Address: chad@wacoaz.com , ryan@wacoaz.com
\$ Value of Work, Supplies/Services and Dates Provided: \$160,000.00 Vactor truck, hydro excavating Jan 2023 – Currently still servicing	
Firm/Government Agency Name: Liquid Environmental Solutions	
Contact Person: Ryan Sanzari	Phone: 623-738-8798
Address: 5159 W Van Buren St, Phoenix, AZ 85043	Fax:
	E-Mail Address: ryan.sanzari@liquidenviro.com
\$ Value of Work, Supplies/Services and Dates Provided: \$471,417.00 Tanker, Vactor, hydro excavating, line jetting Jan 2023 – Currently still servicing.	
Vehicle/ Equipment inventory which is available for a contract pursuant to the Solicitation:	
Vacon and RAMVAC	

ADDENDUMS

ADDENDUM NO. 1 *V17*

CULVERT CLEANING SERVICES

RFP No. 24-006

This Addendum is hereby made a part of the Request for Proposals documents to the same extent as if it were originally included therein. The following clarifications shall be made to the Request for Proposals and shall become a part of, and attached to, the Request for Proposals documents.

Prospective respondents are hereby notified of the following:

Answers to Prospective Respondent Questions

1. "Want to clarify that water and disposal will be provided at no cost to the fir for Culvert cleaning operation?"

Answer: Correct. The City will provide a water truck and site for disposal at no cost to the successful contractor.

2. "Be responsible for title and risk of loss or damages to ALL Items until acceptance by the City. Please elaborate I assume this is for damages caused by firm ?"

Answer: Correct. This section applies to damages or losses caused by the successful contractor.

3. "There is no mention of Traffic Control, will the city be providing any necessary traffic control outside of traffic cones and arrow board attached to Hydrovac ?"

Answer: City shall provide traffic control at no cost to the successful contractor.

General Clarifications to Project

1. Part III – D.1., Scope of Services, of the RFP document is hereby amended to include the follow scope of work:

Successful contractor shall provide all materials, labor, and services required to provide two workdays of dry well cleaning, quarterly. Dry wells shall be cleaned using a hydrovac system to remove all silt, debris, and trash inside the setting chamber and liner. Drywell debris screens and shields shall be cleaned of debris and interceptor connecting pipe shall be cleaned using a jet rod. Filter fabrics and absorbent pillows shall be replaced.

2. Part III – E, Cost Proposal Form, is hereby struck in its entirety and replaced with the below Cost Proposal Form.

ADDENDUM NO. 1

DESCRIPTION (JOB SCOPE)	QTY	UNIT	UNIT PRICE	TOTAL BASE BID
Citywide Culvert Cleaning	8	Workdays	\$ <u>3,105.00</u>	\$ <u>24,840.00</u>
Citywide Dry Well Cleaning	2	Workdays	\$ <u>4,312.00</u>	\$ <u>8,624.00</u>
Price is based upon an 8-hour workday and with operator and technician. Additional hours will be billed at \$260.00/Hour. Dry Well cleaning includes confined space entry and rescue				

END OF ADDENDUM NO. 1

ADDENDUM NO. 2 V17

CULVERT CLEANING SERVICES

RFP No. 24-006

This Addendum is hereby made a part of the Request for Proposals documents to the same extent as if it were originally included therein. The following clarifications shall be made to the Request for Proposals and shall become a part of, and attached to, the Request for Proposals documents.

Prospective respondents are hereby notified of the following:

Answers to Prospective Respondent Questions

1. "Can you please clarify if these are box culverts or pipe culverts?"

Answer: The culverts mentioned in the scope of work are pipe culverts.

END OF ADDENDUM NO. 2



**CITY COUNCIL
AGENDA BILL**

**AB 3069
June 11, 2024
Consent Items**

Agenda Item: 3d

Proposed Action & Subject: Approval of a Resolution authorizing the City of Sedona to enter into a Development Agreement with Blueflagiris, LLC, Redrockiris, LLC, Alkemista, Inc, and Alkemista Brew, Inc. for the development of a mixed-use project at 2144 W State Route 89A and 40 Goodrow Lane with lease term restrictions for the multi-family units and shared parking agreements and restricted hours of operation for the commercial uses.

Department	Community Development
Time to Present	NA
Total Time for Item	NA
Other Council Meetings	NA
Exhibits	A. Resolution B. Development Agreement C. Alkemista Site Plan

Finance Approval	Reviewed RMS 6/4/24	
City Attorney Approval	Reviewed 6/4/24 KWC	Expenditure Required
		\$ N/A
City Manager's Recommendation	Recommend approval. ABS 6/4/24	Amount Budgeted
		\$ N/A
		Account No. (Description)

SUMMARY STATEMENT

Background:

Ensuring an adequate supply of affordable housing in Sedona is a key interest of City Council, established for years as a Council priority. In the citizen survey conducted in Fall 2017, 63% of the respondents rated the availability of affordable quality housing in Sedona as poor. In the same National Citizen Survey conducted in 2020, 73% of respondents rated the availability of affordable quality housing as poor. The situation has only become more dire since then.

From incorporation until 2017, residential densities in the City were limited to a maximum of 12 units per acre. In 2017, City Council approved a Major Community Plan text amendment, which was carried over into the new Community Plan, supporting the consideration of densities that exceed 12 units per acre if the project includes strategies for achieving housing diversity, affordability, and availability to address local housing needs. Projects that have taken advantage of this allowance include Pinon Lofts (construction complete) and Navajo Lofts (under construction).

The City now has another project that seeks to use the allowance to exceed 12 units per acre – Alkemista. The project is located on approximately 0.93 acres at 2144 W State Route 89A and 40 Goodrow Lane (APN 408-24-070A & C). The project is zoned commercial (CO) and has 15 apartment units. 14 of the units are under 1,000 square feet, so they count for 0.75 units in the LDC’s density calculation, for an overall density of 12.4 units per acre. To permit this density, the property owner is proposing a development agreement that would restrict the initial lease term to a minimum of 90 days and not permit short term rentals.

The project also includes a coffee shop and a microbrewery/restaurant. In order to meet parking requirements, these two uses are proposed to not operate at the same time, allowing them to share parking spaces. The proposed “non-overlapping hours of operation” is also included in the Development Agreement.

The Planning and Zoning Commission reviewed and unanimously approved the Development Review application on June 6, 2023. The approved site plan is included as Exhibit C and the entire application and project plans can be reviewed online at the following link:

<https://www.sedonaaz.gov/your-government/departments/community-development/projects-and-proposals/alkemista>

To address the density and parking requirements of the project, Planning and Zoning Commission’s approval included the following conditions:

- The applicant shall prepare a parking agreement, meeting the requirements of LDC Section 5.5.E(2)c, regarding the proposed parking reductions for the non-overlapping hours of use and employee housing. Parking agreement shall be reviewed and approved by City Staff and recorded with Yavapai County prior to issuance of building permits.
- The applicant shall prepare a development agreement to address the availability of the units for long term rental for Staff review and City Council approval. At a minimum, this development agreement shall contain provisions for minimum lease terms and a prohibition on short term rentals. A development agreement shall be approved by Sedona City Council prior to the issuance of the first building permit for this project.

The applicant is now going through the building permit review for this project. Prior to permit issuance, the development agreement must be approved by City Council.

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

The Sustainability Department reviewed the Development Review application for Alkemista, and it was found to be consistent with the adopted plans. Construction of higher density multifamily housing and shared parking are inline with the Climate Action Plan and Sustainability goals.

Board/Commission Recommendation: Applicable - Not Applicable

The Planning and Zoning Commission unanimously approved the Alkemista project on June 6, 2023, with a condition that the applicant enter into a development agreement with the City with provisions for minimum lease terms and a prohibition on short term rentals as well as having a parking agreement approved for the proposed shared parking.

Alternative(s): None

MOTION

I move to: approve Resolution 2024-__ authorizing the City of Sedona to enter into a Development Agreement with Blueflagiris, LLC, Redrockiris, LLC, Alkemista, Inc, and Alkemista Brew, Inc. for the development of a mixed-use project at 2144 W State Route 89A and 40 Goodrow Lane with lease term restrictions for the multi-family units and shared parking agreements and restricted hours of operation for the commercial uses.

RESOLUTION NO. 2024-__

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA, APPROVING A DEVELOPMENT AGREEMENT WITH BLUEFLAGIRIS, LLC, REDROCKIRIS, LLC, ALKEMISTA, INC, AND ALKEMISTA BREW, INC. FOR THE DEVELOPMENT OF A MIXED-USE PROJECT AT 2144 W STATE ROUTE 89A AND 40 GOODROW LANE WITH LEASE TERM RESTRICTIONS FOR THE MULTI-FAMILY UNITS AND SHARED PARKING AGREEMENTS AND RESTRICTED HOURS OF OPERATION FOR THE COMMERCIAL USES.

WHEREAS, the City is authorized pursuant to A.R.S. §§ 9-441 et seq. and 9-500.05 to aid housing development projects and to enter into development agreements with businesses or landowners located in the City.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF SEDONA as follows:

Section 1. That it is deemed in the best interest of the City of Sedona and its citizens that the City enter into a Development Agreement with Blueflagiris, LLC, Redrockiris, LLC, Alkemista, Inc, and Alkemista Brew, Inc., which provides for lease term restrictions for a multi-family development and shared parking agreements and restricted hours of operation for the commercial uses located at 2144 W State Route 89A and 40 Goodrow Lane, Sedona, Arizona.

Section 2. That the Mayor is authorized and directed to execute and deliver said agreement on behalf of the City of Sedona.

ADOPTED AND APPROVED by the Mayor and Council of the City of Sedona, Arizona, this 11th day of June, 2024.

Scott M. Jablow, Mayor

ATTEST:

JoAnne Cook, CMC, City Clerk

APPROVED AS TO FORM:

Kurt W. Christianson, City Attorney

Recorded at the request of

Sergio Goma
Ofelia Goma
120 Fox Trail Loop
Sedona, Arizona 86351

When recorded mail to

Sergio Goma
Ofelia Goma
120 Fox Trail Loop
Sedona, Arizona 86351

Development and Shared Parking Agreement

This agreement is entered among Blueflagiris, LLC [“Blueflagiris”], Redrockiris, LLC [“Redrockiris”], Alkemista, Inc. [“Alkemista”], Alkemista Brew, Inc. [“Alkemista Brew”] and the City of Sedona, an Arizona municipal corporation. Blueflagiris, Redrockiris, Alkemista, and Alkemista Brew are collectively referred to as “parties.”

Recitals

- A. Blueflagiris and Redrockiris are Arizona limited liability companies in good standing under Arizona law. Alkemista and Alkemista Brew are Arizona domestic for-profit business corporations in good standing under Arizona law.
- B. Blueflagiris and Redrockiris own adjoining commercial lots located in Yavapai County, Arizona, and more particularly described by the legal descriptions appended hereto as Exhibits A and B [“the Property”].
- C. Blueflagiris owns the structure identified as New Building #1 on the site plan attached hereto as Exhibit C [“the site plan”] which will be leased to Alkemista and Alkemista Brew under the terms set forth herein.

- D. Redrockiris owns and will rent out the living units located in Buildings #2, #3 and #4 as well as the warehouse space in Building 2 identified as such on the site plan.
- E. There was a parking space shortage for the mixed uses proposed by the parties in accordance with the formulas set forth in Section 5.5 of the Land Development Code of the City of Sedona.
- F. This Agreement is entered into by authority of A.R.S. § 9-500.5, the City finding that the consideration and commitments herein from and to the Parties and the City are justified based on other consideration provided hereby, including without limitation the economic benefits to the community resulting from this Agreement and that this Agreement is consistent with the Sedona Community Plan in effect on the Effective Date of this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby expressly acknowledged, the Parties and the City hereby submit, covenant and agree as follows:

- 1. Recitals. The above recitals are true and correct and incorporated into this Agreement by this reference.
- 2. Blueflagiris, Redrockiris, Alkemista, and Alkemista Brew, and each of their successors and assigns agree to the following operational and parking restrictions:
 - a. Hours of operation for Alkemista and Alkemista Brew will not overlap and they will not be open for business to the public at the same time.
 - b. Parking spaces for the employees, customers and business invitees of the two businesses and tenants of Redrockiris will be shared.
 - c. On-site housing at reduced rental rates will be made available to qualified employees of the businesses.
 - d. Short-term rentals [lease terms of less than thirty days] of the on-site housing on the Property are prohibited unless permitted by the City

of Sedona. The parties shall not lease any dwelling unit on the Property for an initial lease term of less than 90 days. Any tenant shall not be allowed to assign a lease or sublease a dwelling unit without the express prior written consent of the parties. If an assignment or sublease is approved by the parties such assignment or sublease shall not be for a term less than the balance of the existing lease term. The requirements of this subsection survive the termination or expiration of this Agreement.

3. Alkemista will own and operate a coffee shop in the space leased from Blueflagiris. Its initial hours of operation will be from 6am to 3pm. Alkemista Brew will own and operate a microbrewery and restaurant in a separate space leased from Blueflagiris in Building #1. Its initial hours of operation will run from 3pm to 10pm. The parties reserve the right to change their hours of operation. However, at no time will the hours of operation for the businesses overlap. Alkemista and Alkemista Brew will share a common kitchen.
4. The parking spaces designated on the site plan, Exhibit C, will be shared by the parties' employees, customers, business invitees and tenants. They will be used continuously and maintained by the parties.
5. A Parking and Loading Demand Study for the project is appended hereto in accordance with Section 5.5C[5] of the Land Development Code of the City of Sedona. See Exhibit D.
6. The business plan of applicants has been conditionally approved by the City of Sedona subject to submission and approval of a parking agreement which meets the requirements of the Land Development Code of the City of Sedona, section 5.5E[2]c and a development agreement both of which must be approved by the Sedona City Council prior to issuance of building permits for the project.
7. This agreement memorializes conditions of approval by which applicants requested and received a reduction of 14 parking spaces for the non-overlapping business hours of their businesses to 38 required spaces.

8. Ofelia Goma certifies her authority to enter this agreement and to bind each of the referenced limited liability companies and corporations.
9. This agreement is binding on the parties and their successors and assigns. Its benefits and burdens run with the land. This agreement may not be modified unless there is a change in use, a change in the city's land development code which impacts the parking requirements of the parties and a permit from the city which will also be a party to any amendments hereto.
10. This agreement shall be effective when fully executed and recorded.

Blueflagiris, LLC

By _____
Ofelia Goma
Its Member

Redrockiris, LLC

By _____
Ofelia Goma
Its Member

Alkemista, Inc.

By _____
Ofelia Goma
Its president/director

Alkemista Brew, Inc.

By _____
Ofelia Goma
Its president/director

SUBSCRIBED AND SWORN to before me this ____ day of _____,
2024 by Ofelia Goma who has signed as the authorized agent on behalf of the
identified limited liability companies and corporations.

Notary Public

City of Sedona

By _____
Print name:
Its Director

SUBSCRIBED AND SWORN to before me this ____ day of _____,
2024 by _____.

Notary Public

Exhibit A Legal Description to property owned by BlueflagIris– Foothills
Bank

Exhibit B Legal Description to property owned by Redrockiris– Foothills
Bank

Exhibit C The Site Plan

Exhibit D The Site Plan with designated shared parking (proposal below)

Exhibit E Traffic Impact Statement – Sefton Eng – 11-01-2023

Exhibit A – Legal Description to property owned by Blueflagiris LLC

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF YAVAPAI, STATE OF ARIZONA, AND IS DESCRIBED AS FOLLOWS:

A tract of land in the Southeast quarter of the Southeast quarter of Section 11, Township 17 North, Range 5 East, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, described as follows:

Beginning at a point on the East line of the Northwest quarter of said Southeast quarter of the Southeast quarter of Section 11, distant along said East line South 00°30' East, 376.3 feet from the Northeast corner of said Northwest quarter of the Southeast quarter of the Southeast quarter of Section 11;

Thence South 63°10' West, 185.3 feet;

Thence South 25°01' East, 86.3 feet to the North right of way line of U.S. Highway 89A;

Thence along said Highway line, North 82°18' East, 131.3 feet to said East line of the Northwest quarter of the Southeast quarter of the Southeast quarter;

Thence along said East line, North 00°30' West, 144.3 feet to the POINT OF BEGINNING.

Exhibit B – Legal Description to property owned by Redrockiris LLC

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF YAVAPAI, STATE OF ARIZONA, AND IS DESCRIBED AS FOLLOWS:

A tract of land in the Southeast quarter of the Southeast quarter of Section 11, Township 17 North, Range 5 East, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, described as follows:

Beginning at a 1" iron pipe marking the Southeast corner of a tract of land owned by Leonard Sharman as described in deed recorded December 13, 1961 in Book 242, Pages 43-44 of Official Records of Yavapai County, said point of beginning is also South 0°30' East, 306.3 feet from the Northeast corner of the Northwest quarter of the Southeast quarter of the Southeast quarter of Section 11;

Thence along the South line of said Sharman Tract, West 207.8 feet;

Thence South 02°05' West, 57.1 feet;

Thence South 25°01' East, 106.06 feet;

Thence North 63°10' East, 185.3 feet to a point on the West line of the Simonsgaard Tract, as described in Book 318, Page 404 of Official Records;

Thence along said West line, North 00°30' West, 70.0 feet to the POINT OF BEGINNING.

Exhibit C - The Site Plan

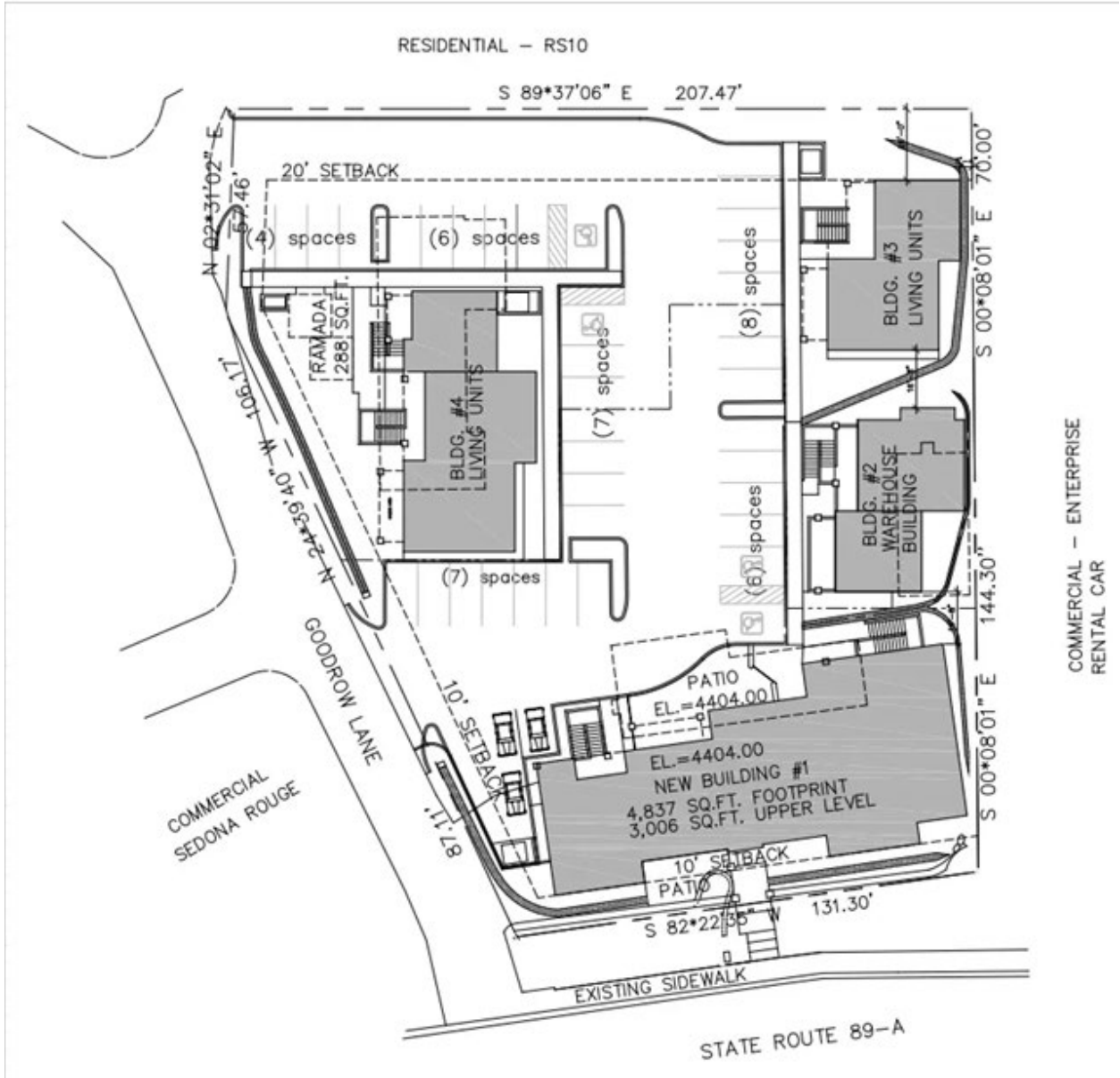


Exhibit D - The Site Plan with designated shared parking

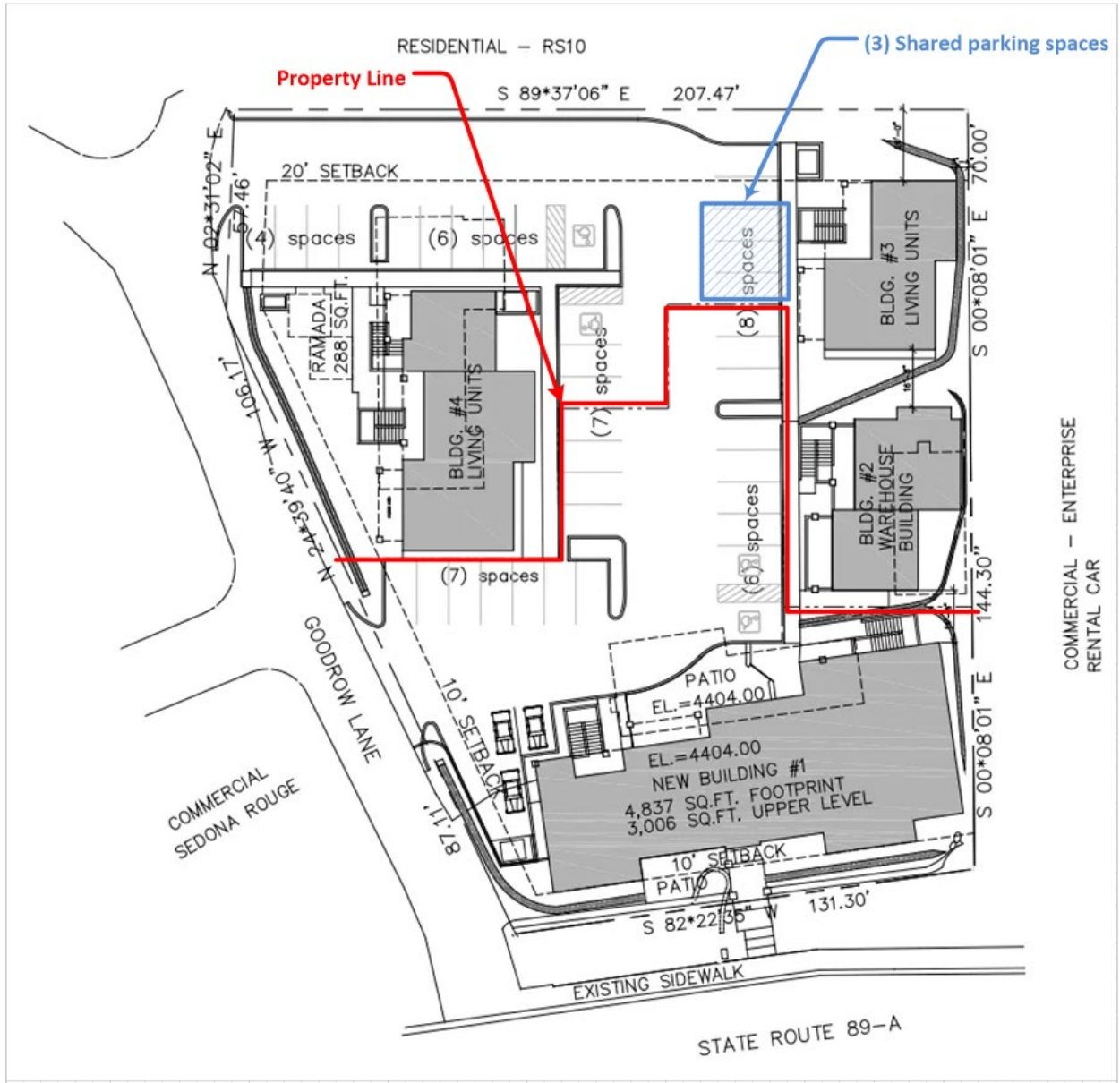


Exhibit E - Traffic Impact Statement – Sefton Eng – 11-01-2023

[SEE ATTACHED]



Luke Sefton PE, CFM
Timothy Huskett, P.E., CFM
Dugan McDonald, R.L.S.
Clint Gillespie, R.L.S.
Sam Musser, Planner

January 11, 2023

RE: Alkemista Café & Bar – 2140 State Route 89A
 Traffic Impact Statement

A summary of the trip generation for the proposed development of Alkemista Café & Bar development has been provided within Table 1. The proposed development is located at 2140 State Route 89A, northeast of the intersection of Goodrow Lane and State Route 89A. More specifically APN 408-24-070A & 408-24-070C within Section 11, Township 17 North, Range 5 East of the Gila & Salt River Base Meridian, within the City of Sedona, Yavapai County, Arizona. Access will be off Goodrow Lane.

The Institute of Transportation Engineers (ITE) Trip Generation Rate 9th Edition was used to obtain the trip generation rates for the proposed development based on a 4,756 square foot building containing 4,008 square feet for a Brewing, Roasting and Tasting space and 748 square feet for a Coffee and Tasting space, 1,302 square feet Storage/Warehouse Building and 14 Apartment Dwelling Units. These estimates were calculated for the Average Weekday, AM Peak Hour, and PM Peak Hour using the ITE Land Use Codes 220, 936, and 925 as shown in Table 1.

Due to limited weekday trip generation data available for land use codes 925 and 936, it was assumed the weekday trip generation would be approximately ten times the evening peak hour trip generation.

Table 1 – Trip Generation Summary

Land Use	ITE Code	Size/Rate	Morning Peak Hour			Evening Peak Hour			Weekday Total
			In	Out	Total	In	Out	Total	
Proposed Use									
Brewery-Tap Room	925	4,008 SF	-	-	-	30	15	45	450
Café-Coffee Shop	936	748 SF	41	40	81	15	15	30	300
Apartment	220	14 D.U.	1	6	7	6	3	9	93
Total Proposed Trips			42	46	88	51	33	84	843

Based on the trip generation calculations the proposed development is not anticipated to generate more than 100 trips during the AM and PM peak hours, therefore a comprehensive Traffic Impact Analysis may not be warranted per Arizona Department of Transportation standards.

40 Stutz Bearcat Dr., Sedona, Arizona 86336 ~Phone: (928) 202-3999
Email: info@sefengco.com ~ www.SeftonEngineeringCompany.com
In affiliation with:
Heritage Land Surveying & Mapping, Inc. with office in Sedona, Camp Verde & Colorado



**Luke Sefton PE, CFM
Timothy Huskett, P.E., CFM
Dugan McDonald, R.L.S.
Clint Gillespie, R.L.S.
Sam Musser, Planner**

If you have any questions, please contact me at (928) 202-3999 or email me at ls@sefengco.com.

Sincerely,

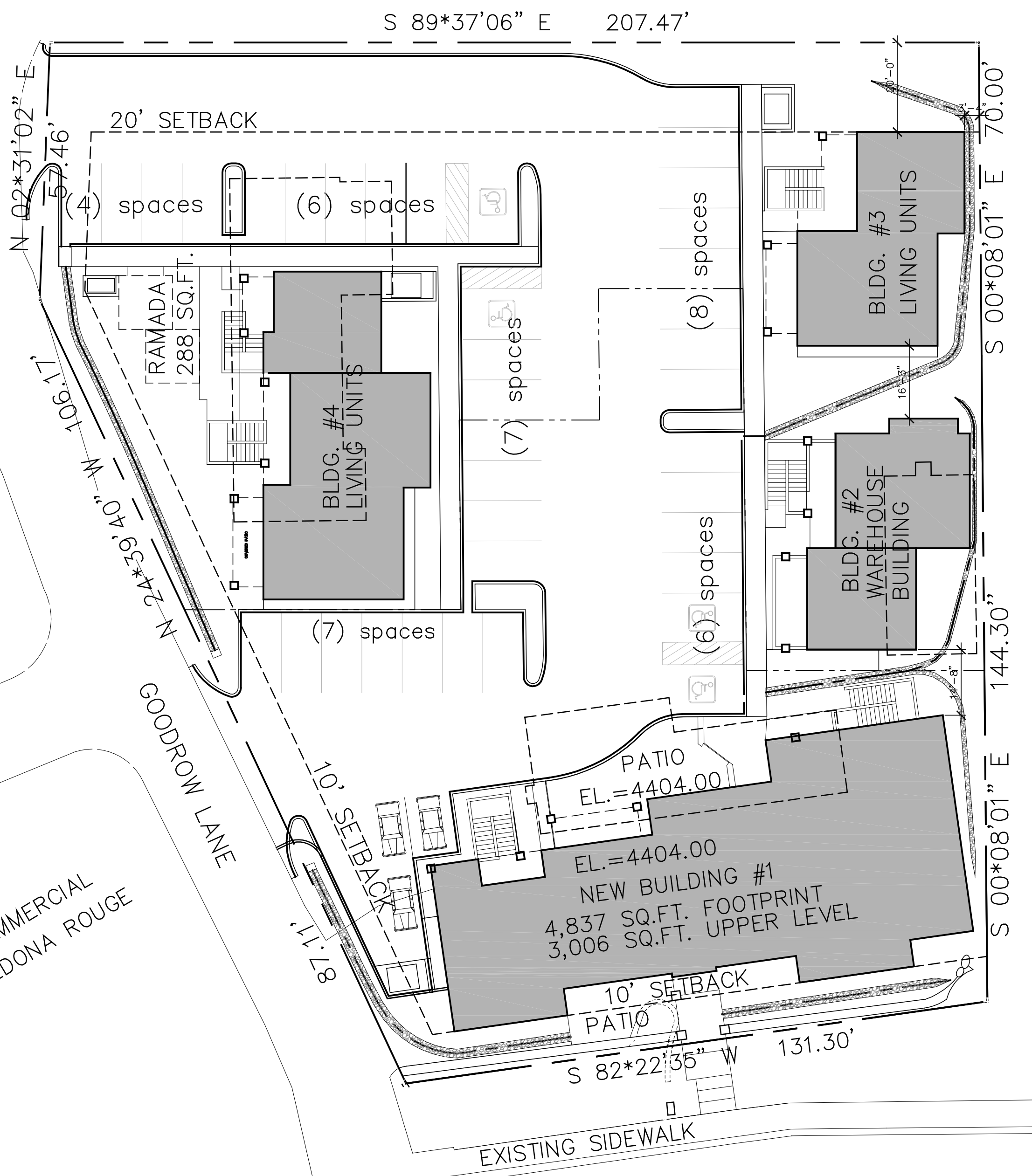


Luke A. Sefton, P.E., CFM
Principle Engineer

Attachment:

**40 Stutz Bearcat Dr., Sedona, Arizona 86336 ~Phone: (928) 202-3999
Email: info@sefengco.com ~ www.SeftonEngineeringCompany.com
In affiliation with:
Heritage Land Surveying & Mapping, Inc. with office in Sedona, Camp Verde & Colorado**

RESIDENTIAL - RS10

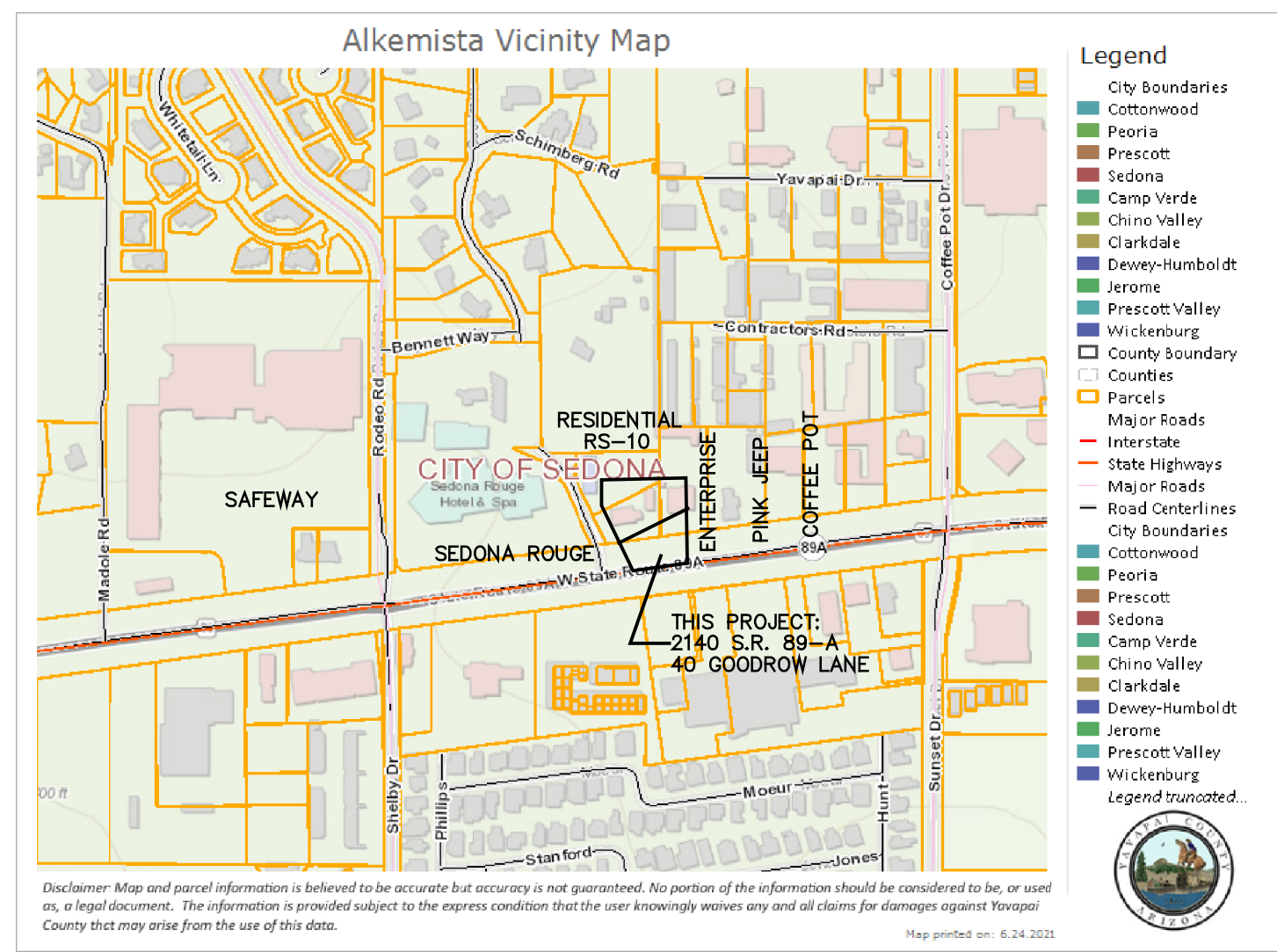


COMMERCIAL
SEDONA ROUGE

COMMERCIAL - ENTERPRISE
RENTAL CAR

EXISTING PLOT/SITE PLAN

SCALE: 1" = 20'-0"



PROPOSED SITE ANALYSIS FOR:
SERGIO GOMA PROPERTIES

2140 S.R. 89-A & 40 GOODROW LANE
SEDONA, ARIZONA
PARCEL #1 408-24-070A & PARCEL #2 408-24-070C
(AFTER PROPERTY LINE ADJUSTMENT)
LOT AREA: PARCEL #1=.43 ACRES = 18,891 SQ.FT
LOT AREA: PARCEL #2=.50 ACRES = 21,723 SQ.FT
ZONING: CO: COMMERCIAL

SETBACKS:
FRONT = 10 FT. REAR = 0 FT. AND SIDES = 0 FT
SIDE ABUTTING STREET = 10 FT.
PROPERTY LINE ABUTTING RESIDENTIAL = 20 FT.

LOT COVERAGE ALLOWED:
PARCEL #1 = .43 ACRES (18,891 SQ.FT.)
BUILDING COVERAGE ALLOWED = 11,335 SQ.FT. (18,891 X 60%)
TOTAL COVERAGE ALLOWED = 15,113 SQ.FT. (18,891 X 80%)
BUILDING ONE COVERAGE PROPOSED = 4,990 SQ.FT. (26.4%)
BUILDING FOOTPRINT = 4,756 SQ.FT.
COVERED PATIO AREA = 234 SQ.FT.

PATIO, SIDEWALK AND STAIRS = 1,675 SQ.FT. (8.9%)
DRIVEWAY AND PARKING = 8,402 SQ.FT. (44.5%)
TOTAL PROJECT COVERAGE = 15,067 SQ.FT. (79.8%)
(4,990 SQ.FT. + 1,675 SQ.FT. + 8,402 SQ.FT.)

PARCEL #2 = .50 ACRES (21,723 SQ.FT.)
BUILDING COVERAGE ALLOWED = 13,034 SQ.FT. (21,723 X 60%)
TOTAL COVERAGE ALLOWED = 17,378 SQ.FT. (21,723 X 80%)

BUILDING TWO COVERAGE PROPOSED = 1,687 SQ.FT. (7.8%)
BUILDING FOOTPRINT = 1,371 SQ.FT.
COVERED PATIO AREA = 316 SQ.FT.

BUILDING THREE COVERAGE PROPOSED = 1,673 SQ.FT. (7.8%)
BUILDING FOOTPRINT = 1,336 SQ.FT.
COVERED PATIO AREA = 337 SQ.FT.

BUILDING TWO COVERAGE PROPOSED = 2,526 SQ.FT. (11.6%)
BUILDING FOOTPRINT = 2,154 SQ.FT.
COVERED PATIO AREA = 372 SQ.FT.

TOTAL BUILDING COVERAGE PROPOSED = 5,886 SQ.FT. (27.2%)
BUILDING SIDEWALK AND STAIRS = 1,207 SQ.FT. (5.5%)
SIDEWALK, DRIVEWAY AND PARKING = 8,845 SQ.FT. (40.7%)
TOTAL PROJECT COVERAGE = 15,938 SQ.FT. (73.4%)
(5,886 SQ.FT. + 1,207 SQ.FT. + 8,845 SQ.FT.)

EXISTING BUILDING INFORMATION:
PARCEL #1 408-24-070A
BUILDING #1 RETAIL = 1,968 SQ.FT. NAMTI SPA (REMOVED)
BUILDING #1 RETAIL = 1,026 SQ.FT. NAMTI SPA (REMOVED)
PARCEL #2 408-24-070C
BUILDING #1 TREATMENT = 2,480 SQ.FT. TREATMENT CENTER
(BUILDING TO BE REMOVED)

NEW BUILDING INFORMATION: BUILDING ONE - BREWING/ROASTING
COMMERCIAL AND TWO LIVING UNITS
BUILDING FOOTPRINT = 4,990 SQ.FT. W/ 3,006 SQ.FT. UPPER LEVEL

NEW BUILDING INFORMATION: BUILDING TWO - WAREHOUSE/STORAGE
WAREHOUSE AND TWO LIVING UNITS
BUILDING FOOTPRINT = 1,687 SQ.FT. W/ 1,321 SQ.FT. UPPER LEVEL

NEW BUILDING INFORMATION: BUILDING THREE - RESIDENTIAL
TWO ONE BEDROOM & 2 STUDIO LIVING UNITS
BUILDING FOOTPRINT = 1,673 SQ.FT. W/ 1,336 SQ.FT. UPPER LEVEL

NEW BUILDING INFORMATION: BUILDING FOUR - RESIDENTIAL
FOUR ONE BEDROOM & TWO STUDIO LIVING UNITS
BUILDING FOOTPRINT = 2,526 SQ.FT. W/ 2,254 SQ.FT. UPPER LEVEL

TOTAL BUILDING FOOTPRINTS = 10,87936 SQ.FT.

POTENTIAL PARKING REQUIREMENT:
BUILDING ONE 7,628 SQ.FT. TOTAL SQUARE FOOTAGE
(BREWING/ROASTING, TASTING AREA AND LIVING UNITS)
2,472 SQ.FT. OF BREWING/ROASTING = 2.472 SPACES
(2,472/1,000 = 2.472 SPACES)
2,144 SQ.FT. SQ.FT. SEATING/TASTING = 8.576 SPACES
(2,144/250 = 8.576 SPACES)
1,000 SQ.FT. SQ.FT. OUTDOOR TASTING = 4 SPACES
(1,000/250 = 4 SPACES)

UPPER LEVEL PARKING REQUIREMENTS:
(3) ONE BEDROOM UNIT/APARTMENTS = 3.75 SPACES
(1.25 SPACES PER UNIT)
311 SQ.FT. OFFICE AREA = 1.24 SPACES
(311/250 = 1.24)

BUILDING TWO 2,604 SQ.FT. TOTAL SQUARE FOOTAGE
(STORAGE/WAREHOUSE AND LIVING UNITS)
1,302 SQ.FT. OF WAREHOUSE/STORAGE = 1.0 SPACES
(1,302/2,000 = .651 SPACES)

UPPER LEVEL PARKING REQUIREMENTS:
(1) STUDIO UNIT/APARTMENTS = 1.0 SPACES
(1.0 SPACES PER UNIT)
(1) ONE BEDROOM UNIT/APARTMENT = 1.25 SPACES
(1.25 SPACES PER UNIT)

BUILDING THREE 2,604 SQ.FT. TOTAL SQUARE FOOTAGE
TWO ONE BEDROOM & TWO STUDIO LIVING UNITS

LOWER LEVEL PARKING REQUIREMENTS:
(1) STUDIO UNIT/APARTMENT = 1.0 SPACES
(1.0 SPACES PER UNIT)
(1) ONE BEDROOM UNIT/APARTMENT = 1.25 SPACES
(1.25 SPACES PER UNIT)

UPPER LEVEL PARKING REQUIREMENTS:
(1) STUDIO UNIT/APARTMENT = 1.0 SPACES
(1.0 SPACES PER UNIT)
(1) ONE BEDROOM UNIT/APARTMENT = 1.25 SPACES
(1.25 SPACES PER UNIT)

BUILDING FOUR 4,152 SQ.FT. TOTAL SQUARE FOOTAGE
FOUR ONE BEDROOM & TWO STUDIO LIVING UNITS

LOWER LEVEL PARKING REQUIREMENTS:
(1) STUDIO UNIT/APARTMENT = 1.0 SPACES
(1.0 SPACES PER UNIT)
(2) ONE BEDROOM UNIT/APARTMENT = 2.5 SPACES
(1.25 SPACES PER UNIT)

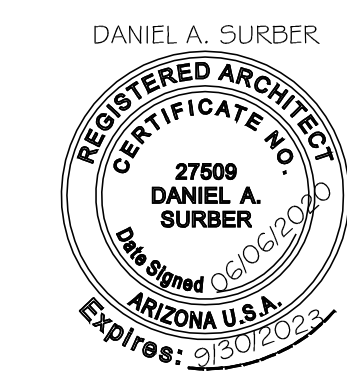
UPPER LEVEL PARKING REQUIREMENTS:
(1) STUDIO UNIT/APARTMENT = 1.0 SPACES
(1.0 SPACES PER UNIT)
(2) ONE BEDROOM UNIT/APARTMENT = 2.5 SPACES
(1.25 SPACES PER UNIT)

TOTAL PARKING REQUIRED = 35 SPACES
TOTAL PARKING PROVIDED = 40 SPACES
(18 COVERED SPOTS)

ARCHITECTURAL SITE PLAN

ALKEMISTA BREWERY AND COFFEE ROASTING
GOMA PROPERTIES DEVELOPMENT
2140 S.R. 89-A - 40 GOODROW LANE
SEDONA, ARIZONA
PARCEL #1 408-24-070A & PARCEL #2 408-24-070C

DAN SURBER ARCHITECT
P.O. BOX 3764 SEDONA, AZ. 86340 928-821-2182
12/01/2020





**CITY COUNCIL
AGENDA BILL**

**AB 3070
June 11, 2024
Consent Items**

Agenda Item: 3e
Proposed Action & Subject: Approval of the renewal of the existing undercover license plates for undercover vehicles.

Department	Police Department
Time to Present	N/A
Total Time for Item	
Other Council Meetings	N/A
Exhibits	N/A

Finance Approval	Reviewed RMS 6/3/24	
City Attorney Approval	Reviewed 6/4/24 KWC	Expenditure Required
		\$ N/A
City Manager's Recommendation	Recommend approval ABS 6/4/24	Amount Budgeted
		\$ N/A
		Account No. (Description)

SUMMARY STATEMENT

Background: In adherence to Arizona Revised Statutes (A.R.S.) § 38-538.03, an exemption approval from the Governor or relevant agency governing body is required each year for vehicles issued plates under the provisions of A.R.S § 28-2511(A) or (E) regardless of the vehicle's tab expiration date. This is the annual renewal for current vehicles in the program.

The list of vehicles by year, make, model and VIN has been prepared and will be available for review in the Chief of Police Executive Assistance's office.

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

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s):

MOTION

I move to: approve the renewal of the existing undercover license plates for the undercover vehicles.



**CITY COUNCIL
AGENDA BILL**

**AB 3055
June 11, 2024
Regular Business**

Agenda Item: 8a
Proposed Action & Subject: Presentation/discussion by Arizona Public Service (APS) regarding their fire mitigation efforts and summer readiness program.

Department	City Manager
Time to Present	
Total Time for Item	15 minutes
Other Council Meetings	N/A
Exhibits	Exh A. APS Wildfire Safety and Fire Mitigation

Finance Approval	Reviewed RMS 6/3/24	Expenditure Required	
City Attorney Approval	Reviewed 6/4/24 KWC		\$ 0
City Manager's Recommendation	For information and discussion only. ABS 6/3/24		Amount Budgeted
		\$ 0	
		Account No. N/A (Description)	

SUMMARY STATEMENT

Background: At APS, fire awareness and safety are always top of mind and in sharing that message, they have found that the most effective way to reach Council and staff is through a community-council presentation. With additional PSPS messaging, as a new tool in APS's fire mitigation toolbox, a Council meeting provides immediate opportunities to respond to questions and/or concerns members may have.

APS has been invited to return to council with a presentation on their climate resilience plan and actions to reduce emissions.

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

Additionally, APS plays an important role in helping the community mitigate and adapt to the impacts of climate change through renewable energy projects and grid resilience initiatives. These efforts can further support wildfire planning, public safety, and emissions reductions.

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): None

MOTION

I move to: For presentation and discussion only.



APS Wildfire Safety and Fire Mitigation

Providing you with safe, reliable energy is our top priority. We work year-round to prepare for and reduce the risk of wildfire in our communities.

As an energy provider, our role includes partnering with communities, first responders and customers to reduce wildfire risk and prepare for emergencies.

We play our part through long-term planning and ongoing system maintenance to keep people, property and land safe around electricity.

Our year-round wildfire preparedness and efforts involve:

- Maintaining more than 38,000 miles of power lines to ensure safety and reliability.
- Creating defensible space by removing vegetation around poles and substations.
- Using advanced technology to troubleshoot issues more quickly, reduce the number of customers impacted and decrease the duration of outages.
- Working with communities on their emergency preparedness specific to wildfires.
- Keeping customers informed during any power outages that may be necessary to reduce wildfire risk or keep first responders safe.
- Communicating to our partners and the public about our work to prevent wildfires and to promptly restore power after an outage.



Here are ways you can prepare for wildfire season:

- Create an account online by visiting aps.com/login. If you already have an account, sign in to be sure your information is current in case we need to reach you.
- Get emergency alerts through local resources and visit ein.az.gov to create an emergency preparedness plan. Get emergency alerts and more information for Yavapai County by visiting yavapaiaz.gov/ready.
- Keep grass, weeds, trees and shrubs trimmed. Dispose of trimmings and trash properly.
- Have flashlights, batteries, a portable cellphone charger and water handy.

Integrated Vegetation Management Program

Each year, we inspect transmission and distribution lines and clear overgrowth around our equipment within rights of way.

Protocols During Elevated Fire Conditions

During elevated fire conditions, power outages may be extended until crews can perform visual inspections of lines and remove any potential hazards from around our equipment that could pose fire risks. In the event of a wildfire or during extreme fire risk conditions, power lines may be temporarily taken out of service to protect firefighters, which could result in outages that might last longer than usual. We continue to invest in specialized equipment on our lines to help reduce outage durations for customers.

Line Inspections and Public Safety Patrols

We conduct an annual patrol of nearly 5,000 miles of overhead lines using drones, vehicles and, in heavily vegetated areas, by foot. Each year, we complete a pole-by-pole inspection and identify necessary maintenance to complete the work ahead of elevated fire conditions.

Defensible Space Around Poles (DSAP) Program

Proactively creating defensible space within a 10-foot radius around poles helps protect electrical equipment from the impacts of wildfire and prevent wildfire ignitions.

Customer Communication

We realize that any disruption of power is a major inconvenience to customers. You will receive text or email outage alerts if you have an online account or a cellphone number in our system. If you don't have an online account, create one at aps.com/login to easily manage your preferences. To ensure customers are kept informed, we are reaching out in a variety of ways, including:

- Mailed postcards to customers in areas with high fire risk
- Emails and bill messages
- Radio and newspaper ads
- Online Outage Center (aps.com/outage) and Wildfires (aps.com/wildfires) pages

aps.com/wildfires





**CITY COUNCIL
AGENDA BILL**

**AB 3046
June 11, 2024
Regular Business**

Agenda Item: 8b

Proposed Action & Subject: Discussion/possible action regarding the adoption of a Resolution approving the sale and execution and delivery of Excise Tax Revenue Obligations, Series 2024, in an amount not to exceed \$18,000,000; approving the form and authorizing the execution and delivery of necessary agreements, instruments and documents; delegating authority to determine certain matters with respect to the foregoing and declaring an emergency.

Department Financial Services

Time to Present 10 minutes

Total Time for Item 20 minutes

Other Council Meetings

- Exhibits**
- A. Resolution
 - B. Sixth Purchase Agreement
 - C. Sixth Trust Agreement
 - D. Preliminary Official Statement
 - E. Obligation Purchase Agreement
 - F. PowerPoint Presentation
 - G. Amendment #1 to Linking Agreement

Finance Approval	Reviewed RMS 6/3/24		
City Attorney Approval	Reviewed 6/4/24 KWC	Expenditure Required	
		\$	Estimated bond issuance costs \$138,499
		\$	Estimated underwriting costs \$163,450
City Manager's Recommendation	Recommend approval. ABS 6/3/24	\$	Estimated bond insurance costs \$54,533
			Average annual debt service over 30 years of approx. \$909,000
		Amount Budgeted	
		\$	760,042
			First debt service payment in FY2025

		Account No. (Description)	10-5255-15-6904/6906 (FY25 debt service payments for Series 2024 bonds)
SUMMARY STATEMENT			

Background:

Jack Leeper of Stifel Public Finance, the city’s financial advisor, will present information on a revenue bond sale package to finance a \$22.6 Million parking garage construction project with repayment pledged by the city’s excise tax revenues. The presentation is attached for the council’s reference.

At the request of council, Stifel has prepared the debt scenario to revisit the use of the proceeds from the 2022 Series Bonds. Council will recall that the \$25 Million in 2022 Series Bonds were originally sold to pay for the parking garage project along with other Sedona In Motion (SIM) projects. When the Council determined on October 12, 2022, that it was in the city’s best interest to delay the parking garage project, those bond proceeds were reallocated: \$18 Million to the Forest Road project and \$6 Million to other SIM/CIP projects. The available cash balance today from these proceeds is approximately \$18.6 Million. The drawdowns for those projects are anticipated to be complete in March 2025 meeting the IRS three-year spending requirement.

This debt service scenario for funding the parking garage proposes to split the cost of the garage between the 2022 Series Bonds and the new 2024 Series Bonds. Approximately 80 percent of the funding for the project would be paid from the remaining cash-on-hand from the 2022 Series Bonds (\$18.6 Million). The Forest Road project cost (\$12 Million) would be funded by the 2024 Series Bonds along with the remaining 20 percent of the parking garage cost (\$4 Million). The repayment source for the 2024 Bond will be General Fund for Forest Road portion and parking revenue for the parking garage portion.

The proposed Resolution approves issuance of Excise Tax Revenue Obligations, Series 2024 (the “Obligations”), in an amount not to exceed \$18,000,000, the proceeds of which will be used to finance the costs of street and transportation improvements and parking garage projects and related capital improvements in and for the City.

In addition to the debt financing, Stifel is working to determine potential benefits of direct pay tax credits (grants) under the Inflation Reduction Act. If awarded, the city cannot make an application until the project is complete and any grant funds received will be applied against the project – dollar amounts to be determined.

In conjunction with approving the issuance of the Obligations, the Resolution approves and authorizes the execution and delivery of the following documents:

- Sixth Purchase Agreement
- Sixth Trust Agreement
- Preliminary Official Statement and
- Obligation Purchase Agreement.

The Obligations will constitute proportionate interests in purchase payments (the “Payments”) to be made by the City under a **Sixth Purchase Agreement**, by and between a trustee bank, as seller (the “Trustee”), and the City, as purchaser. The property which will be the subject of the Purchase Agreement (which will be City-owned property) will be conveyed to the City by the Trustee for the Payments, all pursuant to the Purchase Agreement.

The Obligations will be executed by the Trustee, in its separate capacity as Trustee, pursuant to a **Sixth Trust Agreement**, between the City and the Trustee. Under the Trust Agreement, the right to receive the Payments will be assigned to the Trustee. The property which is the subject of the Purchase Agreement does not constitute security for the payment of the Obligations.

The proceeds of the Obligations will be deposited with the Trustee in an acquisition fund established pursuant to the Trust Agreement. Such proceeds will be held by the Trustee until requisitioned by the City to pay costs of street and transportation improvements and parking garage projects.

To secure the payment of the Payments, the City will pledge the Excise Taxes (defined below) thereto, and the Payments will be secured by a pledge of and first lien on the Excise Taxes on a parity with (i) the City's installment payment obligations pursuant to a Second Purchase Agreement, dated as of December 1, 2015, between the City and U.S. Bank Trust Company, National Association, relating to the City's Excise Tax Revenue Refunding Obligation, Second Series 2015, (ii) the City's installment payment obligations pursuant to a Third Purchase Agreement, dated as of August 1, 2021, between the City and U.S. Bank Trust Company, National Association, relating to the City's Excise Tax Revenue Refunding Obligation, Series 2021-1, (iii) the City's installment payment obligations pursuant to a Fourth Purchase Agreement, dated as of March 1, 2022, between the City and UMB Bank, n.a., relating to the City's Excise Tax Revenue Obligations, Series 2022, (iv) the City's installment payment obligations pursuant to a Fifth Purchase Agreement, dated as of December 1, 2022, between the City and U.S. Bank Trust Company, National Association, relating to the City's Excise Tax Revenue Obligation, Second Series 2022 (such remaining outstanding Second Series 2015 Obligation, Series 2021-1 Obligation, Series 2022 Obligations and Second Series 2022 Obligation, the "Existing Parity Obligations"), and (iv) "Additional Parity Obligations" that may be hereafter issued on a parity therewith and with the Obligations.

"Excise Taxes" means all excise taxes, transaction privilege (sales, license and use) taxes, vehicle license fees, plan review deposit fees, building permit fees, conditional use permit fees, development review fees, franchise fees, fines and forfeitures which the City now collects and which it may collect in the future, together with the City's portion of any excise taxes, transaction privilege (sales and use) taxes and income taxes imposed and collected by the State, or any political subdivision thereof, or any other governmental unity or agency, and returned, allocated or apportioned to the City, EXCEPT (i) any such taxes, fees, fines and forfeitures which the City may enact in the future which must be used or expended by the City for specific purposes, and (ii) any such taxes which, by State law, rule or regulation must be expended for specific purposes, such as motor vehicle fuel taxes.

The City will agree in the Purchase Agreement that the Excise Taxes will be maintained so that the amount of all such Excise Taxes received for the next preceding fiscal year shall be equal to at least 1.50 times the total of payments payable under the Existing Parity Obligations, the Obligations and any Additional Parity Obligations. If such receipts of Excise Taxes for any such preceding fiscal year shall not equal 1.50 times such payment requirements, the City will, to the extent permitted by law, either impose new excise, transaction privilege and franchise taxes or will increase the rates for such taxes currently imposed in order that the current receipts of Excise Taxes will be sufficient to meet all current payment requirements.

The City will also agree in the Purchase Agreement that it will not further encumber the Excise Taxes on a basis equal to the lien and pledge provided for in the Purchase Agreement unless the Excise Taxes collected in the preceding fiscal year shall have amounted to at least 1.50 times the highest combined interest and principal payment requirements for any succeeding

fiscal year for all Existing Parity Obligations, the Obligations and any Additional Parity Obligations then outstanding and any Additional Parity Obligations proposed.

The Obligations will be publicly offered to investors pursuant to the **Preliminary Official Statement**, to be dated the date of dissemination thereof. The Preliminary Official Statement describes, among other things, the security and source of payment for the Obligations, and is intended to include all information an investor would consider to be “material” in making an investment decision. Members of the Council should carefully review this document.

Stifel, Nicolaus & Company, Incorporated (“Stifel”), serving in the capacity of underwriter, will purchase the Obligations (within the parameters set forth in the resolution) pursuant to an **Obligation Purchase Agreement**, to be dated the date of sale of the Obligations, by and between the City and the Stifel.

In order to take advantage of this financing opportunity on a timely basis, it is required that the proposed Resolution be passed as an emergency measure. Per A.R.S. §19-142(B), “An emergency measure shall not become immediately operative unless it states in a separate section the reason why it is necessary that it should become immediately operative, and unless it is approved by the affirmative vote of three-fourths of all the members elected to the city or town council, taken by ayes and noes, and also approved by the mayor.”

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

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): Cash fund the projects and delay future projects if cash flows are not adequate.

MOTION

I move to: approve Resolution 2024-___, approving the sale, execution, and delivery of excise tax revenue obligations evidencing a proportionate interest of the owners thereof in a purchase agreement from the City; approving the form and authorizing the execution and delivery of such purchase agreement and other necessary agreements for such sale; delegating authority to designate certain terms thereof; authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by the Resolution and declaring an emergency.

RESOLUTION NO. 2024-__

RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA, APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A SIXTH PURCHASE AGREEMENT, A SIXTH TRUST AGREEMENT, A CONTINUING DISCLOSURE UNDERTAKING, AN OBLIGATION PURCHASE AGREEMENT AND OTHER NECESSARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS; APPROVING THE SALE AND EXECUTION AND DELIVERY OF NOT TO EXCEED \$18,000,000 PRINCIPAL AMOUNT OF EXCISE TAX REVENUE OBLIGATIONS, SERIES 2024, EVIDENCING A PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN SUCH PURCHASE AGREEMENT; APPROVING AN OFFICIAL STATEMENT; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION AND DECLARING AN EMERGENCY.

WHEREAS, the Mayor and Council of the City of Sedona, Arizona (the "City"), have determined that it will be beneficial to its citizens to finance the costs of street and transportation improvements and parking garage projects and related capital improvements in and for the City (collectively, the "Project"); and

WHEREAS, in order to finance the costs of the Project, the Mayor and Council of the City hereby deem it necessary and desirable to provide for the sale and execution and delivery of Excise Tax Revenue Obligations, Series 2024, Evidencing a Proportionate Interest of the Owner Thereof in Purchase Price Payments to be Made by the City to a trustee bank to be determined as provided herein, as trustee (the "Trustee" and such Obligations, the "Obligations") provided for by this Resolution pursuant to the Sixth Trust Agreement, to be dated as of the first day of the month of the dated date of the Obligations established as provided herein (the "Trust Agreement"), between the Trustee and the City, such purchase payments to be made pursuant to the Sixth Purchase Agreement, to be dated as of the first day of the month of the dated date of the Obligations established as provided herein (the "Purchase Agreement"), between the City and the Trustee, in its separate capacity as "Seller"; and

WHEREAS, the Mayor and Council of the City will receive a proposal from Stifel, Nicolaus & Company, Incorporated, serving in the capacity of and designated as the underwriter (the "Underwriter"), and not acting as a municipal advisor as defined in the Registration of Municipal Advisors Rule of the Securities and Exchange Commission, and has determined that the Obligations should be sold through negotiation to the Underwriter on such terms as may hereafter be approved by the Authorized Representatives (as defined herein) pursuant to the Strategic Alliance of Volume Expenditures (SAVE) Cooperative Response Proposal #C-005-1718; and

WHEREAS, there have been presented to the Mayor and Council of the City at the meeting of the Mayor and Council of the City at which this Resolution is being adopted the proposed forms of: (1) the Purchase Agreement; (2) the Trust Agreement; (3) the Continuing Disclosure Undertaking, to be dated the date of the Obligations (the "Undertaking"), to be executed and delivered by the City for purposes of Rule

15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"); (4) an Obligation Purchase Agreement, to be dated the date of the sale of the Obligations (the "Purchase Contract"), by and between the City and the Underwriter, for the purchase of the Obligations; and (5) the Preliminary Official Statement, to be dated the date of the dissemination thereof (the "Preliminary Official Statement"), relating to the Obligations, which, as to be revised after the sale of the Obligations, shall constitute the Official Statement, to be dated the date of sale of the Obligations (the "Official Statement"), relating to the Obligations.

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

Section 1. (a) The execution and delivery of the Obligations by the Trustee is hereby approved. The Obligations shall be in the denominations and shall be fully registered without coupons as provided in the Trust Agreement.

(b) The Mayor and the City Manager or the designees of either of them (collectively, the "Authorized Representatives") are hereby authorized to determine on behalf of the City: (1) the entity to serve as the Trustee; (2) the date the Obligations are to be sold to the Underwriter; (3) the aggregate principal amount of the Obligations which are to be issued (but not to exceed \$18,000,000 in aggregate principal amount); (4) the date the Obligations are to be dated; (5) the dates on which interest on the Obligations is to be payable and the interest rates per annum the Obligations are to bear; (6) the dates the Obligations are to mature (but not later than a final maturity in 2054), the principal amounts to mature on such dates and the provisions for redemption thereof in advance of such dates; (7) the terms upon which the Obligations are to be sold to the Underwriter (including determinations of price, original issue discount and premium and underwriting compensation); and (8) the provisions pursuant to which the Obligations are to be credit enhanced (including determinations with respect to bond insurance, if any, for the Obligations); provided, however, that such determinations must result in a yield for federal income tax purposes of not to exceed five and one-quarter percent (5.25%) with respect to the Obligations.

(c) The form and other terms of the Obligations, including the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption and number shall be as set forth in the Trust Agreement and are hereby approved.

Section 2. The Obligations are to be sold to the Underwriter pursuant to the terms of the Purchase Contract, as such terms are to be determined as provided hereinabove.

Section 3. The forms, terms and provisions of the Purchase Agreement, the Trust Agreement, the Purchase Contract and the Undertaking, in substantially the forms of such documents (including the Obligations and other exhibits thereto) presented at the meeting of the Mayor and Council of the City at which this Resolution is being adopted, are hereby approved, with such final provisions, insertions, deletions and

changes as shall be approved by the Mayor or, in the absence thereof, Vice Mayor, and in the case of the Purchase Contract, the City Manager, the execution of each such document being conclusive evidence of such approval, and the Mayor or, in the absence thereof, Vice Mayor, and in the case of the Purchase Contract, the City Manager, and the City Clerk are hereby authorized and directed, for and on behalf of the City, to execute and deliver and attest, where applicable, or approve the Purchase Agreement, the Trust Agreement, the Purchase Contract and the Undertaking and to take all action to carry out and comply with the terms of such documents.

Section 4. The distribution of the Preliminary Official Statement by the Underwriter is approved, and the Official Statement in substantially the form of the Preliminary Official Statement, with such changes or revisions therein from the form of the Preliminary Official Statement as may be approved by the Authorized Representatives, is approved, and the Authorized Representatives are authorized, empowered and directed, in the name and on behalf of the City, to execute and deliver the same to the Underwriter and to execute and deliver instruments confirming that the Preliminary Official Statement is "deemed final" in accordance with the Rule.

Section 5. The Mayor and Council of the City hereby request that the Trustee (including in its capacity as Seller) take any and all action necessary in connection with the execution and delivery of the Purchase Agreement and the Trust Agreement and the sale and execution and delivery of the Obligations and further authorizes and directs the Trustee to enter into such agreements as may be reasonable for the administration of the trusts so held by it.

Section 6. The covenants and agreements contained in the Purchase Agreement as to the pledge of and the lien on the Excise Taxes (as defined in the Purchase Agreement) and the restriction on the issuance of further parity obligations secured by the Excise Taxes are approved and confirmed.

Section 7. After any of the Obligations are delivered by the Trustee to the Underwriter upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the Obligations and the interest and premium, if any, thereon shall have been fully paid, cancelled and discharged.

Section 8. The Authorized Representatives and the other officers of the City, on behalf of the City, are each hereby authorized and directed, without further order of the Mayor and Council of the City, to do all such things and to execute and deliver such certificates, proceedings and agreements as may be necessary or convenient to be executed and delivered on behalf of the City, to evidence compliance with, or further the purposes of, all the terms and conditions of this Resolution and the consummation of the transactions contemplated by the Preliminary Official Statement.

Section 9. All actions of the officers and agents of the City which conform to the purposes and intent of this Resolution and which further the sale and execution and delivery of the Obligations as contemplated by this Resolution, whether heretofore or hereafter taken, are hereby ratified, confirmed and approved.

Section 10. If any section, paragraph, clause or phrase of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or phrase shall not affect any of the remaining provisions of this Resolution. All orders, resolutions and ordinances or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as reviving any order, resolution or ordinance or any part thereof.

Section 11. The immediate operation of the provisions of this Resolution is necessary for the preservation of the public peace, health and safety, particularly to immediately sell the Obligations to secure the best, available economic terms therefor, and an emergency is hereby declared to exist, and this Resolution will be in full force and effect from and after its passage by the Mayor and Council of the City and it is hereby excepted from the referendum provisions of the Constitution and laws of the State of Arizona.

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona, Arizona, this 11th day of June 2024.

Scott M. Jablow, Mayor

ATTEST:

JoAnne Cook, CMC, City Clerk

APPROVED AS TO FORM:

Kurt W. Christianson, City Attorney

SIXTH PURCHASE AGREEMENT

by and between

_____,
as Seller

and

THE CITY OF SEDONA, ARIZONA,
as Buyer

Dated as of _____ 1, 2024

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EXHIBIT - PAYMENT SCHEDULE

SIXTH PURCHASE AGREEMENT

THIS SIXTH PURCHASE AGREEMENT, dated as of _____ 1, 2024 (this “Agreement”), by and between **THE CITY OF SEDONA, ARIZONA**, a municipal corporation and a political subdivision under the laws of the State of Arizona (“City”), and _____, a national banking association (“Seller”), in its capacity as trustee (“Trustee”) under the Sixth Trust Agreement, dated as of even date herewith (the “Trust Agreement”), by and between Trustee and City,

W I T N E S S E T H:

WHEREAS, in order to refinance certain outstanding obligations and to finance the costs of construction of certain improvements to the wastewater system of City, the Sedona Wastewater Municipal Property Corporation (the “MPC”) issued its Excise Tax Revenue Bonds, Series 1998, consisting of \$34,730,000 principal amount of current interest bonds (the “Series 1998 Current Interest Bonds”) and \$6,305,000 initial principal amount of capital appreciation bonds (together with the Series 1998 Current Interest Bonds, the “Series 1998 Bonds”); and

WHEREAS, the Series 1998 Bonds are payable from rental payments to be made by City pursuant to the provisions of a City Lease, dated as of August 1, 1998, as amended by a First Amendment to City Lease, dated as of November 1, 2000 (as so amended, the “City Lease”), by and between City and the MPC, and the obligation to make such rental payments under the City Lease is secured by a pledge of the Excise Taxes (as that term is hereinafter defined); and

WHEREAS, Section 3.3 of the City Lease provides as follows:

(a) The City hereby pledges for the payment of the rental payments under Section 1.3(a) hereof, all Excise Taxes. The City intends that this pledge shall be a first lien upon such amounts of said Excise Taxes (except as described in (h) below), as will be sufficient to make the rental payments pursuant to Section 1.3(a) hereof each month, and the City agrees and covenants to make said rental payments from such Excise Taxes, except to the extent that it chooses to make such payments from other funds pursuant to Section 3.2 above.

(b) For purposes of this the City Lease, “Excise Taxes” means all excise taxes, transaction privilege (sales, license and use) taxes, vehicle license fees, plan review deposit fees, building permit fees, conditional use permit fees, development review fees, franchise fees, fines and forfeitures which the City now collects and which it may collect in the future, together with the City’s portion of any excise taxes, transaction privilege (sales and use) taxes and income taxes imposed and collected by the State, or any political subdivision thereof, or any other governmental unit or agency, and returned, allocated or apportioned to the City, EXCEPT (i) any such taxes, fees, fines and forfeitures which the City may enact in the future which must be used or expended by the City for specific purposes, and (ii) any such taxes which, by State law, rule or regulation must be expended for specific purposes, such as motor vehicle fuel taxes.

and Section 3.5 of the City Lease provides as follows:

The City, for itself, its successors and assigns, covenants and agrees with the registered owners and holders of the Corporation's Series 1998 Bonds to be issued under the Indenture, so long as any of said Series 1998 Bonds remain outstanding and the principal and interest on the Series 1998 Bonds shall be unpaid or unprovided for, it will not further encumber the Excise Taxes pledged under Section 3.3 hereof on a basis prior and paramount to the lien and pledge provided for under Section 3.3 hereof and that it will not further encumber the Excise Taxes pledged under Section 3.3 hereof on a basis equal to the lien and pledge provided for in Section 3.3 hereof unless the Excise Taxes collected in the preceding fiscal year shall have amounted to at least one and fifty hundredths (1.50) times the highest combined interest and principal payment requirements for any succeeding fiscal year for all Series 1998 Bonds, Prior Obligations, any parity or additional parity bonds or other obligations secured by a parity pledge of the Excise Taxes then outstanding and any parity or additional parity bonds or other obligations so proposed to be secured by a parity pledge of the Excise Taxes.

; and

WHEREAS, City, in order to finance the costs to refinance certain other outstanding obligations, entered into a Lease Agreement, dated as of January 1, 2002 (the "2002 Lease"), with National Bank of Arizona, as lessor, and a Trust Agreement, dated as of January 1, 2002 (the "2002 Trust Agreement"), with such lessor and National Bank of Arizona, as trustee (the "2002 Trustee") and caused the 2002 Trustee, pursuant to the 2002 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2002 (the "2002 Obligations"), evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by City pursuant to the 2002 Lease, such lease payments under the 2002 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, further, City, in order to finance the costs to refinance certain other outstanding obligations, entered into a Lease Agreement, dated as of July 1, 2004 (the "First 2004 Lease"), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Trust Agreement, dated as of July 1, 2004 (the "First 2004 Trust Agreement"), with such lessor and U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as trustee (the "2004 Trustee") and caused the 2004 Trustee, pursuant to the First 2004 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2004, evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by City pursuant to the First 2004 Lease, such lease payments under the First 2004 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, City, in order to finance the costs to refinance a portion of the Series 1998 Bonds remaining outstanding, entered into a Second 2004 Lease Agreement, dated as of October 1, 2004 (the "Second 2004 Lease"), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Second 2004 Trust Agreement, dated as of October 1, 2004 (the "Second 2004 Trust Agreement"), with such lessor and the 2004 Trustee and caused the 2004 Trustee, pursuant to the Second 2004 Trust

Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Second Series 2004 (the "Second 2004 Obligations"), evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by City pursuant to the Second 2004 Lease, such lease payments under the Second 2004 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, City, in order to finance the costs to refinance another portion of the Series 1998 Bonds remaining outstanding, entered into a Lease Agreement, dated as of May 1, 2005 (the "2005 Lease"), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Trust Agreement, dated as of May 1, 2005 (the "2005 Trust Agreement"), with such lessor and the 2004 Trustee and caused the 2004 Trustee, pursuant to the 2005 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2005 (the "2005 Obligations"), evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by City pursuant to the 2005 Lease, such lease payments under the 2005 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, City, in order to finance the costs of certain projects, entered into a First Purchase Agreement, dated as of November 1, 2007 (the "2007 Purchase Agreement"), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as seller, and a Trust Agreement, dated as of November 1, 2007 (the "2007 Trust Agreement"), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as trustee (the "2007 Trustee"), and caused the 2007 Trustee, pursuant to the 2007 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Obligations, Series 2007 (the "2007 Obligations"), evidencing proportionate interests of owners thereof in purchase payments and prepayments to be made by City pursuant to the 2007 Purchase Agreement, such purchase payments under the 2007 Purchase Agreement being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, City, in order to finance the costs to refinance another portion of the Series 1998 Bonds remaining outstanding, entered into a Lease Agreement, dated as of February 1, 2012 (the "2012 Lease"), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Trust Agreement, dated as of February 1, 2012 (the "2012 Trust Agreement"), with such lessor and the 2004 Trustee and caused the 2004 Trustee, pursuant to the 2012 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2012 (the "2012 Obligations"), evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by City pursuant to the 2012 Lease, such lease payments under the 2012 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, City, in order to finance the costs to refinance all Second 2004 Obligations remaining outstanding, entered into a Lease Agreement, dated as of May 1, 2014 (the "2014 Lease"), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Trust Agreement, dated as of May 1, 2014 (the "2014 Trust Agreement"), with such lessor and the 2004 Trustee and caused the 2004

Trustee, pursuant to the 2014 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2014, evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by City pursuant to the 2014 Lease, such lease payments under the 2014 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, City, in order to finance the costs to refinance all 2005 Obligations remaining outstanding, entered into a Lease Agreement, dated as of June 1, 2015 (the “2015 Lease”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Trust Agreement, dated as of June 1, 2015 (the “2015 Trust Agreement”), with such lessor and the 2004 Trustee and caused the 2004 Trustee, pursuant to the 2015 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2015, evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by City pursuant to the 2015 Lease, such lease payments under the 2015 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, City, in order to finance the costs to refinance a portion of the 2007 Obligations remaining outstanding, entered into a Second Purchase Agreement, dated as of December 1, 2015 (the “Second Series 2015 Purchase Agreement”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as seller, and a Second Trust Agreement, dated as of December 1, 2015 (the “Second Series 2015 Trust Agreement”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as trustee (the “2015 Trustee”), and caused the 2015 Trustee, pursuant to the Second Series 2015 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligation, Second Series 2015 (the “Second Series 2015 Obligation”), evidencing all the interests of the owner thereof in purchase payments and prepayments to be made by City pursuant to the Second Series 2015 Purchase Agreement, such purchase payments under the Second Series 2015 Purchase Agreement being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, City, in order to finance the costs to refinance the 2012 Obligations remaining outstanding, entered into a Third Purchase Agreement, dated as of August 1, 2021 (the “Series 2021 Purchase Agreement”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as seller, and a Third Trust Agreement, dated as of August 1, 2021 (the “Series 2021 Trust Agreement”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as trustee (the “2021 Trustee”), and caused the 2021 Trustee, pursuant to the Series 2021 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligation, Taxable Series 2021-1 (the “Taxable 2021 Obligation”), and further caused the 2021 Trustee, pursuant to the 2021 Trust Agreement and in connection with the tender and exchange of the Taxable 2021 Obligation in accordance with the terms of the 2021 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligation, Series 2021-2 (the “Series 2021 Obligation”), evidencing all the interests of the owner thereof in purchase payments and prepayments to be made by City pursuant to the Series 2021 Purchase Agreement, such purchase payments under the Series 2021 Purchase Agreement being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, City, in order to finance the costs of street and transportation improvements and parking garage projects in and for City, entered into a Fourth Purchase Agreement, dated as of March 1, 2022 (the “Series 2022 Purchase Agreement”), with UMB Bank, n.a., as seller, and a Fourth Trust Agreement, dated as of March 1, 2022 (the “Series 2022 Trust Agreement”), with UMB Bank, n.a., as trustee (the “2022 Trustee”), and caused the 2022 Trustee, pursuant to the Series 2022 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Obligations, Series 2022 (the “Series 2022 Obligations”), evidencing proportionate interests of the owners thereof in purchase payments and prepayments to be made by City pursuant to the Series 2022 Purchase Agreement, such purchase payments under the Series 2022 Purchase Agreement being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, City, in order to finance the costs of acquiring certain real property in City, entered into a Fifth Purchase Agreement, dated as of December 1, 2022 (the “Second Series 2022 Purchase Agreement”), with U.S. Bank Trust Company, National Association, as seller, and a Fifth Trust Agreement, dated as of December 1, 2022 (the “Second Series 2022 Trust Agreement”), with U.S. Bank Trust Company, National Association, as trustee (the “Second Series 2022 Trustee”), and caused the Second Series 2022 Trustee, pursuant to the Second Series 2022 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Obligation, Second Series 2022 (the “Second Series 2022 Obligations”), evidencing all the interests of the owner thereof in purchase payments and prepayments to be made by City pursuant to the Second Series 2022 Purchase Agreement, such purchase payments under the Second Series 2022 Purchase Agreement being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, City has now determined that it will be beneficial for its citizens to finance the costs of street and transportation improvements and parking garage projects and related capital improvements in and for City (collectively, the “Project”); and

WHEREAS, City is a political subdivision duly organized and validly existing under the laws of the State (as such term and all other terms not otherwise defined herein are defined in the Trust Agreement); the Constitution and the laws of the State authorize City to enter into this Agreement and to enter into the agreements and transactions contemplated by, and to carry out its obligations under, said agreements; City has duly authorized and executed all of the aforesaid agreements; this Agreement is a lawful, valid and binding obligation of City, enforceable against City in accordance with its terms, and has been duly authorized, executed and delivered by City; all required procedures for execution and performance of this Agreement, including publication of notice, public hearing or competitive bidding, if applicable, have been or will be complied with in a timely manner; the Payments will be paid when due out of funds which are legally available for such purposes; and neither the execution and delivery of this Agreement or the Trust Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which City is now a party or by which City is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of City; and

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

NOW THEREFORE, PURSUANT TO LAW AND FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREINAFTER CONTAINED, IT IS HEREBY AGREED AS FOLLOWS:

Section 1. Term and Payments.

(a) For the amounts payable pursuant hereto (including the Payments), Seller hereby sells and conveys to City, without warranty, and City hereby purchases from Seller, the Project. (In order to evidence such sale, Seller has executed and delivered to City a bill of sale on the date of original execution and delivery of the Obligations.) City shall be entitled to sole and exclusive possession of the Project.

(b) To provide the funds necessary for Seller to facilitate the financing of the Project, Seller, in its capacity as Trustee, shall execute and deliver the Obligations. (Seller shall have no further obligation to provide funds for the Project.)

(c) As the purchase price for the Project, City shall make the payments to Seller at the address specified pursuant to Section 19 hereof (or such other address as Seller may designate in writing) on the fifth Business Day immediately preceding the dates and in the amounts set forth in the payment schedule attached hereto and made a part hereof as the Exhibit hereto (the "Payments"). The obligation of City to make the Payments shall be limited to amounts from all Excise Taxes. City shall receive a credit against amounts due equal to any amounts held in the Payment Fund and available for such purpose. If the balance available in the Payment Fund after a Payment is insufficient to make the next required payments of principal and interest due on the Obligations on the next date for payment thereof, City shall pay any such deficiency in sufficient time to prevent default in the payment of principal or interest on the Obligations falling due on such date. City shall also pay to Trustee its fees and expenses in accordance with the provisions of the Trust Agreement, to the United States of America any amounts required by Section 14(c), and all amounts necessary for compliance with the Continuing Disclosure Undertaking, provided, however, that failure of City to pay such amounts with respect to the Continuing Disclosure Undertaking shall not be considered an event of default. This Agreement shall be deemed and construed to be a "*net purchase agreement*," and the Payments shall be an absolute net return to Seller, free and clear of any expenses or charges whatsoever, except as otherwise specifically provided herein.

(d) The obligations of City to make the Payments from the sources described herein and to comply with the other provisions hereof shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, abatement, counterclaim, or recoupment arising out of any breach by Seller of any obligation to City or otherwise, or out of indebtedness or liability at any time owing to City by Seller. Until such time as all of the Payments shall have been fully paid or provided for, City (i) shall not suspend or discontinue the Payments, (ii) shall comply with the other provisions hereof, and (iii) shall not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, failure of Seller or any other person to complete the Project, the occurrence of any acts or circumstances

that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, the taking by *eminent domain* of title to or temporary use of any or all of the Project, commercial frustration of purpose or abandonment of the Project by City, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of Seller to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Trust Agreement or this Agreement. Nothing contained in this Section shall be construed to release Seller from the performance of any of the agreements on its part herein or in the Trust Agreement contained and in the event Seller shall fail to perform any such agreements on its part, City may institute such action against Seller as City may deem necessary to compel performance so long as such action does not abrogate the obligations of City contained in the first sentence of this paragraph (d).

(e) This Agreement shall not terminate so long as any payments are due and owing pursuant to the Obligations. Subject to Section 9, upon full payment or provision for payment and in consideration of the timely payment of all of the Payments and provided that City has performed all the covenants and agreements required by City to be performed, this Agreement shall cease and expire. Upon the expiration of this Agreement as provided in this Section, City shall cause Trustee to release any interest which Trustee may have in the Project or the revenues thereof from the lien of the Trust Agreement.

(f) Any of the Payments due on a day which is not a Business Day may be made on the next Business Day and will be deemed to have been made on the date due.

Section 2. Pledge; Limited Obligations.

(a) City hereby pledges for the payment of the Payments under Section 1(c) hereof all Excise Taxes. (As of the date hereof, the transaction privilege (sales, license and use) tax collected by City is 3.5%, 3.0% of which has not been enacted for use or expenditure by City for specific purposes.) City intends that this pledge shall be a first lien upon such amounts of said Excise Taxes as will be sufficient to make the Payments pursuant to Section 1(c) hereof. (City shall, unless made from its other funds as permitted by law and as determined from time to time by City, first make all of the Payments accruing under Section 1(c) hereof out of the Excise Taxes and thereafter may use the remaining Excise Taxes for any other lawful purpose, but only to the extent that, taking into account the reasonably anticipated receipts of the Excise Taxes, such Excise Taxes will not be reduced to such a level that City will be unable to make the next of the Payments under Section 1(c) hereof. City shall continue to deposit all Excise Taxes received by it in the "Excise Tax Revenue Fund" established pursuant to the City Lease, and City shall maintain the Excise Tax Revenue Fund throughout the life of this Agreement for the purpose of paying the Payments and all other payments due and owing under this Agreement and the City Lease. City shall transfer a sufficient amount of its Excise Taxes from the Excise Tax Revenue Fund to pay all amounts due and owing under Section 1(c) hereof in a timely manner, and after such transfer, the remaining Excise Taxes in the Excise Tax Revenue Fund may be used by City for any lawful purpose. City shall maintain the integrity of the segregated Excise Tax Revenue Fund by (i) charging a responsible person in its employ with the duty of segregating its Excise Taxes and depositing them in the Excise Tax Revenue Fund, and (ii) faithfully making all Payments in accordance with the terms of this Agreement.

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

Section 3. Surplus and Deficiency of Revenues from Excise Taxes. If at any time the moneys in the funds held for payment of amounts due under this Agreement or the Trust Agreement are not sufficient to make the deposits and transfers required, any such deficiency shall be made up from the first moneys thereafter received and available for such transfers under the terms of this Agreement and, with respect to payment from the Excise Taxes, *pro rata*, as applicable, with amounts due with respect to obligations on a parity herewith with respect thereto, and the transfer of any such sum or sums to said fund as may be necessary to make up any such deficiency shall be in addition to the then-current transfers required to be made pursuant hereto. Excise Taxes in excess of amounts, if any, required to be deposited with or held by Trustee for payments due under this Agreement or the Trust Agreement shall constitute surplus revenues and may be used by City for any lawful purpose for the benefit of City.

Section 4. Use of Other Funds at the Option of City. As indicated in Section 2, City may, at the sole option of City, make payments due pursuant to Section 1 from its other funds as permitted by law and as City shall determine from time to time, but Seller acknowledges that it has no claim hereunder to such other funds. The Payments shall not be payable out of any *ad valorem* property taxes imposed by City or from bonds or other obligations, the payment of which City's general taxing authority is pledged, unless (i) the same shall have been duly budgeted by City according to law, (ii) such payment or payments shall be within the budget limitations of the statutes of the State, and (iii) any such bonded indebtedness or other obligation is within the debt limitations of the Constitution of the State.

Section 5. Additional Parity Lien Obligations. So long as the Obligations remain outstanding and the principal and interest on the Obligations shall be unpaid or unprovided for, City will not further encumber the Excise Taxes pledged under Section 2(a) hereof on a basis prior and paramount to the lien and pledge provided for under Section 2(a) hereof and will not further encumber the Excise Taxes pledged under Section 2(a) hereof on a basis equal to the lien and pledge provided for in Section 2(a) hereof unless the Excise Taxes collected in the preceding fiscal year shall have amounted to at least one and fifty hundredths (1.50) times the highest combined interest and principal payment requirements for any succeeding fiscal year for the Series 1998 Bonds, the Second Series 2015 Obligation, the Series 2021 Obligation, the Series 2022 Obligations, the Second Series 2022 Obligation, the Obligations, any parity or additional parity bonds or other obligations secured by a parity pledge of the Excise Taxes then outstanding and any parity or additional parity bonds or other obligations so proposed to be secured by a parity pledge of the Excise Taxes.

Section 6. City Control over Revenue Collection. The Excise Taxes will be maintained so that the amount of all such Excise Taxes received for the next preceding fiscal year shall be equal to at least one and fifty hundredths (1.50) times the total of the Payments

payable under Section 1(c) hereof, installment purchase payments payable under Section 1(c) of the Second Series 2015 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Series 2021 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Series 2022 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Second Series 2022 Purchase Agreement and rental payments payable under Section 1.3(a) of the City Lease and the combined interest and principal requirements for all parity or additional parity bonds or other obligations outstanding which are secured by a parity pledge of the Excise Taxes in any current fiscal year. City further covenants and agrees that if such receipts of Excise Taxes for any such preceding fiscal year shall not equal one and fifty hundredths (1.50) times the Payments payable under Section 1(c) hereof, installment purchase payments payable under Section 1(c) of the Second Series 2015 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Series 2021 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Series 2022 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Second Series 2022 Purchase Agreement, rental payments payable under Section 1.3(a) of the City Lease and the combined interest and principal requirements for all parity or additional parity bonds or other obligations outstanding which are secured by a parity pledge of the Excise Taxes in any current fiscal year, or if at any time it appears that the current receipts of Excise Taxes will not be sufficient to meet the Payments payable under Section 1(c) hereof, installment purchase payments payable under Section 1(c) of the Second Series 2015 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Series 2021 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Series 2022 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Second Series 2022 Purchase Agreement, rental payments payable under Section 1.3(a) of the City Lease and the combined interest and principal requirements for all parity or additional parity bonds or other obligations outstanding which are secured by a parity pledge of the Excise Taxes, it will, to the extent permitted by law, either impose new excise, transaction privilege and franchise taxes or will increase the rates for such taxes currently imposed in order that (1) the current receipts of Excise Taxes will be sufficient to meet all current requirements for the Payments payable under Section 1(c) hereof, installment purchase payments payable under Section 1(c) of the Second Series 2015 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Series 2021 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Series 2022 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Second Series 2022 Purchase Agreement, rental payments payable under Section 1.3(a) of the City Lease and the combined interest and principal requirements for all parity or additional parity bonds or other obligations outstanding which are secured by a parity pledge of the Excise Taxes, and (2) the current year's receipts of such Excise Taxes will be reasonably calculated to attain the level as required above for the succeeding fiscal year's requirements for the Payments payable under Section 1(c) hereof, installment purchase payments payable under Section 1(c) of the Second Series 2015 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Series 2021 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Series 2022 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Second Series 2022 Purchase Agreement, rental payments payable under Section 1.3(a) of the City Lease and the combined interest and principal requirements for all parity or additional parity bonds or other obligations outstanding which are secured by a parity pledge of the Excise Taxes.

Section 7. Certain Matters with Respect to Project.

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

(b) City has the power to enter into this Agreement; this Agreement is a lawful, valid and binding obligation of City, enforceable against City in accordance with its terms, and has been duly authorized, executed and delivered by City; all required procedures for execution and performance hereof, including publication of notice, public hearing or competitive bidding, if applicable, have been or will be complied with in a timely manner and all Payments hereunder will be paid when due out of funds which are legally available for such purposes.

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

Section 8. Providing for Payment. City may provide for the payment of any of the Payments in any one or more of the following ways:

(a) by paying such Payment as provided herein as and when the same becomes due and payable at its scheduled due date pursuant to Section 1 hereof or on a date on which it can be prepaid;

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

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

Upon any partial payment of a Payment resulting in a redemption of Obligations, each installment of interest which shall thereafter be payable as a part of the subsequent Payments shall be reduced, taking into account the interest rate or rates on the Obligations remaining outstanding after the partial payment or redemption of Obligations from the proceeds of such payment so that the interest remaining payable as a part of the subsequent Payments shall be sufficient to pay the interest on such outstanding Obligations when due.

Section 9. Continuation of Agreement. The obligations of City under this Agreement, including, without limitation, its obligation to pay the Payments, shall survive any action brought as provided in the next Section, and City shall continue to pay the Payments and perform all other obligations provided in this Agreement; provided, however, that City shall be credited with any amount received by Trustee pursuant to actions brought under the next Section.

Section 10. Default; Remedies Upon Default.

(a) (i) Upon (A) failure by City to pay any of the Payments at the time specified herein, (B) failure by City to pay any other payment required to be paid hereunder at the time specified herein, and the continuation of such failure for a period of five (5) days after notification thereof by Trustee, (C) failure by City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clauses (A) and (B) of this Section 10(a)(i), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to City by Trustee or the Owners of not less than a majority in aggregate principal amount of Obligations then Outstanding; provided, however, if the failure stated in the notice can be corrected, but not within the applicable period, Trustee and such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by City within the applicable period and diligently pursued until the default is corrected, or (D) the filing by City of a voluntary petition in

bankruptcy, or failure by City promptly to lift any execution, garnishment or attachment, or adjudication of City as a bankrupt, or assignment by City for the benefit of creditors, or the entry by City into an agreement of composition with creditors, or the petition applicable to City in any proceedings instituted under the provisions of the United States Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted, then

(ii) subject to the limitations of the Trust Agreement, Seller may enforce this Agreement by appropriate action to collect amounts due or to become due under Section 1(c) hereof (including the making and collection of sufficient revenues and the segregation of the Excise Taxes and the proper application thereof) or to cause City to perform its obligations hereunder, in which event City shall be liable for all costs and expenses, including but not limited to reasonable attorneys' fees, incurred by Seller. Upon the bringing of a suit to collect such amounts, Seller may request enforcement of the pledge and foreclosure of the lien set forth in Section 2 hereof, in which event Trustee, as a matter of right, without notice and without giving any bond or surety to City or anyone claiming on behalf of City, may have a receiver appointed of the Excise Taxes which are so pledged for the payment of such amounts, with such powers as the court making such appointment shall confer, and City does hereby irrevocably consent to such appointment.

No remedy herein conferred upon or reserved to Seller is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement, 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 Seller to exercise any remedy reserved to it by this Section, it shall not be necessary to give any notice, other than such notice as may be required in this Section or by law.

In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Such rights and remedies as are given to Seller pursuant to this Section have been assigned by Seller to Trustee under the Trust Agreement, to which assignment City hereby consents. Such rights and remedies shall be exercised by Trustee and the Owner as provided in the Trust Agreement.

(b) Seller shall in no event be in default in the performance of any of its obligations hereunder unless and until Seller shall have failed to perform such obligation within 30 days or such additional time as is reasonably required to correct any such default after notice by City properly specifying wherein Seller has failed to perform any such obligation. No default by Seller shall relieve City of its obligations to make the various payments herein required, so long as any of the Obligations remain outstanding; however, City may exercise any other remedy available at law or in equity to require Seller to remedy such default so long as such remedy does

not interfere with or endanger the payments required to be made to Trustee under the Trust Agreement.

Section 11. Assignment.

(a) Except as otherwise provided herein, City shall not assign, transfer, pledge or hypothecate or otherwise dispose of this Agreement or any interest therein.

(b) Subject to the terms of the Trust Agreement, Seller sells, pledges, assigns, transfers and encumbers all and every part of its right, title and interest in and to this Agreement and all payments of any kind due or which become due to Seller hereunder to Trustee; provided, however, that such transfer or assignment shall not impair the Obligations, Trustee shall be bound by the terms hereof and all related agreements executed by Seller in connection herewith and shall execute such nondisturbance and acceptance instruments as shall reasonably be required to evidence the same as hereinafter provided, and shall become and be deemed to be the seller hereunder and have all of the rights, powers, privileges and remedies, and be subject to all of the covenants and agreements, of Seller hereunder for all purposes of this Agreement, except that City agrees and acknowledges that Trustee made no representation or warranty, and therefore will assume no obligation, with respect to the title, merchantability, condition, quality or fitness of the Project for any particular purpose or for the enforcement of any warranties or service agreement made or assigned and City shall have no right to abate, reduce, withhold or offset against any payments due hereunder on account of any claims for misrepresentations or breach of warranty or service agreements or any claims for sums due City from any predecessor(s) in interest of Seller. City attorns to and recognizes Trustee as the owner of all right, title and interest in, to and under this Agreement and the payments thereafter due and payable pursuant to this Agreement and as seller pursuant to this Agreement. City shall execute and deliver to Trustee such certificates or other instruments in such forms as may reasonably be required by Trustee (provided, Trustee shall have no duty to require such certificates or other instruments) and to which City can truthfully attest, including but not limited to a separate acknowledgment of assignment and attornment certificate in the customary form as to the right, title and interest of Trustee in, to and under this Agreement and the payments thereafter due and payable pursuant to this Agreement.

Section 12. City Appointed Agent for Seller. Seller hereby irrevocably appoints City as its sole and exclusive agent to act for and on behalf of Seller in refinancing the costs of the Project which have not been paid to date. As such agent, City shall have full authority to do all things necessary to accomplish such purpose. Seller shall not be liable, responsible or accountable for the acts of City as its agent hereunder, and City hereby assumes all responsibility for the performance of such duties. **Federal Law Provisions.**

(a) (i) As described in further detail in the Tax Certificate, no direction for the making of any investment or other use of the proceeds of any of the Obligations or of the Project shall be made, permitted to be made or omitted from being made which would cause the Obligations to be “arbitrage bonds” as that term is defined in section 148 (or any successor provision thereto) of the Code or “private activity bonds” as that term is defined in section 141 (or any successor provision thereto) of the Code, and the requirements of such sections and related regulations of the Code shall be complied with

throughout the term of the Obligations. (Particularly, City shall be the owner of the Project for federal income tax purposes. City shall not enter into any management or service contract with any entity other than a governmental entity for the operation of any portion of the Project unless the management or service contract complies with the requirements of such authority as may control at the time or any lease or other arrangement with any entity other than a governmental entity that gives such entity special legal entitlements with respect to any portion thereof.) Also, the payment of principal and interest with respect to the Obligations shall not be guaranteed (in whole or in part) by the United States or any agency or instrumentality of the United States. The proceeds of the Obligations, or amounts treated as proceeds of the Obligations, shall not be invested (directly or indirectly) in federally insured deposits or accounts, except to the extent such proceeds may be so invested for an initial temporary period until needed for the purpose for which the Obligations are being executed and delivered, may be so used in making investments in a *bona fide* debt service fund or may be invested in obligations issued by the United States Treasury. In consideration of the purchase and acceptance of the Obligations by the owners from time to time thereof and of retaining such exclusion and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, City shall, and the appropriate officials of City are hereby directed, to take all action required to retain such exclusion or to refrain from taking any action prohibited by the Code which would adversely affect in any respect such exclusion.

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

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

(iii) Written procedures have been established for City to ensure that all nonqualified obligations are remediated according to the requirements under the Code and related Regulations and to monitor the requirements of section 148 of the Code relating to arbitrage, with which City will comply.

(iv) The procedures required by any arbitrage rebate provision or separate agreement executed in connection with the execution and delivery of the

Obligations (initially, those in the next Section) shall be complied with for so long as compliance is necessary pursuant to the Code.

(b) City shall comply with and carry out all of the provisions of the Continuing Disclosure Undertaking, provided that such costs of compliance shall be payable solely from the Excise Taxes. Notwithstanding any other provision of this Agreement, failure of City to comply with the Continuing Disclosure Undertaking shall not be considered an event of default; however, Trustee may (and, at the request of the owners of at least 25% aggregate principal amount in outstanding Obligations and receipt of indemnity to its satisfaction, shall) take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause City to comply with its obligations under this Section.

(c) Trustee has no duty or obligations under this Section 13 and has no duty to monitor compliance by City with this Section 13.

Section 14. Rebate Provisions.

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

(b) The following terms shall have the following meanings:

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

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

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

Code shall mean the Internal Revenue Code of 1986, as amended, and any successor provisions thereto.

Gross Proceeds shall mean:

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

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

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

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

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

Issue Price is as indicated in the Tax Certificate and shall be determined as provided in Regulations section 1.148-1(b).

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

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

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

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

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

(c) Within 60 days after the end of each Bond Year, unless an exception to the requirement to do is properly established, City shall cause the Rebate Requirement to be calculated and shall pay to the United States of America:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(8) City retains until three years after the last outstanding Obligation is retired, (i) a copy of the guaranteed investment contract, (ii) a receipt or other record of the amount actually paid for the guaranteed investment contract, including any administrative costs paid by City and a copy of the provider's certification described in (7) above, (iii) the name of the person and entity submitting each bid, the time and date of the bid, and the bid results and (iv) the bid solicitation form and, if the terms of the guaranteed investment contract deviate from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose of the deviation.

(h) Such experts and consultants shall be employed by City to make, as necessary, any calculations in respect of rebates to be made to the United States of America in accordance with section 148(f) of the Code with respect to the Obligations. Trustee has no duties or obligations under this Section 14 and no duty to monitor compliance by City with this Section 14.

Section 15. Quiet Possession; City's Easement to Seller. City, by keeping and performing the covenants and agreements herein contained, shall at all times during the term of this Agreement, peaceably and quietly, have, hold and enjoy the Project, without suit, trouble or hindrance from Seller. City hereby grants and conveys to Seller, and all persons claiming by, through or under Seller, including its successors and assigns under the Trust Agreement and the Owners for whom it acts, a nonexclusive easement upon, in and to the Project for the purpose of permitting the Project to be maintained upon the premises.

Section 16. Covenant as to Conflict of Interest; Other Statutory Restrictions.

(a) To the extent applicable by provision of law, Seller acknowledges that this Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated herein and which provides that City may within three (3) years after its execution cancel any contract (including this Agreement) without penalty or further obligation made by City if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of City is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice is received by all other parties to the contract unless the notice specifies a later time.

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

perform such random inspections and waiving its respective rights to keep such papers and records confidential.

(c) To the extent applicable under Section 35-393 et seq., Arizona Revised Statutes, Trustee 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 City determines that Trustee’s certification above is false or that it has breached such agreement, City may impose remedies as provided by law.

(d) Pursuant to Section 35-394, Arizona Revised Statutes, Trustee hereby certifies it does not currently, and for the duration of this Agreement shall not use: (i) the forced labor of ethnic Uyghurs in the People’s Republic of China, (ii) any goods or services produced by the forced labor of ethnic Uyghurs in the People’s Republic of China, and (iii) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People’s Republic of China. The foregoing certification is made to the best knowledge of Trustee without any current independent investigation or without any future independent investigation for the duration of this Agreement. If Trustee becomes aware during the duration of this Agreement that it is not in compliance with such certification, Trustee shall take such actions as provided by law, including providing the required notice to City. If City determines that Trustee is not in compliance with the foregoing certification and has not taken remedial action, City shall terminate Trustee’s role as Trustee hereunder pursuant to Article VIII of the Trust Agreement.

Section 17. Seller’s Limited Authority. Notwithstanding any other terms or provisions of this Agreement, the interest of Seller in the Project, if any, is solely in its capacity as Trustee for the purpose of facilitating the financing of the Project, and Seller shall not have the power, authority or obligation to assume any responsibility for the overall management or maintenance of the Project, including, without limitation, any day-to-day decision-making or operational aspects of the Project.

Section 18. Seller as Trustee. Seller is acting hereunder in its capacity as Trustee under the Trust Agreement and the term “Seller”, when used herein, shall mean Trustee as defined in the Trust Agreement.

Section 19. Notices; Mailing Addresses. All notices, consents or other communications required or permitted hereunder shall be deemed sufficient if given in writing addressed and mailed by registered or certified mail, or delivered to the party for which the same is intended or certified, as follows:

If to Seller: _____

Attention: _____

If to City: City of Sedona, Arizona
102 Roadrunner Drive
Sedona, Arizona 86336
Attention: City Manager

All notices, approvals, consents, requests and any communications to Seller hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to Seller). Electronic signatures believed by Seller to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If City chooses to use electronic signatures to sign documents delivered to Seller, City agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of Seller acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, Seller may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to Seller in lieu of, or in addition to, any document signed via electronic signature.

Section 20. Miscellaneous.

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

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

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

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

(e) Seller hereunder shall have the right at any time or times, by notice to City, to designate or appoint any person or entity to act as agent or trustee for Seller for any purposes hereunder.

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

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

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

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the first day of _____ 2024.

Seller:

_____, as Trustee

By.....

Authorized Representative

City:

CITY OF SEDONA, ARIZONA, a municipal corporation and political subdivision under the laws of the State of Arizona

By.....

Mayor

ATTEST:

By.....

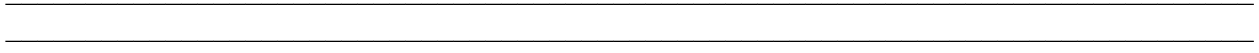
City Clerk

EXHIBIT

PAYMENT SCHEDULE

Payment Date	Principal	Interest	Total Payment
01/01/20__			
07/01/20__			

Total



SIXTH TRUST AGREEMENT

by and between

_____,
as Trustee

and

THE CITY OF SEDONA, ARIZONA

Dated as of _____ 1, 2024

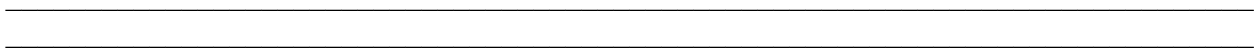


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SIXTH TRUST AGREEMENT

THIS SIXTH TRUST AGREEMENT, dated as of _____ 1, 2024 (together with any duly authorized, executed and delivered supplement thereto, this “Trust Agreement” or “Agreement”), by and between _____, a national banking association, as trustee, or any successor thereto acting as trustee pursuant to this Trust Agreement (the “Trustee”), and in its capacity as “Seller” pursuant to the Sixth Purchase Agreement, dated as of _____ 1, 2024 (together with any duly authorized, executed and delivered amendment thereto, the “Purchase Agreement”) by and between the hereinafter defined City and the Trustee, as “Seller”, and **THE CITY OF SEDONA, ARIZONA**, a municipal corporation organized under the laws of the State of Arizona (the “City”);

WITNESSETH:

WHEREAS, in order to refinance certain outstanding obligations and to finance the costs of construction of certain improvements to the wastewater system of the City, the Sedona Wastewater Municipal Property Corporation (the “MPC”) issued its Excise Tax Revenue Bonds, Series 1998, consisting of \$34,730,000 principal amount of current interest bonds (the “Series 1998 Current Interest Bonds”) and \$6,305,000 initial principal amount of capital appreciation bonds (together with the Series 1998 Current Interest Bonds, the “Series 1998 Bonds”); and

WHEREAS, the Series 1998 Bonds are payable from rental payments to be made by the City pursuant to the provisions of a City Lease, dated as of August 1, 1998, as amended by a First Amendment to City Lease, dated as of November 1, 2000 (as so amended, the “City Lease”), by and between the City and the MPC, and the obligation to make such rental payments under the City Lease is secured by a pledge of the Excise Taxes (as that term is hereinafter defined); and

WHEREAS, Section 3.3 of the City Lease provides as follows:

(a) The City hereby pledges for the payment of the rental payments under Section 1.3(a) hereof, all Excise Taxes. The City intends that this pledge shall be a first lien upon such amounts of said Excise Taxes (except as described in (h) below), as will be sufficient to make the rental payments pursuant to Section 1.3(a) hereof each month, and the City agrees and covenants to make said rental payments from such Excise Taxes, except to the extent that it chooses to make such payments from other funds pursuant to Section 3.2 above.

(b) For purposes of this the City Lease, “Excise Taxes” means all excise taxes, transaction privilege (sales, license and use) taxes, vehicle license fees, plan review deposit fees, building permit fees, conditional use permit fees, development review fees, franchise fees, fines and forfeitures which the City now collects and which it may collect in the future, together with the City’s portion of any excise taxes, transaction privilege (sales and use) taxes and income taxes imposed and collected by the State, or any political subdivision thereof, or any other governmental unit or agency, and returned, allocated or apportioned to the City, EXCEPT (i) any such taxes, fees, fines and

forfeitures which the City may enact in the future which must be used or expended by the City for specific purposes, and (ii) any such taxes which, by State law, rule or regulation must be expended for specific purposes, such as motor vehicle fuel taxes.

and Section 3.5 of the City Lease provides as follows:

The City, for itself, its successors and assigns, covenants and agrees with the registered owners and holders of the Corporation's Series 1998 Bonds to be issued under the Indenture, so long as any of said Series 1998 Bonds remain outstanding and the principal and interest on the Series 1998 Bonds shall be unpaid or unprovided for, it will not further encumber the Excise Taxes pledged under Section 3.3 hereof on a basis prior and paramount to the lien and pledge provided for under Section 3.3 hereof and that it will not further encumber the Excise Taxes pledged under Section 3.3 hereof on a basis equal to the lien and pledge provided for in Section 3.3 hereof unless the Excise Taxes collected in the preceding fiscal year shall have amounted to at least one and fifty hundredths (1.50) times the highest combined interest and principal payment requirements for any succeeding fiscal year for all Series 1998 Bonds, Prior Obligations, any parity or additional parity bonds or other obligations secured by a parity pledge of the Excise Taxes then outstanding and any parity or additional parity bonds or other obligations so proposed to be secured by a parity pledge of the Excise Taxes.

; and **WHEREAS**, the City, in order to finance the costs to refinance certain other outstanding obligations, entered into a Lease Agreement, dated as of January 1, 2002 (the "2002 Lease"), with National Bank of Arizona, as lessor, and a Trust Agreement, dated as of January 1, 2002 (the "2002 Trust Agreement"), with such lessor and National Bank of Arizona, as trustee (the "2002 Trustee") and caused the 2002 Trustee, pursuant to the 2002 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2002 (the "2002 Obligations"), evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by the City pursuant to the 2002 Lease, such lease payments under the 2002 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, further, the City, in order to finance the costs to refinance certain other outstanding obligations, entered into a Lease Agreement, dated as of July 1, 2004 (the "First 2004 Lease"), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Trust Agreement, dated as of July 1, 2004 (the "First 2004 Trust Agreement"), with such lessor and U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as trustee (the "2004 Trustee") and caused the 2004 Trustee, pursuant to the First 2004 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2004, evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by the City pursuant to the First 2004 Lease, such lease payments under the First 2004 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, the City, in order to finance the costs to refinance a portion of the Series 1998 Bonds remaining outstanding, entered into a Second 2004 Lease

Agreement, dated as of October 1, 2004 (the "Second 2004 Lease"), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Second 2004 Trust Agreement, dated as of October 1, 2004 (the "Second 2004 Trust Agreement"), with such lessor and the 2004 Trustee and caused the 2004 Trustee, pursuant to the Second 2004 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Second Series 2004 (the "Second 2004 Obligations"), evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by the City pursuant to the Second 2004 Lease, such lease payments under the Second 2004 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, the City, in order to finance the costs to refinance another portion of the Series 1998 Bonds remaining outstanding, entered into a Lease Agreement, dated as of May 1, 2005 (the "2005 Lease"), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Trust Agreement, dated as of May 1, 2005 (the "2005 Trust Agreement"), with such lessor and the 2004 Trustee and caused the 2004 Trustee, pursuant to the 2005 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2005 (the "2005 Obligations"), evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by the City pursuant to the 2005 Lease, such lease payments under the 2005 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, the City, in order to finance the costs of certain projects, entered into a First Purchase Agreement, dated as of November 1, 2007 (the "2007 Purchase Agreement"), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as seller, and a Trust Agreement, dated as of November 1, 2007 (the "2007 Trust Agreement"), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as trustee (the "2007 Trustee"), and caused the 2007 Trustee, pursuant to the 2007 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Obligations, Series 2007 (the "2007 Obligations"), evidencing proportionate interests of owners thereof in purchase payments and prepayments to be made by the City pursuant to the 2007 Purchase Agreement, such purchase payments under the 2007 Purchase Agreement being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, the City, in order to finance the costs to refinance another portion of the Series 1998 Bonds remaining outstanding, entered into a Lease Agreement, dated as of February 1, 2012 (the "2012 Lease"), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Trust Agreement, dated as of February 1, 2012 (the "2012 Trust Agreement"), with such lessor and the 2004 Trustee and caused the 2004 Trustee, pursuant to the 2012 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2012 (the "2012 Obligations"), evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by the City pursuant to the 2012 Lease, such lease payments under the 2012 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, the City, in order to finance the costs to refinance all Second 2004 Obligations remaining outstanding, entered into a Lease Agreement, dated as of May 1, 2014 (the “2014 Lease”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Trust Agreement, dated as of May 1, 2014 (the “2014 Trust Agreement”), with such lessor and the 2004 Trustee and caused the 2004 Trustee, pursuant to the 2014 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2014, evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by the City pursuant to the 2014 Lease, such lease payments under the 2014 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, the City, in order to finance the costs to refinance all 2005 Obligations remaining outstanding, entered into a Lease Agreement, dated as of June 1, 2015 (the “2015 Lease”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Trust Agreement, dated as of June 1, 2015 (the “2015 Trust Agreement”), with such lessor and the 2004 Trustee and caused the 2004 Trustee, pursuant to the 2015 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2015, evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by the City pursuant to the 2015 Lease, such lease payments under the 2015 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, the City, in order to finance the costs to refinance a portion of the 2007 Obligations remaining outstanding, entered into a Second Purchase Agreement, dated as of December 1, 2015 (the “Second Series 2015 Purchase Agreement”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as seller, and a Second Trust Agreement, dated as of December 1, 2015 (the “Second Series 2015 Trust Agreement”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as trustee (the “2015 Trustee”), and caused the 2015 Trustee, pursuant to the Second Series 2015 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligation, Second Series 2015 (the “Second Series 2015 Obligation”), evidencing all the interests of the owner thereof in purchase payments and prepayments to be made by the City pursuant to the Second Series 2015 Purchase Agreement, such purchase payments under the Second Series 2015 Purchase Agreement being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, the City, in order to finance the costs to refinance the 2012 Obligations remaining outstanding, entered into a Third Purchase Agreement, dated as of August 1, 2021 (the “Series 2021 Purchase Agreement”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as seller, and a Third Trust Agreement, dated as of August 1, 2021 (the “Series 2021 Trust Agreement”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as trustee (the “2021 Trustee”), and caused the 2021 Trustee, pursuant to the Series 2021 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligation, Taxable Series 2021-1 (the “Taxable 2021 Obligation”), and further caused the 2021 Trustee, pursuant to the 2021 Trust Agreement and in connection with the

tender and exchange of the Taxable 2021 Obligation in accordance with the terms of the 2021 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligation, Series 2021-2 (the “Series 2021 Obligation”), evidencing all the interests of the owner thereof in purchase payments and prepayments to be made by the City pursuant to the Series 2021 Purchase Agreement, such purchase payments under the Series 2021 Purchase Agreement being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, the City, in order to finance the costs of street and transportation improvements and parking garage projects in and for the City, entered into a Fourth Purchase Agreement, dated as of March 1, 2022 (the “Series 2022 Purchase Agreement”), with UMB Bank, n.a., as seller, and a Fourth Trust Agreement, dated as of March 1, 2022 (the “Series 2022 Trust Agreement”), with UMB Bank, n.a., as trustee (the “2022 Trustee”), and caused the 2022 Trustee, pursuant to the Series 2022 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Obligations, Series 2022 (the “Series 2022 Obligations”), evidencing proportionate interests of the owners thereof in purchase payments and prepayments to be made by the City pursuant to the Series 2022 Purchase Agreement, such purchase payments under the Series 2022 Purchase Agreement being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, the City, in order to finance the costs of acquiring certain real property in the City, entered into a Fifth Purchase Agreement, dated as of December 1, 2022 (the “Second Series 2022 Purchase Agreement”), with U.S. Bank Trust Company, National Association, as seller, and a Fifth Trust Agreement, dated as of December 1, 2022 (the “Second Series 2022 Trust Agreement”), with U.S. Bank Trust Company, National Association, as trustee (the “Second Series 2022 Trustee”), and caused the Second Series 2022 Trustee, pursuant to the Second Series 2022 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Obligation, Second Series 2022 (the “Second Series 2022 Obligation”), evidencing all of the interests of the owner thereof in purchase payments and prepayments to be made by the City pursuant to the Second Series 2022 Purchase Agreement, such purchase payments under the Second Series 2022 Purchase Agreement being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, the City has now determined that it will be beneficial for its citizens to finance the costs of street and transportation improvements and parking garage projects and related capital improvements in and for the City (collectively, the “Project”); and

WHEREAS, for the purpose of financing the Project, the City has heretofore agreed to make purchase payments to the Trustee, and the Trustee has agreed to provide for acquisition of the Project pursuant to the Purchase Agreement, the payment of which shall be limited to amounts from the Excise Taxes; and

WHEREAS, the City and the Trustee will enter into this Trust Agreement to facilitate the administration of the financing of the Project; and

WHEREAS, for the purpose of obtaining money to be deposited with the Trustee to finance the Project, the Trustee will execute and deliver Excise Tax Revenue Obligations,

Series 2024 (the “Obligations”), each evidencing a proportionate interest in the Purchase Agreement and the Payments made by the City under the Purchase Agreement, in exchange for the moneys required herein to be deposited for the Project; and

WHEREAS, the City, pursuant to the Purchase Agreement, irrevocably pledges on a first lien basis for the payment of the Payments all Excise Taxes as the Excise Taxes collected in the preceding fiscal year have amounted to at least one and fifty hundredths (1.50) times the highest combined interest and principal payment requirements for any succeeding fiscal year for the Series 1998 Bonds, the Second Series 2015 Obligation, the Series 2021 Obligation, the Series 2022 Obligations, the Second Series 2022 Obligation and the Obligations; and

WHEREAS, the City is a political subdivision duly organized and validly existing under the laws of the State; the Constitution and the laws of the State authorize the City to enter into this Agreement and to enter into the agreements and transactions contemplated by, and to carry out its obligations under, said agreements; the City has duly authorized and executed all of the aforesaid agreements; this Agreement is a lawful, valid and binding obligation of the City, enforceable against the City in accordance with its terms, and has been duly authorized, executed and delivered by the City; all required procedures for execution and performance of this Agreement, including publication of notice, public hearing or competitive bidding, if applicable, have been or will be complied with in a timely manner; the Payments will be paid when due out of funds which are legally available for such purposes; and neither the execution and delivery of this Agreement or the Purchase Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the City is now a party or by which the City is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the City; and

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

NOW, THEREFORE, in consideration for the Obligations executed, delivered and Outstanding under this Trust Agreement, the acceptance by the Trustee of the trusts created herein and the purchase and acceptance of the Obligations by the Owners, and to secure the payment of principal thereof and interest thereon (to the extent provided herein), the rights of the Owners of the Obligations and the performance and the observance of the covenants and conditions contained in the Obligations, the Purchase Agreement and herein, the Trustee hereby declares an irrevocable trust and acknowledges its acceptance of all right, title and interest in and to the following described trust estate, which shall be administered by the Trustee according to the provisions of this Trust Agreement and for the equal and proportionate benefit of the Owners of Obligations:

A. All right, title and interest of Seller in, under and pursuant to the Purchase Agreement, the Payments and any other amounts payable by the City under the Purchase

Agreement and the present and continuing right to (i) make claim for, collect or cause to be collected, receive or cause to be received all such revenues, receipts and other sums of money payable or receivable thereunder, (ii) bring actions and proceedings thereunder or for the enforcement of such rights, and (iii) do any and all other things which the Seller is or may become entitled to do thereunder;

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

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

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

IN TRUST, however, for the equal and proportionate benefit and security of the Owners from time to time of the Obligations executed and delivered hereunder and Outstanding; and conditioned, however, that if the City shall well and truly pay or cause to be paid fully and promptly when due all indebtedness, liabilities, obligations and sums at any time secured hereby, including interest and attorneys' fees, and shall promptly, faithfully and strictly keep, perform and observe or cause to be kept, performed and observed all of its covenants, warranties and agreements contained herein, this Trust Agreement shall be and become void and of no further force and effect; otherwise, the same shall remain in full force and effect, and upon the trust and subject to the covenants and conditions hereinafter set forth. For such purposes, the City and the Trustee hereby agree as follows:

ARTICLE I DEFINITIONS

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

“Acquisition Fund” means the fund of that name created pursuant to Article III hereof.

“Authorized Denominations” means \$5,000 of principal represented by the Obligations due on a specific maturity date or integral multiples thereof.

“**Authorized Officers**” means any City Representative and those officers of the City listed in an incumbency certificate with the authority to provide Instructions and containing specimen signatures of such authorized officers, which incumbency certificate shall be amended by the City, whenever a person is to be added or deleted from the listing.

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

“**Certificate of Completion**” means the notice of completion, filed with the Trustee by a City Representative, stating that the Project have been substantially completed.

“**City Representative**” means the Manager or any other person authorized by the Manager or the City Council of the City to act on behalf of the City with respect to this Agreement.

“**Closing Date**” means _____, 2024.

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

“**Completion Date**” means the date on which the Certificate of Completion is filed with the Trustee by a City Representative.

“**Contractor**” means any contractor under a Construction Contract and any successor or assigns permitted.

“**Construction Contract**” means, collectively, any contracts between City and a Contractor, for the acquisition, construction or installation of any portion of the Project.

“**Continuing Disclosure Undertaking**” means the Continuing Disclosure Undertaking, dated the Closing Date, from the City.

“**Costs of Issuance Fund**” means the fund of that name created pursuant to Article III hereof.

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

“**Delivery Costs**” means all items of expense directly or indirectly payable by or reimbursable to the City or the Trustee relating to the execution, sale and delivery of the Purchase Agreement, this Trust Agreement and the Obligations, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, financing discounts, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit

ratings, fees for execution, transportation and safekeeping of the Obligations and charges and fees in connection with the foregoing.

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

“**Designated Office**” means the office designated as such by the Trustee in writing to the City.

“**DTC**” means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“**Electronic Means**” means the following communications methods: a portable document format (“pdf”) or other replicating image attached to an e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

“**Electronically**” means with respect to notice, one transmitted through a time-sharing terminal, computer network or facsimile machine, if operative as between any two parties, or if not operative, by telephone (promptly confirmed in writing).

“**Event of Default**” means an event of default under the Purchase Agreement as provided in Section 10 thereof.

“**Government Obligations**” means direct general obligations of, or obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by, the United States of America (including, without limitation, the interest portion of obligations issued by the Resolution Funding Corporation in book entry form and stripped by request to the Federal Reserve Bank of New York), including Government Obligations which have been stripped of their unmatured interest coupons and interest coupons stripped from Government Obligations, provided any stripped Government Obligations have been stripped by the applicable United States governmental agency.

“**Independent Counsel**” means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the City or the Trustee.

“**Instructions**” means instructions, including funds transfer instructions given pursuant to this Agreement and delivered using Electronic Means.

“**Interest Payment Date**” means each January 1 and July 1, commencing January 1, 2025, while any Obligations are Outstanding; provided that, if any such day is not a Business Day, any payment due on such date may be made on the next Business Day, without additional interest and with the same force and effect as if made on the specified date for such payment.

“**Interest Portion**” means the amounts of each of the Payments in the column in the Payment Schedule attached to the Purchase Agreement designated “Interest,” denominated as and comprising interest pursuant to the Purchase Agreement and received by the Owners.

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

“**Notification**” shall have the meaning provided in Section 11.3.

“**Outstanding**”, when used with respect to the Obligations, refers to Obligations issued in accordance with this Agreement, excluding: (i) Obligations which have been exchanged or replaced; (ii) Obligations which have been paid; (iii) Obligations which have become due and for the payment of which moneys have been duly provided to the Trustee; and (iv) Obligations for which there have been irrevocably set aside with a Depository Trustee sufficient moneys or obligations permitted by the Purchase Agreement bearing interest at such rates and with such maturities as will provide sufficient funds to pay the principal of and premium, if any, and interest on such Obligations, provided, however, that if any such Obligations are to be redeemed prior to maturity, the City shall have taken all action necessary to redeem such Obligations and notice of such redemption shall have been duly mailed in accordance with the proceedings under which such Obligations were issued or irrevocable instructions so to mail shall have been given to the Trustee.

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

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

“**Payment Request Form**” means the form set forth in Exhibit B which is attached hereto and made a part hereof.

“**Payments**” means all payments required to be paid by the City on any date pursuant to Section 1 of the Purchase Agreement and as set forth in the Exhibit to the Purchase Agreement.

“**Permitted Investments**” means any investment permitted by Section 35-323, Arizona Revised Statutes, or any other investment permitted by applicable law.

“**Project Costs**” means, with respect to the Project, all architectural, engineering, soils, survey, archaeology, demolition, construction management fees, development fees, contingencies and other related costs of acquiring and constructing the Project and all costs payable to a Contractor under a Construction Contract, or incurred by the Trustee or the City with respect to the transaction to which this Trust Agreement pertains.

“**Regular Record Date**” means, for the Obligations, the close of business on the fifteenth day of the month preceding each Interest Payment Date.

“**Reimbursement Request Form**” means the form set forth in Exhibit C which is attached hereto and made a part hereof.

“**Responsible Officer**” means, when used with respect to the Trustee, any vice president, associate or any other officer of the Trustee within the office of the Trustee designated in Section 13.3 hereof (the “Corporate Trust Office”) (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Agreement.

“**Securities Depository**” means a “clearing agency” (securities depository) registered under Section 17A of the Securities Exchange Act of 1934, as amended.

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

“**State**” means the State of Arizona.

“**Tax Certificate**” means the Certificate Relating To Federal Tax Matters delivered by the City at the time of original execution and delivery of the Obligations.

“**Vendor**” means any supplier of items for inclusion in the Project who is to be paid from amounts held in the Acquisition Fund.

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

ARTICLE II SPECIAL REVENUE OBLIGATIONS

Section 2.1. Authorization of the Obligations. The Trustee is hereby authorized and directed to execute and deliver to the original purchaser thereof, the Obligations in an aggregate principal amount of \$____,000, evidencing proportionate ownership interests in the Purchase Agreement and the Payments. In no event shall the Obligations be deemed liabilities, debts or obligations of the Trustee.

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

Section 2.3. Maturities and Interest Rates. The Obligations shall be in Authorized Denominations. The Obligations shall mature on the dates and in the principal amounts, and interest with respect thereto shall be computed at the rates, as shown below:

Maturity Date (July 1)	Principal Amount	Interest Rates
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Section 2.4. Interest on Obligations. Interest on the Obligations shall be payable semiannually on January 1 and July 1 of each year commencing January 1, 2025, to and including the date of maturity or prior redemption of the Obligations. Except for the initial period, said interest shall represent the portion of the Payments designated as interest and coming due during the six-month period preceding each Interest Payment Date with respect to the Obligations. The proportionate share of the portion of the Payments designated as interest with respect to any Obligation shall be computed by multiplying the portion of Payments designated as principal with respect to such Obligation by the rate of interest applicable to such Obligation (on the basis of a 360-day year of twelve 30-day months), except that the first portion of the Payments designated as interest shall be for interest from the Closing Date to January 1, 2025.

Section 2.5. Form. The Obligations shall be in fully registered, certificated form, substantially in the form set forth in Exhibit A.

Section 2.6. Execution. The Obligations shall be executed by and in the name of the Trustee by the manual signature of an authorized representative of the Trustee. If any representative whose signature appears on any Obligation ceases to be such representative before the Closing Date, such signature shall nevertheless be as effective as if the representative had remained in office until the Closing Date. Any Obligation may be executed on behalf of the Trustee by such person as at the actual date of the execution of such Obligation shall be the proper authorized representative of the Trustee although at the nominal date of such Obligation such person shall not have been such authorized representative of the Trustee. No Obligation shall be valid or become obligatory for any purpose or shall be entitled to any security or benefit under this Agreement unless and until executed and delivered by the Trustee. The execution by the Trustee of any Obligation shall be conclusive evidence that the Obligation so executed has been duly authorized and delivered hereunder and is entitled to the security and benefit of this Agreement.

Section 2.7. Book Entry Only System. The City may from time to time enter into, and discontinue, an agreement with a Securities Depository which is the Owner of the Obligations, to establish procedures with respect to the Obligations not inconsistent with the provisions of this Agreement; provided, that, notwithstanding any other provisions of this Agreement, any such agreement may provide that different provisions for notice to the Securities

Depository may be set forth herein and that a legend shall appear on each Obligation so long as the Obligations are subject to such agreement. With respect to Obligations registered in the name of a Securities Depository (or its nominee), neither the Trustee nor the City shall have any obligation to any of its members or participants or to any person on behalf of whom an interest is held in the Obligations. It is hereby acknowledged that the City intends to enter into an agreement with DTC in connection with the execution and delivery of the Obligations, and while such agreement is in effect, the procedures established therein shall apply to the Obligations notwithstanding any other provisions of this Agreement to the contrary. The Trustee shall not have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Obligations regarding accuracy of any records maintained by DTC or DTC participants, the payments by DTC or DTC participants of any amount in respect of principal, redemption price or interest on the Obligations, any notice which is permitted or required to be given to or by Owners hereunder (except such notice as is required to be given by the City to the Trustee or to DTC), or any consent given or any other action taken by DTC as Owner.

Section 2.8. Transfer and Exchange.

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

(b) Obligations may be exchanged at the Designated Office for a like aggregate principal amount of Obligations of Authorized Denominations of the same maturity and interest rate. In connection with any such exchange or transfer of Obligations, the Owner requesting such exchange or transfer shall, as a condition precedent to the exercise of the privilege of making such exchange or transfer, remit to the Trustee an amount sufficient to pay any tax or other governmental charge required to be paid, other than one imposed by the City (which will not be payable by the Trustee), or any fee or expense of the Trustee or the City with respect to such exchange or transfer.

(c) The Trustee may, but shall not be obligated to, exchange or register the transfer of an Obligation (i) if the Obligation is to be redeemed, in whole or in part, or (ii) during a period of fifteen (15) days preceding the giving of a notice of redemption. If an Obligation subject to redemption is to be transferred after having been selected for redemption, any notice of redemption which has been given to the transferor shall be binding on the transferee and a copy of the notice of redemption shall be delivered by the Trustee to the transferee along with the duly registered Obligation or Obligations.

(d) Prior to any transfer of the Obligations outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the

Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.9. Obligations Mutilated, Lost, Destroyed or Stolen. If any Obligation shall become mutilated, the Trustee, at the expense of the Owner of said Obligation, shall execute and deliver a new Obligation of like tenor, maturity and amount in exchange and substitution for the Obligation so mutilated, but only upon surrender to the Trustee of the Obligation so mutilated. Any mutilated Obligation so surrendered to the Trustee shall be cancelled by it and redelivered to, or upon the order of, the Owner of such Obligation. If any Obligation shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and, if an indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner of such Obligation, shall execute and deliver a new Obligation of like tenor, maturity and amount and numbered as the Trustee shall determine in lieu of and in substitution for the Obligation so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each new Obligation delivered under this Section and of the expenses which may be incurred by the Trustee in carrying out the duties under this Section. Any Obligation issued under the provisions of this Section in lieu of any Obligation alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Agreement with all other Obligations secured by this Agreement. The Trustee shall not be required to treat both the original Obligation and any replacement Obligation as being Outstanding for the purpose of determining the principal amount of Obligations which may be executed and delivered hereunder or for the purpose of determining any percentage of Obligations Outstanding hereunder, but both the original and replacement Obligation shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Obligation for an Obligation which has been mutilated, lost, destroyed or stolen, and which has matured, the Trustee may make payment with respect to such Obligation upon receipt of the aforementioned indemnity.

Section 2.10. Payment.

(a) Payment of interest due with respect to any Obligation on any Interest Payment Date shall be made to the person appearing on the registration books for the Obligation maintained by the Trustee as the Owner thereof as of the Regular Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on the date due by first class mail to such Owner at the address thereof as it appears on such registration books, payable in lawful money of the United States of America.

(b) The principal and redemption price, if any, with respect to the Obligations shall be payable in lawful money of the United States of America upon surrender when due at the Designated Office.

(c) Interest and, if arrangements for surrender are made with the Trustee, principal and redemption price, if any, payable to any Securities Depository or to any Owner of \$1,000,000 or more in principal amount of Obligations shall be paid by wire transfer in immediately available funds to an account in the United States of America if the Owner makes a

written request of the Trustee at least twenty (20) days before the Interest Payment Date specifying the account address. The notice may provide that it shall remain in effect for subsequent payments until otherwise requested in a subsequent written notice.

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

Section 2.11. Execution of Documents and Proof of Ownership.

(a) Any request, direction, consent, revocation of consent or other instrument in writing required or permitted by this Agreement to be signed or executed by the Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Obligations. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of the Obligations shall be sufficient for any purpose of this Agreement (except as otherwise herein provided), if made in the following manner: (i) the fact and date of the execution by any Owner or the attorney or agent thereof of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority; or (ii) the fact of the ownership of the Obligations by any person and the amount, the maturity and the numbers of such Obligations and the date of his holding the same be proved on the registration books maintained pursuant to Section 2.12 hereof.

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

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

Section 2.13. Payment of Unclaimed Amounts. In the event any check for payment of interest on an Obligation is returned to the Trustee unendorsed or is not presented for payment within two (2) years from its payment date or any Obligation is not presented for payment of principal at the maturity or redemption date, if funds sufficient to pay such interest or principal due upon such Obligation shall have been made available to the Trustee for the benefit of the Owner thereof, it shall be the duty of the Trustee to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Obligation who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Obligation or amounts due thereunder. The obligation of the Trustee to hold such funds shall continue for two years and six months (subject to applicable escheat laws) following the date on which such interest or principal payment became due, whether at maturity or the date fixed for redemption, or otherwise, at which time the Trustee shall surrender such unclaimed funds so held to the City, whereupon any claim of whatever nature by the Owner of such Obligation arising under such Obligation shall be made upon the City.

**ARTICLE III
APPLICATION OF PROCEEDS RECEIVED BY
TRUSTEE; ACQUISITION FUND; COSTS OF ISSUANCE FUND**

Section 3.1. Application of Proceeds. \$_____ of the proceeds received by the Trustee from the sale of the Obligations shall forthwith be set aside by the Trustee in the Costs of Issuance Fund and the balance of such proceeds (\$_____) shall forthwith be set aside by the Trustee in the Acquisition Fund.

Section 3.2. Establishment and Application of Acquisition Fund.

(a) The Trustee shall establish a special trust fund designated as the “City of Sedona Acquisition Fund (2024)” (herein referred to as the “Acquisition Fund”), shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided in this Agreement.

(b) Pursuant to the Purchase Agreement and subject to the terms and conditions thereof, the City has irrevocably been appointed as the sole and exclusive agent to act for and on behalf of the Trustee in the construction of the Project. Except as provided in (c)

below, moneys in the Acquisition Fund shall be expended only for Project Costs. It is understood and agreed that the Trustee shall have no responsibility or liability for the performance of the City under this Agreement, the Purchase Agreement, and any other documents executed in connection herewith or therewith.

(c) (1) The amount in the Acquisition Fund shall be applied to the payment of the Project Costs, as hereinafter provided, upon receipt of a duly executed Payment Request Form (on which the Trustee is entitled conclusively rely) in substantially the form attached hereto as Exhibit B, certified to by the City Representative. The Trustee shall remit to the payee designated in the Payment Request Form, the amount requested to be paid in such Payment Request Form within three (3) Business Days following submission of such Payment Request Form. Notwithstanding the foregoing, the Trustee shall apply moneys on deposit in the Acquisition Fund to reimburse the City for any Project Costs incurred or advanced by the City within three (3) Business Days of receipt of a duly executed Reimbursement Request Form in substantially the form attached hereto as Exhibit C, certified to by the City Representative. The Trustee has no duty or obligation to confirm that such disbursements constitute Project Costs.

(2) Project Costs will be paid directly to the Contractor, the Vendor or the payee named in the Payment Request Form unless the City Representative in such Payment Request Form requests payment to be made to the Contractor, the Vendor or payee and another party jointly, in which case such cost shall be paid jointly.

(3) Should any shortfall or deficiency occur in the Acquisition Fund, the City shall pay such amounts to the Trustee.

(4) Amounts in the Acquisition Fund shall be used to pay principal and interest on the Obligations if insufficient funds are otherwise available to make such payments when due.

(5) On the Completion Date, all remaining moneys in the Acquisition Fund shall be transferred to the Payment Fund and applied by the Trustee to the Payments due from the City on the next succeeding Interest Payment Date, and the Acquisition Fund shall be closed.

(6) Any amount remaining in the Acquisition Fund upon the occurrence of an Event of Default of which a Responsible Officer of the Trustee has actual knowledge shall not be disbursed as provided in this Section, but shall be immediately transferred to the Payment Fund and used in accordance with Section 12.3.

Section 3.3. Establishment and Application of Costs of Issuance Fund.

(a) The Trustee shall establish a special trust fund designated as the “City of Sedona Costs of Issuance Fund (2024)” (herein referred to as the “Costs of Issuance Fund”), shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided in this Agreement.

(b) Amounts in the Costs of Issuance Fund shall be disbursed for Delivery Costs. Disbursements from the Costs of Issuance Fund shall be made by the Trustee upon

receipt of a requisition for disbursement on which the Trustee is entitled to conclusively rely, executed or approved in writing by the City Representative. Each such certificate shall set forth the amounts to be disbursed for payment, or reimbursement of previous payments, of Delivery Costs and the person or persons to whom said amounts are to be disbursed. The Trustee has no duty or obligation to confirm that such disbursements constitute Delivery Costs.

(c) On the earlier of September 1, 2024, or when all Delivery Costs associated with the Obligations have been paid (as shown by a certificate of a City Representative delivered to the Trustee), the Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the Payment Fund and the Costs of Issuance Fund shall be closed.

ARTICLE IV REDEMPTION OF OBLIGATIONS

Section 4.1. Redemption Provisions. The Obligations maturing before or on July 1, 20__, are not subject to redemption prior to maturity. The Obligations maturing on or after July 1, 20__, are subject to redemption in such order and from such maturities as may be selected by the City and by lot within any maturity in accordance with the procedures of the Trustee from prepayments made at the option of the City pursuant to Section 8 of the Purchase Agreement, in whole or in part on any date, on or after July 1, 20__, at a redemption price equal to the principal amount of Obligations or portions thereof to be redeemed, together with accrued interest to the date fixed for redemption, but without premium.

Section 4.2. Selection of Obligations for Redemption. The Obligations shall be redeemed only in the principal amounts of \$5,000 each or integral multiples thereof. The City shall, at least forty-five (45) days prior to an optional redemption date, notify the Trustee of such redemption date and of the maturities of the Obligations and the principal amount of the Obligations of any such maturity to be redeemed on such date. For the purposes of any redemption of less than all of the Obligations of a maturity, if the Obligations are not held in a book entry only system as described in Section 2.7, the particular Obligations or portions of Obligations of such maturity to be redeemed shall be selected by the Trustee by lot in accordance with its standard procedures not more than forty-five (45) nor less than thirty (30) days prior to the redemption date by such selection methods as the Trustee shall in its sole discretion deem appropriate and fair; provided, however, that such selection methods shall provide for the selection of Obligations or portions thereof for redemption in principal amounts of \$5,000 or integral multiples thereof such that any \$5,000 Obligation or \$5,000 portion of an Obligation of such maturity shall be as likely to be called for redemption as any other such \$5,000 Obligation or \$5,000 portion thereof. The Trustee shall promptly notify the City in writing of the Obligations so selected for redemption, and the City will provide the Trustee within thirty (30) days a recomputed payment schedule for the Purchase Agreement.

Section 4.3. Notice of Redemption; Effect.

(a) The Trustee shall cause notice of any optional redemption of Obligations hereunder to be mailed to the Owners of all of the Obligations to be redeemed at the addresses appearing in the Register kept for such purpose pursuant to Section 2.12 hereof. Each such

notice shall (1) be sent no more than 60 nor less than 30 calendar days prior to the redemption date, (2) identify the Obligations to be redeemed (specifying the CUSIP numbers, if any, assigned to the Obligations), (3) specify with respect to the Obligations being redeemed their date of issue, their maturity date, their redemption date and their redemption price, (4) set forth the name, address and telephone number of the person from whom information pertaining to the redemption may be obtained, and (5) state that on the redemption date the Obligations to be redeemed will be payable at the Designated Office, that from that date interest will cease to accrue and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Obligations. No defect affecting any Obligation, whether in the notice of redemption or the delivery thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for any other Obligations.

(b) If at the time of mailing of notice of an optional redemption of Obligations, there has not been deposited with the Trustee moneys or Government Obligations sufficient to redeem all Obligations subject to such redemption and the requirements of (e) below are not satisfied, then such notice shall state that the redemption is conditional upon the deposit of moneys or Government Obligations sufficient for the redemption with the Trustee and satisfaction of such requirements not later than the opening of business on the redemption date, and such notice will be of no effect and such Obligations shall not be redeemed unless such moneys or Government Obligations are so deposited and such requirements in (e) below are met.

(c) Any notice of redemption shall be mailed by first class mail, postage prepaid; provided that any notice of redemption given to any Owner of \$1,000,000 or more in aggregate principal amount of Obligations also shall be transmitted Electronically. A certificate of the Trustee shall conclusively establish the mailing or delivery of any such notice for all purposes.

(d) Notice having been mailed in the manner provided in (c) above, the Obligations and portions thereof called for redemption shall become due and payable on the redemption date, and upon presentation and surrender thereof at the place or places specified in that notice, shall be paid at the redemption price, plus interest accrued to the redemption date.

(e) If the moneys or Governmental Obligations for the redemption of all of the Obligations and portions thereof to be redeemed, together with interest accrued thereon to the redemption date, are held by the Trustee on the redemption date, so as to be available therefor on that date, then from and after the redemption date those Obligations and portions thereof to be redeemed shall cease to bear interest and no longer shall be considered to be Outstanding hereunder. If those moneys shall not be so available on the redemption date, those Obligations and portions thereof shall continue to bear interest, until they are paid, at the same rate as they would have borne had they not been called for redemption.

(f) All moneys deposited in the Payment Fund and held by the Trustee for the redemption of particular Obligations shall be held in trust for the account of the Owners thereof and shall be paid to them, respectively, upon presentation and surrender of those Obligations.

Section 4.4. Partial Redemption of Obligation. Upon surrender of any Obligation redeemed in part only, the Trustee shall execute and deliver to the registered Owner

thereof, at the expense of the City, a new Obligation or Obligations of Authorized Denominations equal in aggregate principal amount to the unredeemed portion of the Obligation surrendered and of the same maturity.

ARTICLE V PAYMENTS; PAYMENT FUND

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

Section 5.2. Establishment of Payment Fund. The Trustee shall establish a special trust fund designated as the “City of Sedona Payment Fund (2024)” (herein referred to as the “Payment Fund”). All moneys at any time deposited by the Trustee in the Payment Fund shall be held by the Trustee in trust for the benefit of the Owners. So long as any Obligations are Outstanding, the City shall have no beneficial right or interest in the Payment Fund or the moneys deposited therein, except only as provided in this Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

Section 5.3. Payments by City; Deposits. Subject to the limitations pursuant to the Purchase Agreement with respect to the Excise Taxes, the City shall be required to make the Payments, taking into account any funds on deposit in the Payment Fund as a credit towards any Payment then due. The Trustee, not less than ten (10) Business Days prior to each Interest Payment Date, shall notify the City of the amount required to be paid after taking into account earnings on investments which will be transferred to the Payment Fund in accordance herewith, on or before such Interest Payment Date for both principal and interest with respect to the Obligations. All amounts received by the Trustee as the Payments pursuant to the Purchase Agreement shall be deposited in the Payment Fund.

Section 5.4. Application of Moneys. All amounts in the Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and interest and redemption premiums, if any, with respect to the Obligations as the same shall become due and payable, in accordance with the provisions of Articles II and IV hereof.

Section 5.5. Transfers of Investment Earnings to Payment Fund. Except as otherwise directed in writing by the City, the Trustee shall, on or before the next Interest Payment Date occurring on July 1, transfer any income or profit on the investment of moneys in the funds hereunder to the Payment Fund.

Section 5.6. Surplus. Any surplus remaining in any of the funds created hereunder, after redemption and payment of all Obligations, including accrued interest and redemption premium, if any, and payment of any applicable fees, expenses or indemnities to the

Trustee, or provision for such redemption and payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the City.

ARTICLE VI PLEDGE AND LIEN

Section 6.1. Pledge. None of the Obligations shall be entitled to priority or distinction one over the other in the application of the Excise Taxes pledged by the Purchase Agreement to the payment thereof, regardless of the delivery of any of the Obligations prior to the delivery of any other of the Obligations, or regardless of the time or times the Obligations mature or are subject to redemption prior to maturity. All of the Obligations are co-equal as to the pledge of and lien on the Excise Taxes pledged for the payment thereof and share ratably, without preference, priority or distinction, as to the source or method of payment from the Excise Taxes or security therefor.

Section 6.2. Protection of Lien. No assignment or lien having priority or preference over the assignment and lien hereof upon the interests granted hereby or any part thereof shall be made or created or suffered to be made or created. No obligations the payment of which is secured by an equal claim on or interest in property or revenues pledged hereunder will be issued or delivered except in lieu of, or upon transfer of registration or exchange of, any Obligation as provided herein.

Section 6.3. Existing Parity Pledge. The pledge of the Excise Taxes under the Purchase Agreement is on a parity with the pledge of the Excise Taxes to payment due on or with respect to the City Lease, the Second Series 2015 Purchase Agreement, the Series 2021 Purchase Agreement, the Series 2022 Purchase Agreement, the Second Series 2022 Purchase Agreement and any parity or additional parity bonds or other obligations so proposed to be secured by a parity pledge of the Excise Taxes.

ARTICLE VII MONEYS IN FUNDS; INVESTMENT; CERTAIN TAX COVENANTS

Section 7.1. Held in Trust. The moneys and investments held by the Trustee under this Agreement are irrevocably held in trust for the benefit of the Owners of the Obligations and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Agreement and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the City or any Owner of Obligations.

Section 7.2. Investments Authorized. Upon written order of the City Representative, moneys held by the Trustee hereunder shall be invested and reinvested by the Trustee, to the maximum extent practicable in Permitted Investments. The City Representative shall direct such investment in specific Permitted Investments. The City Representative shall be solely responsible for ascertaining that all proposed investments and reinvestments are Permitted 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 Trustee for the

reinvestment of any maturing investment. Such investments, if registrable, shall be registered in the name of the Trustee and shall be held by the Trustee. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as purchaser or agent in the making or disposing of any investment. Absent written direction of the City, the Trustee shall hold such moneys held under this Trust Agreement uninvested in cash, without liability for interest. Ratings of Permitted Investments shall be determined at the time of purchase of such Permitted Investments and without regard to ratings subcategories. The Trustee shall have no responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments, including at the time of reinvestment of earnings thereof. In no event shall the Trustee be liable for the selection of investments. The Trustee may conclusively rely upon such written direction from the City Representative as to both the suitability and legality of the directed investments and the Trustee shall have no obligation to confirm that any such directed investment constitutes a Permitted Investment. The City acknowledges that regulations of the Comptroller of the Currency grant the City the right to receive brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the City specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Trustee that no brokerage confirmations need be sent relating to the security transactions as they occur. The Trustee may elect, but shall not be obligated, to credit the funds and accounts held by it with moneys representing income or principal payments due on, or sales proceeds due in respect of, Permitted Investments in such funds and accounts, or to credit to Permitted Investments intended to be purchased with such moneys, in each case before actually receiving the requisite moneys from the payment source, or to otherwise advance funds for account transactions. The City acknowledges that the legal obligation to pay the purchase price of any Permitted Investments arises immediately at the time of the purchase. Notwithstanding anything else in this Trust Agreement, (i) any such crediting of funds or assets shall be provisional in nature, and the Trustee shall be authorized to reverse any such transactions or advances of funds in the event that it does not receive good funds with respect thereto, and (ii) nothing in this Trust Agreement shall constitute a waiver of any of Trustee's rights as a securities intermediary under Uniform Commercial Code Section 9-206.

Section 7.3. Accounting. The Trustee shall furnish to the City, not less than semiannually, an accounting (which may be in the form of its customary statement) of all investments made by the Trustee. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 7.2 hereof.

Section 7.4. Allocation of Earnings. Any income, profit or loss on such investments shall be deposited in or charged to the respective funds from which such investments were made, and any interest on any deposit of funds shall be deposited in the fund from which such deposit was made, except as otherwise provided herein, and shall be transferred in accordance with Section 5.5. Unless otherwise directed in writing by the City Representative, any such income, profit or interest shall be transferred in accordance with Section 5.5.

Section 7.5. Valuation and Disposition of Investments. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be

valued at Market Value. The Trustee may sell or present for redemption, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment. In determining the Market Value of Permitted Investments, the Trustee may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available to it.

Section 7.6. Limitation of Investment Yield. In the event the City (while it is directing investments) is of the opinion that it is necessary to restrict or limit the yield on the investment of any amounts paid to or held by the Trustee hereunder in order to avoid the Obligations, or any of them, being considered “arbitrage bonds” within the meaning of Section 148 of the Code, the City Representative may issue to the Trustee a written certificate to such effect (along with appropriate instructions), in which event the Trustee will take such action as is instructed so to restrict or limit the yield on such investment in accordance with the specific instructions contained in such certificate.

Section 7.7. Other Tax Covenants. In consideration of the acceptance and execution of the Purchase Agreement by the Trustee and the purchase by the Owners, from time to time, and in consideration of retaining the exclusion of interest income from gross income on the Purchase Agreement and the Obligations for federal income tax purposes, the City shall, from time to time, neither take nor fail to take any action, which action or failure to act is within its power and authority and would result in interest income on the Purchase Agreement or the Obligations to become subject to inclusion in gross income for federal income tax purposes under either laws existing on the date of execution of the Purchase Agreement or such laws as they may be modified or amended or tax laws later adopted. The City shall comply with such requirement(s) and will take any such action(s) as are necessary to prevent interest income on the Purchase Agreement or the Obligations from becoming subject to inclusion in gross income for federal income tax purposes. Such requirements may include but are not limited to making further specific covenants; making truthful certifications and representations and giving necessary assurances; complying with all representations, covenants and assurances contained in certificates or agreements to be prepared by special counsel; to pay to the United States of America any required amounts representing rebates of arbitrage profits relating to the Purchase Agreement or the Obligations; filing forms, statements and supporting documents as may be required under the federal tax laws; limiting the term of and yield on investments made with moneys relating to this Agreement; and limiting the use of the proceeds of the Obligations and property financed thereby.

ARTICLE VIII THE TRUSTEE

Section 8.1. Appointment of Trustee. The City hereby authorizes and directs the Trustee to, and the Trustee shall, execute and deliver the Purchase Agreement, as Seller, and receive all moneys required to be deposited with the Trustee hereunder and shall allocate, use and apply the same as provided in this Agreement. The City shall maintain as the

Trustee a bank or trust company with a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination by federal or State authority, so long as any of the Obligations are Outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to then for the purpose of this Section 8.1 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Section 8.2. Liability of Trustee; Standard of Care. Except with respect to its authority and power generally and authorization to execute this Trust Agreement, the recitals of facts, covenants and agreements herein, in the Purchase Agreement and in the Obligations shall be taken as statements, covenants and agreements of the City, and the Trustee assumes no responsibility for the correctness of the same, or makes any representations as to the validity hereof or sufficiency of this Agreement, the Purchase Agreement or of the Obligations or shall incur any responsibility in respect hereof or thereof, other than in connection with the duties or obligations herein or in the Obligations assigned to or imposed upon them, respectively. Prior to the occurrence of an Event of Default, or after the timely cure of an Event of Default, the Trustee shall perform only such duties as are specifically set forth in this Trust Agreement and no implied obligations or covenants should be read into this Agreement against the Trustee. After the occurrence, and during the continuance, of an Event of Default, the Trustee shall exercise such of the rights and powers vested in it, and use the same degree of care and skill in such exercise, as a prudent person would exercise under the circumstances in the conduct of his or her affairs.

Section 8.3. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible under Section 8.1 hereof, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 8.4. Protection and Rights of the Trustee. (a) The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificates, statements, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Agreement, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as an Owner of any Obligation or to take any action at his request unless such Obligation shall be deposited with the Trustee and satisfactory evidence of the ownership of such Obligation shall be furnished to the Trustee. The Trustee may consult with counsel with regard to legal questions, and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

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

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

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

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

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

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

(h) The Trustee makes no representation or warranty, express or implied, as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City of the Project. In no event shall the Trustee be liable for incidental,

indirect, special or consequential damages in connection with or arising from the Purchase Agreement or this Trust Agreement for the existence, furnishing or use of the Project.

(i) Notwithstanding any provision in this Trust Agreement or the Purchase Agreement to the contrary, the Trustee shall not be required to take notice or be deemed to have notice of any default or Event of Default, except an Event of Default under Section 10(a)(i)(A) of the Purchase Agreement, unless a Responsible Officer of the Trustee has actual notice thereof or is specifically notified in writing of such default by the City or the Owners of at least twenty-five percent (25%) in aggregate principal amount of all Obligations then Outstanding.

(j) The Trustee shall have the right to accept and act upon Instructions delivered using Electronic Means. If the City elects to give the Trustee Instructions using Electronic Means, and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(k) The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics, pandemics, quarantine restrictions, acts of civil or military authority or governmental action or other similar occurrences. In acting or omitting to act pursuant to the Purchase Agreement or any other documents executed in connection herewith or therewith, the Trustee shall be entitled to all of the rights, immunities and indemnities accorded to it under this Trust Agreement, including, but not limited to, this Article VIII.

(l) The Trustee shall have no responsibility or liability with respect to any information, statements or recitals in any offering memorandum or other disclosure material prepared or distributed with respect to the execution and delivery of the Obligations.

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

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

(o) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement.

(p) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Obligations then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Agreement.

Section 8.5. Compensation of Trustee. The City shall from time to time, pursuant to a fee schedule as agreed upon between the City and the Trustee (which fee schedule may be amended in writing), pay to the Trustee reasonable compensation for its services, including its fees, costs and expenses after an Event of Default and shall reimburse the Trustee for all its advances and expenditures, including but not limited to advances to, and reasonable fees and expenses of, independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses, costs and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 8.6. Removal of Trustee. (a) The City (but only if no Event of Default has occurred and is continuing) or the Owners of a majority in aggregate principal amount of all Obligations Outstanding, at any time upon thirty (30) days' prior written notice and for any reason, may remove the Trustee and any successor thereto, but any such successor shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and

surplus of at least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by federal or State authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or the requirements of any supervising or examining authority above referred to, then, for the purposes of this Section, the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) The Trustee may at any time resign by giving written notice to the City. Upon receiving such notice of resignation, the City shall promptly appoint a successor trustee by an instrument in writing; provided, however, that in the event that the City does not appoint a successor trustee within thirty (30) days following receipt of such notice of resignation, or the giving of notice of removal, the retiring Trustee may petition the appropriate court having jurisdiction to appoint a successor trustee. Any resignation or removal of the Trustee and appointment of a successor trustee shall become effective upon acceptance of appointment by the successor trustee. The Trustee and the City shall execute any documents reasonably required to effect the transfer of rights and obligations of the Trustee to the successor trustee subject, however, to the terms and conditions herein set forth, including, without limitation, the right of the predecessor Trustee to be paid and reimbursed in full for its reasonable charges and expenses (including reasonable fees and expenses of its counsel) and the indemnification under Sections 8.4 and 11.3 hereof. Upon such acceptance, the successor trustee shall mail notice thereof to the Owners of the Obligations at their respective addresses set forth on the registration books for the Obligations maintained pursuant to Section 2.12 hereof.

Section 8.7. Appointment of Agent. The Trustee may appoint an agent or agents to exercise any of the powers, rights or remedies granted to the Trustee under this Trust Agreement and to hold title to property or to take any other action which may be desirable or necessary.

Section 8.8. Commingling. The Trustee may commingle any of the funds held by it pursuant to this Trust Agreement in a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling by the Trustee.

Section 8.9. Records. The Trustee shall keep complete and accurate records of all moneys received and disbursed under this Trust Agreement, which shall be available for inspection by the City, or any of its agents, at any time, upon reasonable prior notice, during regular business hours. The Trustee shall provide the City Representative with semiannual reports of funds transactions and balances.

ARTICLE IX MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 9.1. Amendments Permitted. (a) This Agreement and the rights and obligations of the Owners of the Obligations and the Purchase Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental or amending agreement which shall become effective when the written consent of the Owners of a

majority in aggregate principal amount of all Obligations then Outstanding, exclusive of Obligations disqualified as provided in Section 9.3 hereof, shall have been filed with the Trustee. No such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Obligation or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the redemption thereof, without the express written consent of the Owner of such Obligation, or (2) reduce or have the effect of reducing the percentage of Obligations required for the affirmative vote or written consent to an amendment or modification of this Trust Agreement or the Purchase Agreement, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto. Any such supplemental or amending agreement shall become effective as provided in Section 9.2 hereof.

(b) This Agreement and the rights and obligations of the Owners of the Obligations and the Purchase Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental or amending agreement, without the consent of any such Owners, but only (1) to provide for additions or modifications to the Project, (2) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein reserved to the Trustee (for its own behalf) or the City, (3) to secure additional revenues or provide additional security or reserves for payment of the Obligations, (4) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder, (5) to provide for the appointment of a successor trustee pursuant to the terms hereof, (6) to preserve the exclusion of the interest on the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the City to continue to issue or incur bonds or other obligations the interest on which is likewise exempt from federal and State income taxes, (7) to cure, correct or supplement any ambiguous or defective provision contained herein or therein, (8) with respect to rating matters, (9) to facilitate the issuance or incurrence of additional parity obligations, or (10) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not materially, adversely affect the interests of the Owners of the Obligations as evidenced by an opinion of counsel delivered by the City to the Trustee. Any such supplemental or amending agreement shall become effective upon execution and delivery by the parties hereto or thereto as the case may be. The Trustee shall be entitled to receive, at the expense of the City, and may rely upon an opinion of counsel as conclusive evidence that any such supplemental or amending agreement is authorized or permitted under this Trust Agreement (and, if applicable, the Purchase Agreement), and complies with this Section or Section 9.2.

Section 9.2. Procedure for Amendment With Written Consent of Obligation Owners. (a) This Agreement and the Purchase Agreement may be amended by supplemental or amending agreement as provided in this Section in the event the consent of the Owners of the Obligations is required pursuant to Section 9.1 hereof. A copy of such supplemental or amending agreement, together with a request to the Owners of the Obligations for their consent thereto, shall be mailed by the Trustee to each Owner of an Obligation at the address thereof as set forth on the registration books for the Obligations maintained pursuant to Section 2.12 hereof, but failure to mail copies of such supplemental or amending agreement and request shall not affect the validity of the supplemental or amending agreement when assented to as provided in this Section 9.2.

(b) Such supplemental or amending agreement shall not become effective unless there shall be filed with the Trustee the written consent of the Owners of a majority in principal amount of all Obligations then Outstanding (exclusive of Obligations disqualified as provided in Section 9.3 hereof) and a notice shall have been mailed as hereinafter in this Section provided. The consent of an Owner of an Obligation shall be effective only if accompanied by proof of ownership of the Obligations for which such consent is given, which proof shall be such as is permitted by Section 2.11 hereof. Any such consent shall be binding upon the Owner of the Obligation giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

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

Section 9.3. Disqualified Obligations. Obligations owned or held by or for the account of the City or by any person directly or indirectly controlled by, or under direct or indirect common control with the City (except any Obligations held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Obligations provided for in this Agreement and shall not be entitled to vote upon, consent to, or take any other action provided for in this Agreement; provided, however, that in determining whether the Trustee shall be protected in relying upon any such approval or consent of an Owner, only Obligations which a Responsible Officer of the Trustee actually knows to be owned or held by the City, or by any person directly or indirectly controlled by, or under direct or indirect common control with the City (except any Obligations held in any pension or retirement fund) shall be deemed not to be Outstanding unless all Obligations are so owned, in which case such Obligations shall be considered Outstanding for the purpose of such determination.

Section 9.4. Effect of Supplemental Agreement. From and after the time any supplemental or amending agreement becomes effective pursuant to this Article IX, this Agreement or the Purchase Agreement, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Obligations Outstanding, as the case may be, shall thereafter

be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental or amending agreement shall be deemed to be part of the terms and conditions of this Agreement or the Purchase Agreement, as the case may be, for any and all purposes. The Trustee may require each Owner, before his consent provided for in this Article IX shall be deemed effective, to reveal whether the Obligations as to which such consent is given are disqualified as provided in Section 9.3 hereof.

Section 9.5. Endorsement or Replacement of Obligations Delivered After Amendments. The Trustee may determine that Obligations delivered after the effective date of any action taken as provided in this Article shall bear a notation, by endorsement or otherwise, in form approved by the Trustee, as to such action. In that case, upon demand of the Owner of any Obligation Outstanding at such effective date and presentation of his Obligation for the purpose at the office of the Trustee, a suitable notation shall be made on such Obligation. The Trustee may determine that the delivery of substitute Obligations, so modified as in the opinion of the Trustee is necessary to conform to such Obligation Owners' action, which substitute Obligations shall thereupon be prepared, executed and delivered. In that case, upon demand of the Owner of any Obligation then Outstanding, such substitute Obligation shall be exchanged at the Designated Office of the Trustee, without cost to such Owner, for an Obligation of the same character then Outstanding, upon surrender of such Outstanding Obligation.

Section 9.6. Amendatory Endorsement of Obligations. The provisions of this Article shall not prevent any Obligation Owner from accepting any amendment or supplement as to the particular Obligations held thereby, provided that proper notation thereof is made on such Obligations.

ARTICLE X COVENANTS, NOTICES

Section 10.1. Compliance With and Enforcement of Purchase Agreement. The City shall perform all obligations and duties imposed on it under the Purchase Agreement and shall not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be an Event of Default. The City, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting any such action will deliver the same, or a copy thereof, to the Trustee.

Section 10.2. Observance of Laws and Regulations. The City shall well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the City, including its right to exist and carry on business as a political subdivision, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 10.3. Recordation and Filing. The City shall file this Agreement (or a memorandum thereof or a financing statement with respect thereto), and all such documents as may be required by law (and shall take all further actions which may be necessary or be reasonably required by the Trustee, the Trustee having no obligation to make such requirements), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee and the Owners. To the extent any such filings are required to be made, the City shall provide file-stamped copies to the Trustee.

Section 10.4. Further Assurances. The Trustee (at the reasonable request, and at the expense, of the City) and the City shall make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement and the Purchase Agreement and for the better assuring and confirming unto the Owners the rights and benefits provided herein.

Section 10.5. Notification to the City of Failure to Make Payments. The Trustee shall notify the City of any failure by the City to make any Payment or other payment required under the Purchase Agreement to be made to the Trustee, in writing and within one (1) Business Day of any such failure. Such notice shall not be a prerequisite for the occurrence of an Event of Default.

Section 10.6. Business Days. Except as otherwise required herein, if this Agreement or the Purchase Agreement requires any party to act on a specific day and such day is not a Business Day, such party need not perform such act until the next succeeding Business Day, and such act shall be deemed to have been performed on the day required.

ARTICLE XI LIMITATION OF LIABILITY

Section 11.1. Limited Liability of the City. Except for the payment of the Payments from the Excise Taxes when due in accordance with the Purchase Agreement and the performance of the other covenants and agreements of the City contained in the Purchase Agreement and herein, the City shall have no pecuniary obligation or liability to any of the other parties or to the Owners with respect to this Agreement or the terms, execution, delivery or transfer of the Obligations or the distribution of Payments to the Owners by the Trustee.

Section 11.2. No Liability of the City for Trustee Performance. The City shall have no obligation or liability to any of the other parties or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under this Agreement.

Section 11.3. Indemnification of the Trustee. (a) To the extent permitted by law, the City shall indemnify and save the Trustee and its officers, directors, agents and employees, harmless for, from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of: (i) the use, maintenance, condition or management of, or from any work or thing done on, the Project or the sites of the Project or any portion thereof or interest therein by the City; (ii) any breach or default on the part of the City in the performance of any of its obligations under this Agreement and any other agreement made

and entered into for purposes of the Project or any interest therein; (iii) any act of negligence of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Project; (iv) any act of negligence of any assignee of, or purchaser from, the City or of any of its or their agents, contractors, servants, employees or licensees with respect to the Project; (v) the construction or acquisition of the Project or any interest therein; (vi) the actions of any other party, including but not limited to the operation or use of the Project or the sites of the Project or interest therein by the City; (vii) the ownership of the Project or the sites of the Project or interest therein; (viii) the exercise and performance by the Trustee of its powers and duties hereunder, under the Purchase Agreement or in connection with any document or transaction contemplated herewith or therewith; (ix) any matters with respect to the Project; or (x) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other offering circular utilized in connection with the sale of the Obligations, including the costs and expenses of defending itself against any claim of liability arising under this Trust Agreement. No indemnification will be made under this Section or elsewhere in this Agreement for willful misconduct or negligence of the party seeking indemnification under this Agreement. As security for the payment of amounts under Section 8.5 and this Section 11.3, the Trustee shall be secured under this Agreement by a lien prior to the Obligations. The obligations of the City hereunder for indemnification under this Section shall remain valid and binding notwithstanding, and shall survive, the maturity and payment or redemption of the Obligations or resignation or removal of the Trustee or the termination of this Agreement.

(b) Promptly after determining that any event or condition which requires or may require indemnification by the City hereunder exists or may exist, or after receipt of notice of the commencement of any action in respect of which indemnity may be sought hereunder, shall notify the City in writing of such circumstances or action (the "Notification"). Failure to give such notification shall not affect the right of the Trustee to receive the indemnification provided for herewith. Upon giving of the Notification, the Trustee shall cooperate fully with the City in order that the City may defend, compromise or settle any such matters or actions which may result in payment by the City hereunder. The City shall give the Trustee notice of its election within fifteen (15) days after receiving the Notification whether the City, at its sole cost and expense, shall represent and defend the Trustee in any claim or action which may result in a request for indemnification hereunder. If the City timely gives the notice that it will represent and defend the Trustee thereafter, the Trustee shall not settle or compromise or otherwise interfere with the defense or undertakings of the City hereunder; provided, however, the Trustee may retain its own counsel and still be indemnified against the cost of employing counsel and all other expenses despite an assumption of the defense by the City if the Trustee believes in good faith that there are defenses available to it which are not available to the City or which are adverse to or in conflict with those available to the City and which the Trustee believes in good faith cannot be effectively asserted by common counsel. The City shall not settle or compromise any claim or action against the Trustee without the written approval of the Trustee, except to the extent that the City shall pay all losses and the Trustee shall be fully released from such claim or action. If the City either fails to timely give its notice or notifies the Trustee that the City will not represent and defend the Trustee, the Trustee may defend, settle, compromise or admit liability as it shall determine in the reasonable exercise of its discretion, at the expense of the City. In the event the City is required to and does indemnify the Trustee as herein provided, the

rights of the City shall be subrogated to the rights of the Trustee to recover such losses or damages from any other person or entity.

Section 11.4. Opinion of Counsel. Before being required to take any action, the Trustee may require an opinion of Independent Counsel acceptable to the Trustee, which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Trustee shall be absolutely protected in relying thereon.

ARTICLE XII EVENTS OF DEFAULT AND REMEDIES OF OBLIGATION OWNERS

Section 12.1. Seller's Rights Held in Trust. As provided herein, the Trustee holds in trust hereunder all of the Seller's rights in and to the Purchase Agreement, including without limitation all of the Seller's rights to exercise such rights and remedies conferred on the Seller pursuant to the Purchase Agreement as may be necessary or convenient to enforce payment of the Payments and any other amounts required to be deposited in the Payment Fund and enforcement of the pledge of the Excise Taxes for the payment of the Obligations.

Section 12.2. Remedies Upon Default; No Acceleration. Upon an Event of Default and if such event has not been cured as provided in the Purchase Agreement, the Trustee may take whatever action at law or in equity, including the remedy of specific performance, may appear necessary or desirable to collect the Payments and any other amounts payable by the City hereunder or under the Purchase Agreement, then due (but not the Payments and other such amounts accruing), or to enforce performance and observance of any pledge, obligation, agreement, or covenant of the City under this Trust Agreement or the Purchase Agreement as provided in the Purchase Agreement. Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Obligations or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected. Neither the Trustee nor the Owners of the Obligations shall have any right under any circumstances to accelerate the payment dates of the Obligations or otherwise declare any of the Payments not then past due or in default to be immediately due and payable.

Section 12.3. Application of Funds. (a) Subject to Subsection (b), amounts held by the Trustee hereunder and proceeds from the exercise of any remedies hereunder or under the Purchase Agreement after payment or reimbursement of the reasonable fees, costs and expenses of the Trustee in connection therewith, including reasonable attorneys' fees and expenses and the creation of a reasonable reserve for anticipated fees, costs and expenses, shall be applied as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due on Obligations in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or

installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal installments of any Obligations which shall have become due, whether at maturity or because of selection for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all Obligations due on any date, then to the payment thereof ratably, according to the amounts of principal installments due on such date, to the persons entitled thereto, without any discrimination or preference; and

(b) Whenever moneys are to be applied pursuant to this section, the Trustee shall fix the date (which shall be the first of a month unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee shall give or cause to be given notice of such payment, by first-class mail, to the Owners of Obligations at least eight (8) days before such date. The Trustee shall not be required to make payment to the Owner of any Obligation until such Obligation shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid. Any surplus thereof shall be paid to the City as directed by the City Representative.

Section 12.4. Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of all Obligations then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Obligations by a suit in equity or action at law for the specific performance of any covenant or agreement contained herein.

Section 12.5. Non-waiver. Except as otherwise provided in this Article, the Obligation Owners have the right to institute suit to enforce and collect the Payments as provided in the Purchase Agreement. No delay or omission of the Trustee or of any Owner of any of the Obligations to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article to the Trustee or the Owners of Obligations may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Obligation Owners.

Section 12.6. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Obligations, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation

pending at law or in equity, without the consent of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding.

Section 12.7. Limitation on Obligation Owners' Right to Sue. (a) No Owner of any Obligation issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Owners of at least a majority in aggregate principal amount of all Obligations then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity satisfactory to it against the costs, expenses, and liabilities to be incurred in compliance with such request and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

(b) Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Obligations of any remedy hereunder; it being understood and intended that no one or more Owners of Obligations shall have any right in any manner whatever by his or their action to enforce any right under this Agreement, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Obligations.

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

ARTICLE XIII MISCELLANEOUS

Section 13.1. Defeasance. (a) If and when any Outstanding Obligation or portion thereof shall be paid and discharged in any one or more of the following ways:

(i) by paying or causing to be paid the principal of and interest and redemption premium, if any, with respect to such Obligations Outstanding, as and when the same become due and payable;

(ii) by depositing with a Depository Trustee, in trust for such purpose, at or before maturity, money which, together with the amounts then on deposit in the Payment Fund is fully sufficient to pay or cause to be paid such Obligations Outstanding, including all principal, interest and redemption premium, if any; or

(iii) by depositing with a Depository Trustee, in trust for such purpose, any Government Obligations which are noncallable in such amount as shall be certified to the Trustee and the City in a certificate or report by a national firm of certified public accountants acceptable to the City, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit in the Payment Fund together with the interest to accrue thereon, to pay and discharge or cause to be paid and discharged such Obligations (including all principal, interest and redemption premium, if any) at their respective maturity or prior redemption dates, which deposit may be made in accordance with the provisions of Section 8 of the Purchase Agreement;

notwithstanding that any Obligations shall not have been surrendered for payment, all obligations of the Trustee and the City with respect to such Outstanding Obligations shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from funds deposited pursuant to subsections (ii) or (iii) of this Section and paid to the Trustee by the Depository Trustee, to the Owners of the Obligations not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to subsections (ii) or (iii), the Obligations shall continue to represent direct and proportionate interests of the Owners thereof in such funds.

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

(c) Any Obligation or portion thereof in Authorized Denominations may be paid and discharged as provided in this Section; provided however, that if any such Obligation or portion thereof is to be redeemed, notice of such redemption shall have been given in accordance with the provisions hereof or the City shall have submitted to the Trustee instructions expressed to be irrevocable as to the date upon which such Obligation or portion thereof is to be redeemed and as to the giving of notice of such redemption; and provided further, that if any such Obligation or portion thereof will not mature within sixty (60) days of the deposit referred to in subsections (ii) or (iii) of subsection (a) of this Section, the Trustee shall give notice of such deposit by first class mail to the Owners.

(d) No Obligation may be provided for as provided in this Section if, as a result thereof, or of any other action in connection with which the provisions for payment of such Obligation is made, the interest payable on any Obligation is thereby made includable in gross income for federal income tax purposes. The Trustee, the Depository Trustee, and the City may rely upon an opinion of Independent Counsel which is nationally recognized bond counsel to the effect that the provisions of this subsection will not be breached by so providing for the payment of any Obligations.

Section 13.2. Records. The Trustee shall keep complete and accurate records of all moneys received and disbursed under this Agreement, which shall be available for inspection by the City and any Owner, or the agent of any of them, upon reasonable prior notice, at any time during regular business hours.

Section 13.3. Notices. All written notices to be given under this Agreement shall be given by mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective upon deposit in the United States mail, postage prepaid or, in the case of personal delivery, upon delivery to the address set forth below:

If to the City: City of Sedona, Arizona
 102 Roadrunner Drive
 Sedona, Arizona 86336
 Attention: City Manager

If to the Trustee: _____

 Attention: _____

All notices, approvals, consents, requests and any communications to the Trustee hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Trustee). Electronic signatures believed by the Trustee to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If the City chooses to use electronic signatures to sign documents delivered to the Trustee, the City agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Trustee acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Trustee in lieu of, or in addition to, any document signed via electronic signature.

Section 13.4. Incorporation of State Statutes. (a) Section 38-511, Arizona Revised Statutes, as amended, provides that the City may, within three years after its execution, cancel any contract (including this Agreement), without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract (including in the case of this Agreement, the Trustee) in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. In addition, the City may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City from any other party to the contract arising as a result of the contract.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, the Trustee shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the “e-verify” requirements under Section 23-214(A), Arizona Revised Statutes. The breach by the Trustee of the foregoing shall be deemed a material breach of this Agreement and may result in the termination of the services of the Trustee by the

City. The City retains the legal right to randomly inspect the papers and records of the Trustee to ensure that the Trustee is complying with the above-mentioned warranty. The Trustee shall keep such papers and records open for random inspection during normal business hours by the City. The Trustee shall cooperate with the random inspections by the City including granting the City entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

(c) To the extent applicable under Section 35-393 et seq., Arizona Revised Statutes, the Trustee 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 the City determines that the Trustee’s certification above is false or that it has breached such agreement, the City may impose remedies as provided by law.

(d) To the extent applicable under Section 35-394, Arizona Revised Statutes, the Trustee hereby certifies it does not currently, and for the duration of this Trust Agreement shall not use: (i) the forced labor of ethnic Uyghurs in the People’s Republic of China, (ii) any goods or services produced by the forced labor of ethnic Uyghurs in the People’s Republic of China, and (iii) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People’s Republic of China. The foregoing certification is made to the best knowledge of the Trustee without any current independent investigation or without any future independent investigation for the duration of this Trust Agreement. If the Trustee becomes aware during the duration of this Trust Agreement that it is not in compliance with such certification, the Trustee shall take such actions as provided by law, including providing the required notice to the City. If the City determines that the Trustee is not in compliance with the foregoing certification and has not taken remedial action, the City shall terminate the Trustee’s role as the Trustee hereunder pursuant to Article VIII.

Section 13.5. Governing Law. This Agreement shall be construed and governed in accordance with the laws of the State.

Section 13.6. Binding Effect and Successors. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Agreement either the City or the Trustee is named or referred to, such reference shall be deemed to include successors or assigns thereof, and all the covenants and agreements in this Agreement contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 13.7. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Agreement.

Section 13.8. Destruction of Cancelled Obligations. Whenever in this Agreement provision is made for the surrender to or cancellation by the Trustee and the delivery to the City of any Obligations, the Trustee may destroy such Obligations and, upon the City’s request, deliver a certificate of such destruction to the City.

Section 13.9. Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Agreement. All references herein to “Articles”, “Sections”, and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; and the words “herein”, “hereof”, “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 13.10. Parties Interested Herein. Nothing in this Trust Agreement or the Obligations, expressed or implied, is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the City, the Trustee and the Owners, any legal or equitable right, remedy or claim under or by reason of this Trust Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, provisions and agreements in this Trust Agreement contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Trustee and the Owners of the Obligations.

Section 13.11. Waiver of Notice. Whenever in this Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 13.12. Severability of Invalid Provisions. In case any one or more of the provisions contained in this Agreement or in the Obligations shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Obligations pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Agreement may be held illegal, invalid or unenforceable.

[Signature page follows.]

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

_____, **as Trustee**

By.....
Authorized Representative

THE CITY OF SEDONA, ARIZONA

By.....
Mayor

ATTEST:

By.....
City Clerk

EXHIBIT A-1

(Form of Obligation)

Number:

Principal Amount:

Unless this Obligation is presented by an authorized representative of The Depository Trust Company, a New York corporation (“DTC”), to the Trustee (or any successor registrar) for registration of transfer, exchange, or payment, and any Obligation issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

EXCISE TAX REVENUE OBLIGATION, SERIES 2024

Evidencing a Proportionate Interest of the Owner
Hereof in Purchase Price Payments to be Made by

THE CITY OF SEDONA, ARIZONA

to

_____,
as Trustee

<u>Interest Rate:</u>	<u>Maturity Date:</u>	<u>Dated Date:</u>	<u>CUSIP:</u>
.....%	July 1, 20....., 2024	81567L

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns, as the registered owner of this Excise Tax Revenue Obligation, Series 2024 (this “Obligation”) is the owner of an undivided, participatory, proportionate interest in the right to receive certain “Payments” under and defined in that certain Sixth Purchase Agreement, dated as of _____ 1, 2024 (the “Purchase Agreement”), by and between _____ (the “Trustee”), and the City of Sedona, Arizona, a municipal corporation and a political subdivision existing under the laws of the State of Arizona (the “City”), which Payments and other rights and interests under the Purchase Agreement are held by the Trustee in trust under that certain Sixth Trust Agreement, dated as of _____ 1, 2024 (the “Trust Agreement”), by and between the City and the Trustee. The Trustee maintains a corporate trust office for payment and transfer of this Obligation (the “Designated Office”).

The registered owner of this Obligation is entitled to receive, subject to the terms of the Purchase Agreement, on the maturity date set forth above, the principal amount set forth above, representing a portion of the payments due designated as principal coming due and to receive semiannually on January 1 and July 1 of each year commencing January 1, 2025 (the “Interest Payment Dates”), until payment in full of said portion of principal or redemption prior thereto,

the registered owner's proportionate share of the Payments designated as interest coming due during the period commencing on the last date on which interest was paid and ending on the day prior to the Interest Payment Date or, if no interest has been paid, from the Dated Date specified above. Said interest is the result of the multiplication of said principal by the interest rate per annum set forth above. Interest shall be calculated on the basis of a 360-day year composed of twelve (12) months of thirty (30) days each.

Said amounts representing the registered owner's share of the Payments designated as interest are payable in lawful money of the United States of America by check mailed when due by first class mail by the Trustee to the registered owner in whose name this Obligation is registered at the close of business on the fifteenth (15th) day of the calendar month next preceding the Interest Payment Date at the address thereof as it appears on the registration books for the Obligations maintained by the Trustee. Said amounts representing the registered owner's share of the Payments designated as principal are payable when due upon surrender of this Obligation at the Designated Office. Principal, interest or redemption premium, if any, payable to any owner of \$1,000,000 or more in principal amount of the series of obligations of which this Obligation is a part (the "Obligations") may be paid by wire transfer in immediately available funds to an account in the United States if the owner makes a written request of the Trustee at least twenty (20) days before the date of payment specifying the account address. The notice may provide that it shall remain in effect for subsequent payments until otherwise requested in a subsequent written notice.

The Trustee has no obligation or liability to the registered owners of the Obligations for the payment of interest or principal pertaining to the Obligations. The Trustee's sole obligations are to administer, for the benefit of the registered owners of the Obligations, the various funds and accounts established pursuant to the Trust Agreement.

This Obligation has been executed and delivered by the Trustee pursuant to the terms of the Trust Agreement. The City is authorized to enter into the Purchase Agreement and the Trust Agreement under the laws of the State of Arizona and by a resolution of the Mayor and Council of the City adopted on May 15, 2024. Reference is hereby made to the Purchase Agreement and the Trust Agreement (copies of which are on file at the Designated Office) for further definitions, a description of the terms on which the Obligations are delivered, the rights thereunder of the registered owners of the Obligations, the rights, duties and immunities of the Trustee and the rights and obligations of the City under the Purchase Agreement (including with respect to certain obligations secured and to be secured on a parity with the security for the Payments and to certain limitations on such security), to all of the provisions of which Purchase Agreement and Trust Agreement the registered owner of this Obligation, by acceptance hereof, assents and agrees. (The recitals, statements, covenants and representations made in this Obligation shall be taken and construed as made by and on the part of the City, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.)

The Obligations are payable from payments to be made by the City pursuant to the Purchase Agreement. To secure the Payments required to be paid by the City pursuant to the provisions of the Purchase Agreement (and any obligations issued or which could be issued on a parity with the requirement to make payments from such amounts as provided in the Purchase

Agreement), the City has pledged for the payment of the Payments all excise taxes, transaction privilege (sales, license and use) taxes, vehicle license fees, plan review deposit fees, building permit fees, conditional use permit fees, development review fees, franchise fees, fines and forfeitures which the City now collects and which it may collect in the future, together with the City's portion of any excise taxes, transaction privilege (sales and use) taxes and income taxes imposed and collected by the State of Arizona, or any political subdivision thereof, or any other governmental unit or agency, and returned, allocated or apportioned to the City, EXCEPT (i) any such taxes, fees, fines and forfeitures which the City has enacted or may enact in the future which must be used or expended by the City for specific purposes, and (ii) any such taxes which, by State law, rule or regulation must be expended for specific purposes, such as motor vehicle fuel taxes.

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

Neither the Trustee nor the registered owners of the Obligations shall have any right under any circumstances to accelerate the maturity of the Obligations or otherwise declare any of the Payments not then past due or in default to be immediately due and payable. (The Obligations represent interests in a limited obligation of the City (as described herein), and no Council member, officer or agent, as such, past, present or future, of the City shall be personally liable for the payment thereof.)

For further definitions, a more complete statement of the income and revenues from which, and conditions under which, the Obligations are payable, the conditions under which additional obligations have been and may be authorized and issued on a parity herewith, a statement of the terms under which the Trust Agreement or the Purchase Agreement may be modified or supplemented and a statement of the general covenants and provisions pursuant to which the Obligations are issued, reference is made to the Trust Agreement and the Purchase Agreement.

The Obligations are issuable only as fully registered obligations in the denominations authorized and in printed or typewritten form. The Obligations shall not be transferable or exchangeable, except as provided in the Trust Agreement.

The Obligations are executed and delivered only in fully registered form in denominations of \$5,000 of principal due on a specific maturity date or integral multiples thereof.

This Obligation may be exchanged for an Obligation or Obligations of like aggregate principal amount in authorized denominations having the same maturity date and interest rate.

This Obligation is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the Designated Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement and upon

surrender and cancellation of this Obligation. Upon such transfer a new Obligation or Obligations, of authorized denomination or denominations, for the same aggregate principal amount will be delivered to the transferee in exchange therefor. The City and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Obligation shall be overdue, and the City and the Trustee shall not be affected by any notice to the contrary.

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

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

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

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement and the Purchase Agreement may be amended by the parties thereto with the written consent of the owners of a majority in aggregate principal of all Obligations then outstanding, and may be amended without such consent under certain circumstances but in no event such that the interests of the owners of the Obligations are adversely affected, provided that no such amendment shall impair the right of any owner to receive in any case such owner's proportionate share of any Payment thereof in accordance with such owner's Obligation.

Obligations maturing before or on July 1, 20__, will not be subject to optional redemption prior to maturity. Obligations maturing on or after July 1, 20__, will be subject to redemption in such order and from such maturities as may be selected by the City, in whole or in part on any date on or after July 1, 20__, at a redemption price equal to the principal amount of each Obligation to be redeemed, together with accrued interest to the date fixed for redemption but without premium.

If less than all of the outstanding Obligations of any maturity are to be redeemed, the Obligations (or portions hereof) to be redeemed will be selected by the Trustee by lot or in any customary manner as determined by the Trustee. Redemption shall be in authorized denominations or any integral multiples thereof.

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

If at the time of mailing of the notice of redemption there has not been deposited with the Trustee moneys or eligible securities sufficient to redeem all Obligations subject to redemption and other requirements set forth in the Trust Agreement are not met, such notice shall state that it is conditional, subject to the deposit of moneys sufficient for the redemption and satisfaction of such conditions. If Obligations or portions thereof are subject to redemption and if on the redemption date moneys for the redemption thereof are held by the Trustee and those other conditions are met, thereafter those Obligations or portions thereof to be redeemed shall cease to bear interest, and shall cease to be secured by, and shall not be deemed to be outstanding under, the Trust Agreement. The failure to receive any notice of redemption, or any defect in such notice in respect of any Obligation, shall not affect the validity of redemption of any Obligation.

It is hereby certified, recited and declared that all conditions, acts and things required by the Constitution and laws of the State of Arizona to happen, to be done, to exist and to be performed precedent to and in the execution and delivery of this Obligation have happened, have been done, do exist and have been performed in regular and due form and time as required by law.

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

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

Date of Execution:

_____, as Trustee

By.....
Authorized Representative

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

TEN COM -	as tenants in common	UNIF GIFT/TRANS MIN ACT
TEN ENT -	as tenants by the entiretiesCustodian.....
JT TEN -	as joint tenants with right of survivorship and not as tenants in common	(Cust) (Minor)
		under Uniform Gifts/Transfers to Minors Act
	

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

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

Insert Social Security or Other Identifying Number of Transferee

.....
.....

.....
(Please Print or Typewrite Name and Address of Transferee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints

....., attorney to transfer the within certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated

.....

Note: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within registered certificate in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

.....

The signature(s) should be guaranteed by an eligible guarantor institution pursuant to Securities and Exchange Commission Rule 17Ad-15

EXHIBIT B

Payment Request Form

Application No.

The Trustee is hereby requested to pay from the “Acquisition Fund” established by the Sixth Trust Agreement, dated as of _____ 1, 2024 (the “Trust Agreement”), between the City of Sedona, Arizona (the “City”) and _____, as trustee (the “Trustee”) to the person or corporation designated below as “Payee,” the sum set forth below such designation, in payment of the Project Costs (as such term is and other undefined terms used herein are defined in the Trust Agreement) described below. The amount shown below is due and payable under a purchase order or contract with respect to the Project Costs described below and has not formed the basis of any prior request for payment.

Payee:

Address:

Amount:

Description of Project Costs or portion thereof authorized to be paid to the Payee:

.....
.....
.....
.....
.....
.....
.....
.....

The City acknowledges that it has received and inspected each item of the Project described above and has found each item of the Project so described to be in good condition, in conformity with the City’s specifications and satisfactory for the City’s purposes and in accordance with the applicable purchase order or contract and the plans for the Project. Notwithstanding anything herein to the contrary, the City shall not be deemed to have waived or released the Payee from any liability or obligation to the City in the event the City’s acknowledgment herein is discovered to be inaccurate in any respect as to any item of the Project described above.

With respect to this requested disbursement, the City (i) certifies it has reviewed any wire instructions set forth herein to confirm such wire instructions are accurate, and (ii) agrees it will not seek recourse from the Trustee as a result of losses incurred by it for making the disbursement in accordance with its instructions herein (unless such losses are caused by the negligence or willful misconduct of the Trustee).

By execution of this Payment Request Form, the City requests and approves the payment of the amount stated above to Payee set forth above.

DATED:, 20.....

.....
City Representative

Please forward payment to Payee at the following address:

.....
.....
.....

EXHIBIT C

Reimbursement Request Form

Application No.

The Trustee is hereby requested to pay from the "Acquisition Fund" established by the Sixth Trust Agreement, dated as of _____ 1, 2024 (the "Trust Agreement"), between the City of Sedona, Arizona (the "City"), and _____, as trustee (the "Trustee"), to the City, the sum set forth below as reimbursement of (all/a portion) of the Project Costs (as such term and all other undefined terms used herein are defined in the Trust Agreement) described below. The amount shown below was paid by the City as Project Costs and has not formed the basis of any prior request for payment.

The City acknowledges that it has received and has inspected each item of the Project to which the foregoing relates and has found each item of the Project so described to be in good condition, in conformity with the City's specifications and satisfactory for the City's purposes. Notwithstanding anything herein to the contrary, the City shall not be deemed to have waived or released any entity named on the attached documentation, from any liability or obligation to the City in the event the City's acknowledgment herein is discovered to be inaccurate in any respect as to any item of the Project described below.

With respect to this requested disbursement, the City (i) certifies it has reviewed any wire instructions set forth herein to confirm such wire instructions are accurate, and (ii) agrees it will not seek recourse from the Trustee as a result of losses incurred by it for making the disbursement in accordance with its instructions herein (unless such losses are caused by the negligence or willful misconduct of the Trustee).

Amount:

Description of Project Costs or portion thereof for which reimbursement is hereby requested:

.....
.....
.....

DATED:, 20.....

.....
City Representative

Dated Received:, 20.....

NEW ISSUES – BOOK-ENTRY-ONLY

RATING: See “RATING” herein.

INSURANCE: See “BOND INSURANCE AND RELATED RISK FACTORS” herein.

In the opinion of Special Counsel, assuming continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and court decisions the portion of each installment payment made by the City pursuant to the Purchase Agreement and denominated as and comprising interest pursuant to the Purchase Agreement and received by the Owners of the Obligations (the “Interest Portion”) is excludable from gross income for federal income tax purposes. Further, the Interest Portion is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and is exempt from income taxation under the laws of the State of Arizona so long as the Interest Portion is excludable from gross income for federal income tax purposes. See “TAX EXEMPTION” herein for a description of certain federal tax consequences of ownership of the Obligations.

\$16,345,000*

**CITY OF SEDONA, ARIZONA
EXCISE TAX REVENUE OBLIGATIONS, SERIES 2024**

**DRAFT II
5/29/24**

Dated: Date of Delivery

Due: July 1, as shown on the inside front cover page

The City of Sedona, Arizona (the “City”) Excise Tax Revenue Obligations, Series 2024 (the “Obligations”) will be executed and delivered (i) to finance the costs of engineering, design and construction of an extension of Forest Road, an underpass and parking garage projects or other projects included in the Transportation Master Plan of the City and (ii) to pay costs relating to the execution and delivery of the Obligations. See “THE PROJECTS” herein.

Interest on the Obligations will be payable semiannually on each January 1 and July 1, commencing January 1, 2025*. The Obligations will be dated the date of delivery and will be issuable as fully registered obligations without coupons and will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Obligations. Beneficial interest in the Obligations will be available to purchasers in amounts of \$5,000 of principal due on a specific maturity date and any integral multiple thereof only under the book-entry-only system maintained by DTC through brokers and dealers who are, or act through, DTC Participants (as defined herein). Purchasers will not receive physical certificates. So long as any purchaser is the beneficial owner of an Obligation, such purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal and interest on such Obligations. See APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM” herein.

The Obligations will be subject to redemption prior to their stated maturities as described herein. See “THE OBLIGATIONS – Redemption Provisions” herein.

SEE MATURITY SCHEDULE ON INSIDE FRONT COVER PAGE

The Obligations will be undivided, proportionate interests in the installment payments to be made by the City pursuant to a Sixth Purchase Agreement, to be dated as of June 1, 2024* (the “Purchase Agreement”), between the City and [Trustee], as trustee. The installment payments will be payable from and secured by a first lien on and pledge of Excise Taxes (as defined herein) on a parity with the City Lease, the Second Series 2015 Purchase Agreement, the Series 2021 Purchase Agreement, the Series 2022 Purchase Agreement, the Second Series 2022 Purchase Agreement and any Additional Parity Lien Obligations (each as defined herein) that may be incurred on a parity as provided in the Purchase Agreement. No obligations may be incurred that would have a prior pledge of Excise Taxes to the installment payments due pursuant to the Purchase Agreement. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS” herein.

THE OBLIGATIONS WILL BE SPECIAL, LIMITED, REVENUE OBLIGATIONS OF THE CITY AND WILL BE PAYABLE SOLELY FROM THE SOURCES DESCRIBED HEREIN. THE OBLIGATIONS WILL NOT BE GENERAL OBLIGATIONS OF THE CITY, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF AND THE FULL FAITH AND CREDIT OF THE CITY, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF WILL NOT BE PLEDGED FOR THE PAYMENT OF THE OBLIGATIONS.

The Obligations will be offered when, as and if executed and delivered, subject to the approving opinion of Greenberg Traurig, LLP, Phoenix, Arizona, Special Counsel, as to validity and tax exemption. Certain matters will be passed upon for the underwriter identified below by its counsel, Gust Rosenfeld P.L.C., Phoenix, Arizona. It is anticipated that the Obligations in definitive form will be available for delivery through DTC on or about July __, 2024*.

This cover page contains only a brief description of the Obligations and the security therefor. It is not a summary of all material information with respect to the Obligations. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Obligations.



* Subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without any notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITY SCHEDULE*

\$16,345,000*

CITY OF SEDONA, ARIZONA

EXCISE TAX REVENUE OBLIGATIONS, SERIES 2024

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP® ⁽¹⁾ No. 81567L
2027	\$ 525,000	%	%	
2028	550,000			
2029	575,000			
2030	600,000			
2031	630,000			
2032	660,000			
2033	690,000			
2034	720,000			
2035	755,000			
2036	790,000			
2037	825,000			
2038	865,000			
2039	900,000			
2040	950,000			
2041	990,000			
2042	1,035,000			
2043	1,085,000			
2044	1,135,000			
2045	165,000			
2046	175,000			
2047	185,000			
2048	190,000			
2049	200,000			
2050	210,000			
2051	220,000			
2052	230,000			
2053	240,000			
2054	250,000			

* *Subject to change.*

⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2024 CGS. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, Special Counsel, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

CITY OF SEDONA, ARIZONA

MAYOR & CITY COUNCIL

Scott Jablow, *Mayor*

Holli Ploog, *Vice Mayor*

Melissa Dunn, *Councilor*

Brian Fultz, *Councilor*

Pete Furman, *Councilor*

Kathy Kinsella, *Councilor*

Jessica Williamson, *Councilor*

CITY ADMINISTRATIVE STAFF

Anette Spickard, *City Manager*

J. Andy Dickey, *Deputy City Manager*

Jean McGann, *Interim Finance Director*

SPECIAL COUNSEL

Greenberg Traurig, LLP
Phoenix, Arizona

TRUSTEE

[Trustee]
Phoenix, Arizona

REGARDING THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the City of Sedona, Arizona (the “City”) or Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) to give any information or to make any representations with respect to the Obligations, other than those in this Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, and there shall not be any sale of the City’s Excise Tax Revenue Obligations, Series 2024 (the “Obligations”) by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement, which includes the cover page, inside front cover page and appendices hereto, has been obtained from representatives of the City and the Arizona Department of Revenue and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the City or the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement: “The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.”

The presentation of information, including tables of receipts from taxes and other sources, shows recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. All information, estimates and assumptions contained herein are based on past experience and on the latest information available and are believed to be reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are “forward looking statements” that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the City has been identified by source and has not been independently confirmed or verified by the City or the Underwriter and its accuracy cannot be guaranteed. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto will, under any circumstances, create any implication that there has been no change in the affairs of the City or any of the other parties or matters described herein since the date hereof.

None of the City, the Underwriter, counsel to the Underwriter or Special Counsel (as defined herein) are actuaries. None of them have performed any actuarial or other analysis of the City’s share of unfunded liabilities of the Arizona State Retirement System and the Public Safety Personnel Retirement System.

The Obligations will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission (the “SEC”) nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Obligations for sale.

A wide variety of information, including financial information, concerning the City is available from publications and websites of the City and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such publications and websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

The City will undertake to provide continuing disclosure as described in this Official Statement under the heading “CONTINUING DISCLOSURE” and in APPENDIX F – “FORM OF CONTINUING DISCLOSURE UNDERTAKING,” all pursuant to Rule 15c2-12 of the SEC.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES OF THE OBLIGATIONS TO DEALERS AND OTHERS, AND THE UNDERWRITER MAY OVERALLOT OR ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICES OF THE OBLIGATIONS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET IN ORDER TO FACILITATE THEIR DISTRIBUTION. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

\$16,345,000*

CITY OF SEDONA, ARIZONA EXCISE TAX REVENUE OBLIGATIONS, SERIES 2024

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, provides certain information concerning the Excise Tax Revenue Obligations, Series 2024 (the “Obligations”), to be executed and delivered in the principal amount indicated hereinabove. The Obligations will be undivided, participating, proportionate interests in installment payments (the “Payments”) to be made by the City of Sedona, Arizona (the “City”), pursuant to a Sixth Purchase Agreement, to be dated as of June 1, 2024* (the “Purchase Agreement”), between the City, as buyer, and [Trustee], in its capacity as trustee (the “Trustee”). The Obligations are being executed and delivered for the purpose of providing funds (i) to finance the costs of engineering, design and construction of an extension of Forest Road, an underpass and parking garage projects or other projects included in the Transportation Master Plan of the City as described under the heading “THE PROJECTS” (collectively, the “Projects”) and (ii) to pay the costs and expenses relating to the execution and delivery of the Obligations. Pursuant to the Purchase Agreement, the Trustee will sell and convey to the City, and the City will buy and accept from the Trustee, the Projects.

The Obligations will be executed and delivered pursuant to a Sixth Trust Agreement, to be dated as of June 1, 2024* (the “Trust Agreement”), between the City and the Trustee. Certain of the Trustee’s interests under the Purchase Agreement, including, without limitation, the right to receive and collect the Payments and the right to enforce the payment of the Payments, will be held by the Trustee for the benefit of the registered owners of the Obligations. See APPENDIX D – “SUMMARY OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS” in addition to the information hereinbelow for descriptions of the terms of the Purchase Agreement and the Trust Agreement. See APPENDIX A – “CITY OF SEDONA, ARIZONA – GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION,” APPENDIX B – “CITY OF SEDONA, ARIZONA – FINANCIAL DATA” and APPENDIX C – “CITY OF SEDONA, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023” for information about the City.

The Payments will be payable from and secured by a first lien on and pledge of Excise Taxes (as defined herein) on a parity with (i) the City’s lease payment obligations pursuant to a City Lease, dated as of August 1, 1998 (as amended to date, the “City Lease”), between the City and Sedona Wastewater Municipal Property Corporation, (ii) the City’s installment payment obligations pursuant to a Second Purchase Agreement, dated as of December 1, 2015, between the City and U.S. Bank Trust Company, National Association (the “Second Series 2015 Purchase Agreement”), (iii) the City’s installment payment obligations pursuant to a Third Purchase Agreement, dated as of August 1, 2021, between the City and U.S. Bank Trust Company, National Association (the “Series 2021 Purchase Agreement”), (iv) the City’s installment payment obligations pursuant to a Fourth Purchase Agreement, dated as of March 1, 2022, between the City and UMB Bank, n.a. (the “Series 2022 Purchase Agreement”), (v) the City’s installment payment obligations pursuant to a Fifth Purchase Agreement, dated as of December 1, 2022, between the City and U.S. Bank Trust Company, National Association (the “Second Series 2022 Purchase Agreement” and, collectively with the City Lease, the Second Series 2015 Purchase Agreement, the Series 2021 Purchase Agreement, the Series 2022 Purchase Agreement, and the Second Series 2022 Purchase Agreement, the “Existing Parity Obligations”) and (vi) obligations that may be hereafter issued on a parity therewith and with the Obligations (referred to herein as “Additional Parity Lien Obligations”).

“Excise Taxes” means all excise taxes, transaction privilege (sales, license and use) taxes, vehicle license fees, plan review deposit fees, building permit fees, conditional use permit fees, development review fees, franchise fees, fines and forfeitures which the City now collects and which it may collect in the future, together with the City’s portion of any excise taxes, transaction privilege (sales and use) taxes and income taxes imposed and collected by the State, or any political subdivision thereof, or any other governmental unit or agency, and returned, allocated or apportioned to

* *Subject to change.*

the City (“State Shared Revenues”), EXCEPT (i) any such taxes, fees, fines and forfeitures which the City may enact in the future which must be used or expended by the City for specific purposes (such as the hereinafter described City Transportation Tax), and (ii) any such taxes which, by State law, rule or regulation must be expended for specific purposes, such as motor vehicle fuel taxes.

So long as any amounts due under the Existing Parity Obligations or the Purchase Agreement remain unpaid or unprovided for, the City may not further encumber Excise Taxes on a basis equal to the pledge for the Purchase Agreement unless certain requirements are satisfied. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS – Additional Parity Lien Obligations; No Prior Lien Obligations” and, for detail about amounts due pursuant to the Existing Parity Obligations and the Purchase Agreement, see APPENDIX B – “CITY OF SEDONA, ARIZONA – FINANCIAL DATA.” The City may not encumber Excise Taxes on a basis prior to the pledge for the Purchase Agreement.

THE OBLIGATIONS AND THE OBLIGATION OF THE CITY TO MAKE THE PAYMENTS EACH CONSTITUTE A LIMITED OBLIGATION OF THE CITY, AND NEITHER CONSTITUTES A GENERAL OBLIGATION OF THE CITY WITHIN THE MEANING OF THE CONSTITUTION OR LAWS OF THE STATE. THE CITY’S OBLIGATION TO MAKE THE PAYMENTS IS NOT SUBJECT TO ANNUAL APPROPRIATION OR BUDGETING BY THE CITY NOR IS SUCH OBLIGATION SUBJECT TO ANY CONSTITUTIONAL OR STATUTORY LIMITATION ON EXPENDITURES.

Unless and until discontinued, the Obligations will be held in book-entry form by The Depository Trust Company, New York, New York (“DTC”), a registered securities depository, and beneficial interests therein may only be purchased and sold, and payments of principal and interest on the Obligations will be made only to beneficial owners (the “Beneficial Owners”), through participants in the DTC system. Beneficial interests in the Obligations will be available to purchasers in amounts of \$5,000 of principal due on a specific maturity date and any integral multiple thereof. So long as Cede & Co. is the registered Owner of the Obligations, as nominee for DTC, references in this Official Statement to “Owner” or registered Owners of the Obligations (other than with respect to the Obligations under the heading “TAX EXEMPTION”) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such Obligations. See APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM” herein.

Brief descriptions of the security for the Obligations and of matters related to the City are included in this Official Statement together with a summary of select provisions of the Purchase Agreement and the Trust Agreement. See APPENDIX D – “SUMMARY OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS” herein. Such descriptions do not purport to be comprehensive or definitive. All references to the Purchase Agreement and the Trust Agreement are qualified in their entirety by reference to such documents, and references herein to the Obligations are qualified in their entirety by reference to the form thereof included in the Trust Agreement, copies of all of which are available for inspection at the designated corporate trust office of the Trustee.

Reference to provisions of Arizona law, whether codified in the Arizona Revised Statutes, or uncodified, or of the Arizona Constitution, are references to those current provisions. Those provisions may be amended, repealed or supplemented.

Neither this Official Statement nor any statement that may have been made orally or in writing in connection herewith is to be considered as, or as part of, a contract with the original purchasers or subsequent owners or Beneficial Owners of the Obligations.

THE OBLIGATIONS

General Provisions

The Obligations will be dated the date of their initial execution and delivery, and will bear interest payable semiannually on January 1 and July 1 of each year (each an “Interest Payment Date”), commencing on January 1, 2025*, until their maturity or redemption dates, at the rates set forth on the inside front cover page of this Official Statement. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

As described in APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM,” the Obligations, when executed and delivered, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. So long as DTC, or its nominee Cede & Co., is the registered owner of all the Obligations, all payments on the Obligations and notices regarding the Obligations will be made directly to DTC.

Subject to the provisions summarized in APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM,” the principal of each Obligation will be payable at the designated office of the Trustee. Interest represented by the Obligations will be paid on each Interest Payment Date by check drawn on the Trustee mailed on or before the Interest Payment Date to the registered owners as shown on the records of the Trustee as of the fifteenth day of the month immediately preceding such Interest Payment Date or, if such date is not a business day, on the next succeeding business day (the “Regular Record Date”) or the Trustee may agree with a registered Owner of \$1,000,000 or more in aggregate principal amount of the Obligations for another form of payment.

If the Trustee fails to make payments or provision for payment of interest on the Obligations when due on any Interest Payment Date, that interest shall cease to be payable to the registered Owner of such Obligations as of the applicable Regular Record Date, and when moneys become available for payment of that interest, the Trustee shall establish a special record date for the payment of that interest, which shall be at least ten days prior to the proposed interest payment date, and notice of such special record date shall be mailed to each registered Owner at least ten days prior to the special record date.

Each Obligation will accrue interest from the Interest Payment Date next preceding the date of its execution, unless: (i) executed on an Interest Payment Date or after a Regular Record Date but before the following Interest Payment Date, in which case interest accrues from such Interest Payment Date, (ii) executed on the date of initial delivery or prior to January 1, 2025*, in which case interest accrues from its dated date, or (iii) payment of interest is in default, in which case interest is payable from the last date to which interest has been paid or, if none, its dated date.

Redemption Provisions*

Optional Redemption. The Obligations maturing before or on July 1, 20__, will not be subject to redemption prior to their stated maturity dates. The Obligations payable on or after July 1, 20__, will be subject to redemption prior to their stated maturity dates, the option of the City, in whole or in part on any date on or after July 1, 20__, at the redemption price of the principal amount to be redeemed, plus accrued interest to the date fixed for redemption, without premium.

Manner of Selection for Redemption. The Obligations will be redeemed only in principal amounts of \$5,000 each or integral multiples thereof. The City will, at least 45 days prior to the redemption date, notify the Trustee of such redemption date and of the maturities of the Obligations and the principal amount of the Obligations of any such maturity to be redeemed on such date. For the purposes of any redemption of less than all of the Obligations of a single maturity, the particular Obligations or portions of the Obligations to be redeemed shall be selected through the procedures of DTC.

Notice of Redemption. Redemption notices will be sent only to DTC by electronic media, not more than 60 nor less than 30 days prior to the date set for redemption. See APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM.” Such notice will state that if, on the specified redemption date, moneys for redemption of all the Obligations to be redeemed together with interest to the date of redemption, is held by the Trustee, then, from and after said date of redemption, interest with respect to the Obligations will cease to accrue and become payable and that if such moneys are not so held, the redemption will not occur.

* *Subject to change.*

SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS

General

The Obligations will be special, limited, revenue obligations, taking the form of undivided, participating, proportionate interests in the Payments. The obligation of the City to make the Payments will be limited to payment from Excise Taxes and will in no circumstances constitute a general obligation or a pledge of the full faith and credit of the City, the State or any of its political subdivisions, or require the levy of, or be payable from the proceeds of, any *ad valorem* property taxes.

Excise Taxes in excess of amounts, if any, required to be deposited with or held by the Trustee for payments due under the Purchase Agreement will constitute surplus revenues and may be used by the City for any lawful purpose for the benefit of the City. The City, also, may make the Payments from its other funds as permitted by law and as the City determines from time to time, and the Trustee will thereafter have no claim to such other funds.

Under the terms of the Trust Agreement, an irrevocable trust will be administered by the Trustee for the equal and proportionate benefit of the Owners of the Obligations, which trust includes: (1) all right, title and interest of the Trustee in the Purchase Agreement and the right to (a) make claim for, collect or receive all amounts payable or receivable thereunder, (b) bring actions and proceedings thereunder or for the enforcement of such rights, and (c) do any and all other things which the Trustee is entitled to do thereunder; (2) amounts on deposit from time to time in the funds created pursuant to the Trust Agreement; and (3) any and all other property of any kind hereafter conveyed as additional security for the Obligations.

Pledge

The Payments will be payable from and secured by a first lien on and pledge of Excise Taxes on a parity with the payments due pursuant to the Existing Parity Obligations and any Additional Parity Lien Obligations.

So long as any amounts due under the Existing Parity Obligations or the Purchase Agreement remain unpaid or unprovided for, the City may not further encumber Excise Taxes on a basis equal to the pledge for the Purchase Agreement unless certain requirements are satisfied. See "Additional Parity Lien Obligations; No Prior Lien Obligations" below. For detail about amounts due pursuant to the Existing Parity Obligations and the Purchase Agreement, see APPENDIX B – "CITY OF SEDONA, ARIZONA – FINANCIAL DATA."

If at any time the moneys in the funds held for payment of amounts due under the Purchase Agreement or the Trust Agreement are not sufficient to make the deposits and transfers required, any such deficiency will be made up from the first moneys thereafter received and available for such transfers under the terms of the Purchase Agreement and, with respect to payment from Excise Taxes, *pro rata*, as applicable, with amounts due with respect to the Existing Parity Obligations, the Purchase Agreement and any Additional Parity Lien Obligations. Excise Taxes in excess of amounts, if any, required to be deposited with or held by the Trustee for payments due under the Purchase Agreement and the Trust Agreement will constitute surplus revenues and may be used by the City for any lawful purpose for the benefit of the City. The City may make such payments from its other funds as permitted by law and as the City determines from time to time, but the Trustee will thereafter have no claim to such other funds. The Purchase Agreement will not terminate so long as any of the Payments are due and owing pursuant to the terms of the Obligations.

Payment of the principal represented by the Obligations will not be secured by the Projects, and neither the Trustee nor the Owners of the Obligations have any claim or lien on the Projects or any part thereof.

THE PAYMENTS WILL NOT CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE CITY NOR WILL THE CITY BE LIABLE FOR THE PAYMENTS FROM AD VALOREM PROPERTY TAXES. PURSUANT TO THE TRUST AGREEMENT, THE OBLIGATIONS WILL BE SPECIAL, LIMITED REVENUE OBLIGATIONS, PAYABLE SOLELY FROM THE PAYMENTS MADE PURSUANT TO THE PURCHASE AGREEMENT. THE OBLIGATIONS WILL NOT BE GENERAL OBLIGATIONS OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF AND WILL NOT REPRESENT OR CONSTITUTE A DEBT OR A DIRECT OR INDIRECT PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY, THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF.

Coverage Requirements

Excise Taxes will be maintained so that the amount of all such Excise Taxes received for the next preceding fiscal year of the City will be equal to at least one and fifty hundredths (1.50) times the total of interest and principal requirements for the current fiscal year of the City for the Existing Parity Obligations, the Purchase Agreement and any Additional Parity Lien Obligations. If receipts of Excise Taxes for any such preceding fiscal year shall not have been equal to at least one and fifty hundredths (1.50) times the total of the interest and principal requirements for the current fiscal year of the City for the Existing Parity Obligations, the Purchase Agreement and any Additional Parity Lien Obligations or if at any time it appears that current receipts of Excise Taxes will not be sufficient to meet such requirements, the City will, to the extent permitted by law, either impose new excise, transaction privilege and franchise taxes or will increase the rates for such taxes currently imposed in order that (i) Excise Taxes will be sufficient to meet all such requirements and (ii) Excise Taxes will be reasonably calculated to attain the level as required by the first sentence of this paragraph.

Additional Parity Lien Obligations; No Prior Lien Obligations

Additional Parity Lien Obligations may be incurred but only if Excise Taxes collected in the preceding fiscal year of the City have amounted to at least one and fifty hundredths times (1.50) the highest combined interest and principal requirements for any succeeding fiscal year of the City for the Existing Parity Obligations, the Purchase Agreement and any Additional Parity Lien Obligations.

EXCISE TAXES

Excise Taxes will be pledged as security for the Payments due pursuant to the Purchase Agreement, which will be used to pay debt service on the Obligations. The major categories of such revenues are discussed more fully under this heading.

NO ASSURANCES CAN BE GIVEN THAT THE AMOUNT OF STATE SHARED SALES TAXES OR STATE SHARED INCOME TAXES DESCRIBED HEREINBELOW WILL NOT BE REDUCED OR ELIMINATED BY THE STATE LEGISLATURE IN THE FUTURE.

City Excise Taxes

City Transaction Privilege (Sales) Tax. The City collects a transaction privilege (sales) tax on a variety of categories of business activity. The City's transaction privilege (sales) tax is levied by the City upon persons on account of their business activities within the City. The amount of taxes due is calculated by applying the tax rate against the gross proceeds of sales or gross income derived from the business activities shown in TABLE 1.

Other City Sales Taxes Not Included As Excise Taxes. The City currently levies and collects a dedicated sales tax for the purpose of funding roadway and other transportation projects to improve traffic flow for visitors and residents (the "City Transportation Sales Tax"). The City Transportation Sales has a rate of 0.50%. **The revenues from the City Transportation Sales Tax are not part of the Excise Taxes and collections from such taxes are not pledged as a security for amounts due under the Purchase Agreement.** If the City ever authorized and levied such additional special purpose excise taxes in the future, the revenues collected from those special purpose excise taxes would not be considered part of the Excise Taxes and would not be subject to the pledge under the Purchase Agreement. The City Transportation Sales Tax began on March 1, 2018 and is scheduled to expire as soon as improvements are completed or in 10 years, whichever comes first.

TABLE 1

**City Transaction Privilege (Sales) Tax Rates by Category
City of Sedona, Arizona**

Category	City Privilege Tax Rate (a)
Amusements	3.50%
Contracting – Prime	3.50
Contracting – Speculative Builders	3.50
Contracting – Owner Builder	3.50
Job Printing	3.50
Manufactured Buildings	3.50
Timbering and Other Extraction	3.50
Severance – Metal Mining	0.10
Publication	3.50
Hotels	3.50
Hotel/Motel (Additional Tax) (b)	3.50
Commercial Rental, Leasing, & Licensing for Use	3.50
Rental, Leasing, & Licensing for Use of TPP	3.50
Restaurant and Bars	3.50
Retail Sales	3.50
Maintenance, Repair, Replace and Alteration (MRRA) Amount	3.50
Communications	3.50
Transporting	3.50
Utilities	3.50
Use Tax Purchases	3.00
Use Tax From Inventory	3.00

(a) *The City levies an additional 0.50% sales tax for the City Transportation Sales Tax. **The revenues from the City Transportation Sales Tax are not part of Excise Taxes and collections from such taxes are not pledged as a security for amounts due under the Purchase Agreement.***

(b) *The City also levies an additional 3.50% transient lodging tax on any hotel, motel, apartment or individual charging for lodging space to any person for less than 30 consecutive days. 0.50% of such 3.50% tax rate is restricted by State law to use for visitor and hospitality services and is not part of Excise Taxes.*

Source: Arizona Department of Revenue.

The following table shows actual collections of the City’s unrestricted transaction privilege (sales) tax by industry classification for fiscal years 2018/19 through and including 2022/23, projected collections for fiscal year 2023/24 and budgeted collections for fiscal year 2024/25.

TABLE 2

**Transaction Privilege (Sales) Tax Collections by Industry Classification (a)
City of Sedona, Arizona**

Industry Classification (b)	Actual					Projected (c)	Budgeted (c)
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Construction	\$ 1,248,927	\$ 1,573,976	\$ 1,556,419	\$ 1,674,159	\$ 1,631,694	\$ 1,713,278	\$ 1,747,544
Transportation, communication and utilities	619,234	629,567	679,947	661,130	702,407	737,528	752,278
Retail trade	6,120,392	6,203,673	8,459,066	9,589,824	9,306,436	9,771,758	9,967,193
Restaurants and bars	3,761,990	3,194,548	4,496,293	5,230,370	5,182,587	5,441,717	5,550,551
Rental/leasing/licensing	1,396,946	1,336,758	1,585,888	1,732,451	1,710,912	1,796,458	1,832,387
Hotels and other lodging	8,273,644	7,174,092	12,427,458	15,573,226	14,948,758	15,696,196	16,010,120
All other outlets	1,102,702	768,834	897,168	1,412,829	1,242,706	1,304,842	1,330,939
Total	\$ 22,523,835	\$ 20,881,448	\$ 30,102,239	\$ 35,873,990	\$ 34,725,501	\$ 36,461,776	\$ 37,191,012

- (a) *Due to the City’s participation in the Arizona Department of Revenue (“ADOR”) sales tax collection program and ADOR’s reporting of collections on a cash basis, the totals represented here may differ from the amounts shown in TABLE 4.*
- (b) *Less portion dedicated to transportation projects related to the special 0.50% Transportation Sales Tax and 0.50% of the Additional 3.50% Bed Tax.*
- (c) *Projected and budgeted figures are “forward-looking” statements, subject to change upon audit and should be considered with an abundance of caution.*

Source: Financial Services Department of the City.

Franchise Fees. The City imposes and collects franchise fees to engage in certain activities within the City and the right to utilize certain City property.

Business Licenses. The City imposes and collects fees for licenses to engage in certain activities within the City and the right to utilize certain City property. Those entities transacting more than one type of business are required to have separate business license for each activity they engage. The City has the authority and ability to set the charge for the business license at whatever rate it determines.

Permits. The City imposes and collects fees for permits to engage in certain activities within the City the right to utilize certain City property.

Parks and Recreation Fees. The City imposes and collects fees for parks and recreation to engage in certain activities within the City and the right to utilize certain City property.

Fines and Forfeitures. The City imposes and collects fines and forfeitures for violations of State laws or City ordinances relating to traffic, parking, animal control and other offenses.

State Shared Revenues

State Shared Sales Taxes. Pursuant to statutory formula, cities and towns in Arizona receive a portion of revenues from the State-levied transaction privilege (sales) tax. As TABLE 3 indicates, the rate of taxation on such tax varies among the different types of business activities taxed, with the most common rate being 5.0% of the amount or volume of business transacted.

Currently, the aggregate amount distributed to all Arizona cities and towns is equal to 25% of the “distribution share” of revenues attributable to each category of taxable activity. Each city’s or town’s allocation of the revenues available to all cities and towns is based on its population relative to the aggregate population of all cities and towns as shown by the latest census. State-levied transaction privilege (sales) taxes are collected by the State and are distributed monthly to cities and towns.

TABLE 3

**State-Transaction Privilege (Sales) Tax Rates
Taxable Activities and Distribution Base**

Taxable Activities	State Tax Rate	Distribution Base	0.60% Education Tax Rate (a)	Combined Tax Rate
Transporting	5.000%	20.00%	0.60%	5.600%
Utilities	5.000	20.00	0.60	5.600
Communications	5.000	20.00	0.60	5.600
Private rail car and pipelines	5.000	20.00	0.60	5.600
Publishing	5.000	20.00	0.60	5.600
Printing	5.000	20.00	0.60	5.600
Contracting	5.000	20.00	0.60	5.600
Owner builder sales	5.000	20.00	0.60	5.600
Amusements	5.000	40.00	0.60	5.600
Restaurant and bars	5.000	40.00	0.60	5.600
Personal property rentals	5.000	40.00	0.60	5.600
Retail	5.000	40.00	0.60	5.600
Hotel/motel	5.500	50.00	N/A	5.500
Mining – non-metal, oil/gas	3.125	32.00	N/A	3.125
Mining severance	2.500	80.00	N/A	2.500
Use and use inventory tax	5.000	N/A	0.60	5.600
Medical marijuana	5.000	40.00	0.60	5.600
Adult use marijuana	5.000	40.00	0.60	5.600
Maintenance, repair, replacement or alteration	5.000	40.00	0.60	5.600
Online lodging marketplace	5.500	50.00	N/A	5.500
Remote seller or marketplace	5.000	40.00	0.60	5.600
Jet fuel use tax	(b)	N/A	N/A	(b)

N/A = Not applicable.

(a) Represents the State transaction privilege (sales) tax rate approved by voters of the State in November 2000 (the “Education Tax”) on certain of the categories of business activity at six-tenths of one percent (0.6%). **The Education Tax collections are dedicated exclusively to education and are not distributed to the City or pledged to the payment of debt service with respect to the Obligations. The Education Tax is scheduled to expire on June 30, 2041.**

(b) Does not include \$0.0305 per gallon State tax on the retail sale of jet fuel, which tax is only levied on the first ten million gallons sold to each purchaser in each calendar year.

Source: Arizona Revised Statutes, Arizona Department of Revenue and the Arizona Secretary of State.

State Shared Income Taxes. Under current State law, Arizona cities and towns are preempted from imposing a local income tax. Cities and towns are, however, entitled by statutory formula to receive typically 18% of the net proceeds of the State’s personal and corporate income tax collections for the Fiscal Year which is two Fiscal Years prior to the current Fiscal Year. Distribution of such funds is made monthly based on the proportion of each city’s or town’s population to the total population of all incorporated cities and towns in the State as determined by the latest census. Reduced economic activity or reductions in the statutory formula share could adversely affect the City’s revenues.

Vehicle License Tax Revenues. Article IX, Section 11 of the Arizona Constitution provides that from and after December 31, 1973, a vehicle license tax shall be imposed as provided by law on vehicles registered for operation

upon the highways in Arizona, which vehicle license tax shall be in lieu of all ad valorem property taxes on any vehicle subject to such license tax. The constitutional provision further provides that the Arizona Legislature shall provide for the distribution of the proceeds from such vehicle license tax to the State, counties, school districts, cities and towns, including distributions to the State General Fund.

Pursuant to statutory formula, incorporated cities and towns in Arizona, including the City, receive two separate distributions from revenues of the State vehicle license tax from the Arizona Department of Transportation, which is the State agency charged with collecting the tax: one distribution is paid directly (the "General Vehicle License Tax") and the other is made for and restricted to any transportation purpose as determined by the city or town's council (the "Transportation-Restricted Vehicle License Tax"). Currently, the General Vehicle License Tax constitutes 24.6% of moneys collected from most types of vehicles and 20.45% of money collected from alternative fuels vehicles, car rental surcharges, and private ambulances, fire-fighting vehicles and school buses. Currently, the Transportation-Restricted Vehicle License Tax constitutes 5.7% of moneys collected from most types of vehicles and 4.91% of moneys collected from alternative fuels vehicles, car rental surcharges, and private ambulances, fire-fighting vehicles and school buses. Only the amounts received by the City from the General Vehicle License Tax will be included in State Shared Revenues. Amounts received from the Transportation-Restricted Vehicle License Tax will not be included in State Shared Revenues. The amounts and percentages distributed to the City are beyond any control of the City.

From time to time bills are introduced in the State Legislature to make changes in the formula to allot Vehicle License Tax Revenues. The City cannot determine whether any such measures will become law or how such measures might affect the revenues that comprise Vehicle License Tax Revenues.

In addition, initiative measures may be circulated from time to time seeking to place on the ballot changes in State Constitution or State law which repeal or modify the imposition, collection or distribution of Vehicle License Tax Revenues. The City cannot predict if any such initiative measures will ever actually be submitted to the electors, what form the measures might take or the outcome of any such election.

Legislation Regarding Withholding of State Shared Revenues. Section 41-194.01, Arizona Revised Statutes, permits the State to withhold from a county, city or town ("Local Jurisdiction") State revenues that would otherwise be shared with Local Jurisdictions.

Under such statute, at the request of one or more members of the State Legislature, the State Attorney General must investigate any ordinance, regulation, order or other official action ("Local Action") adopted or taken by the governing body of a Local Jurisdiction that the legislator alleges violates State law or the State Constitution. The Attorney General must make a written report within 30 days after receipt of the request. The Local Jurisdiction then has 30 days to resolve the violation. If the Attorney General determines that the violation has not been resolved within 30 days, the Attorney General must notify the State Treasurer and the State Treasurer must withhold payment to the Local Jurisdiction of State shared excise taxes otherwise due to the Local Jurisdiction pursuant to Section 42-5029(L), Arizona Revised Statutes and all State shared income taxes otherwise due to the Local Jurisdiction pursuant to Section 43-206(F), Arizona Revised Statutes, until such time as the Attorney General determines that the violation has been resolved. However, the State Treasurer may not withhold any amount that the Local Jurisdiction certifies to the Attorney General and the State Treasurer as being necessary to make deposits or payments for debt service on bonds or other long-term obligations that were issued or incurred before the Local Action occurred.

The City is not aware of any Local Action by the City taken or currently under consideration that does or if taken would violate State law or the State Constitution. State Shared Revenues are a component of Excise Taxes pledged to payments due to the Purchase Agreement. The withholding of State Shared Revenues could have a material adverse effect on the payment of principal of and interest on the Obligations during any period of withholding.

Lack of City's Control Over State Shared Sales Tax or State Shared Income Tax Levels; Recent Legislative Changes. From time to time, bills are introduced in, and legislation enacted by, the Arizona Legislature to change the formulas used to allocate State Shared Sales Taxes and State Shared Income Taxes, including proposed adjustments that would reduce the distribution to cities and towns. The possibility of changes in this respect are more likely to be adverse to the City when the State is experiencing financial difficulties. The City cannot determine whether any such measures will become law or how they might affect State Shared Sales Taxes and State Shared Income Taxes, which comprise

State Shared Revenues. In addition, initiative measures are circulated from time to time seeking to place on the ballot changes in Arizona law, which would repeal or modify State Shared Sales Taxes and State Shared Income Taxes (a major source of funds for state revenue sharing). The City cannot predict if any such initiative measures will ever actually be submitted to the electors, what form the measures might take or the outcome of any such election.

It should be noted that no assurances can be given that the amount of State Shared Sales Taxes and State Shared Income Taxes will not be reduced or eliminated by the State Legislature in the future. The State Legislature may from time to time eliminate State Shared Sales Taxes and State Shared Income Taxes or may change the amount and timing of payment of State Shared Sales Taxes and State Shared Income Taxes and is under no legal obligation to maintain the amount of State Shared Sales Taxes and State Shared Income Taxes payable to the City at any amount or level. For example, addressing State budgetary deficiencies, adjustments that reduce the distribution of State Shared Sales Taxes could be enacted. Likewise, legislative reductions in State sales or income taxes generally could result in reductions in the amounts distributed to local governments, including the City. Accordingly, the City is unable to covenant to maintain State Shared Sales Taxes or State Shared Income Taxes at any certain level.

As part of the State's fiscal year 2021/22 budget, on June 30, 2021 the then Governor of the State signed Senate Bill 1828 (SB1828), which will consolidate the State's current four personal income tax rate categories into a single flat rate of 2.5% over a three-year period, beginning after December 31, 2021. Legislative reports produced at the time SB1828 was signed indicate that such a rate consolidation will result in an estimated \$1.3 billion or greater annual reduction in income tax receipts by the State, with a concurrent reduction in State Shared Income Taxes for Arizona cities and towns. In order to partially mitigate impacts of the expected loss in State Shared Income Taxes, SB1828 increased, beginning in fiscal year 2023-24, the percentage of Arizona State income taxes shared with cities and towns from 15% to 18%. The City cannot predict what effect the passage of SB1828 will have on its revenues from State Shared Income Taxes.

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Set forth in TABLE 4 below are actual collections of Excise Taxes for fiscal years 2018/19 through and including 2022/23, projected collections for fiscal year 2023/24 and budgeted collections for fiscal year 2024/25.

TABLE 4

**City of Sedona, Arizona
Historical, Projected and Budgeted Excise Taxes (a)**

Source	Actual					Projected	Budgeted
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 (b)	2024/25 (b)
City Sales Tax (c)	\$ 18,419,630	\$ 17,315,576	\$ 23,972,811	\$ 28,156,541	\$ 27,307,204	\$ 28,566,384	\$ 28,852,048
Bed Tax (c)	4,104,205	3,565,872	6,129,428	7,665,228	7,361,133	7,929,209	8,008,501
Franchise Fees	810,915	809,673	883,456	883,545	913,690	906,500	848,000
License & Permit Fees	380,721	311,569	385,953	469,115	598,810	644,580	579,420
State Shared Sales Tax	1,039,635	1,067,529	1,199,926	1,374,160	1,443,176	1,454,000	1,505,000
State Shared Income Tax (d)	1,251,688	1,336,465	1,477,587	1,289,131	1,852,056	2,618,000	1,946,000
Vehicle License Tax	662,935	664,581	795,420	772,588	730,999	677,000	748,000
Charges for Services	933,927	671,405	667,179	991,851	924,988	926,190	858,730
Total	\$ 27,603,656	\$ 25,742,670	\$ 35,511,760	\$ 41,602,159	\$ 41,132,056	\$ 43,721,863	\$ 43,345,699

- (a) *The Obligations will be secured by a first lien on and pledge of Excise Taxes. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS.”*
- (b) *Projected and budgeted figures are “forward-looking” statements, subject to change upon audit and should be considered with an abundance of caution.*
- (c) *Excludes certain amounts that are not part of the Excise Taxes pledged to payment of the Payments. See footnotes (a) and (b) to TABLE 1.*
- (d) *As part of the State’s fiscal year 2021/22 budget, Senate Bill 1828 (SB1828) will consolidate the State’s current four personal income tax rate categories into a single flat rate of 2.5% over a three-year period, beginning after December 31, 2021. Legislative reports produced at the time SB1828 was signed indicate that such a rate consolidation will result in an estimated \$1.3 billion or greater annual reduction in income tax receipts by the State, with a concurrent reduction in State Shared Income Taxes for Arizona cities and towns. In order to partially mitigate impacts of the expected loss in State Shared Income Taxes, SB1828 increases, beginning in fiscal year 2023/24, the percentage of Arizona State income taxes shared with cities and towns from 15% to 18%. See “EXCISE TAXES – State Shared Revenues” herein.*

Source: Financial Services Department of the City.

THE PROJECTS

Proceeds of the Obligations will be used to finance the costs of the Projects, which include but are not limited to, construction of a parking garage and road improvements.

SOURCES AND USES OF FUNDS

SOURCES

Principal Amount	\$16,345,000.00*
[Net] Original Issue Premium/Discount (a)	_____
Total Sources of Funds	=====

USES

Deposit to Acquisition Fund	
Deposit to Costs of Issuance Fund (b)	_____
Total Uses of Funds	=====

* *Subject to change.*

(a) *Net original issue premium consists of original issue premium on the Obligations, less original issue discount on the Obligations.*

(b) *Includes premium on the Policy (as defined herein), if any, and compensation and costs of the Underwriter (as defined herein), with respect to the Obligations.*

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ESTIMATED DEBT SERVICE REQUIREMENTS AND COVERAGE

TABLE 5

Schedule of Estimated Debt Service Requirements and Coverage (a) City of Sedona, Arizona

Fiscal Year	Excise Taxes (b)	Existing Parity Obligations			The Obligations*			Total Annual Debt Service Requirements*	Maximum Annual Debt Service Coverage (d)*
		Principal	Interest	Debt Service	Principal	Interest (c)	Debt Service		
2022/23	\$ 41,132,056								
2023/24		\$ 2,713,000	\$ 4,697,179	\$ 7,410,179			\$ 7,410,179		
2024/25		5,735,000	1,475,859	7,210,859		\$ 760,043 (e)	\$ 760,043	7,970,902	
2025/26		5,828,000	1,385,541	7,213,541		760,043	760,043	7,973,584	5.16x
2026/27		2,523,000	1,293,287	3,816,287	\$ 525,000	760,043	1,285,043	5,101,330	
2027/28		1,577,000	1,202,456	2,779,456	550,000	735,630	1,285,630	4,065,086	
2028/29		1,653,000	1,128,362	2,781,362	575,000	710,055	1,285,055	4,066,417	
2029/30		1,754,000	1,050,673	2,804,673	600,000	683,318	1,283,318	4,087,991	
2030/31		1,832,000	968,140	2,800,140	630,000	655,418	1,285,418	4,085,557	
2031/32		1,910,000	881,928	2,791,928	660,000	626,123	1,286,123	4,078,050	
2032/33		1,990,000	792,037	2,782,037	690,000	595,433	1,285,433	4,067,469	
2033/34		2,097,000	698,383	2,795,383	720,000	563,348	1,283,348	4,078,730	
2034/35		2,179,000	612,882	2,791,882	755,000	529,868	1,284,868	4,076,749	
2035/36		2,263,000	524,033	2,787,033	790,000	494,760	1,284,760	4,071,793	
2036/37		2,373,000	431,753	2,804,753	825,000	458,025	1,283,025	4,087,778	
2037/38		1,550,000	335,000	1,885,000	865,000	419,663	1,284,663	3,169,663	
2038/39		1,600,000	273,000	1,873,000	900,000	379,440	1,279,440	3,152,440	
2039/40		1,675,000	209,000	1,884,000	950,000	337,590	1,287,590	3,171,590	
2040/41		1,750,000	142,000	1,892,000	990,000	293,415	1,283,415	3,175,415	
2041/42		1,800,000	72,000	1,872,000	1,035,000	247,380	1,282,380	3,154,380	
2042/43					1,085,000	199,253	1,284,253	1,284,253	
2043/44					1,135,000	148,800	1,283,800	1,283,800	
2044/45					165,000	96,023	261,023	261,023	
2045/46					175,000	88,350	263,350	263,350	
2046/47					185,000	80,213	265,213	265,213	
2047/48					190,000	71,610	261,610	261,610	
2048/49					200,000	62,775	262,775	262,775	
2049/50					210,000	53,475	263,475	263,475	
2050/51					220,000	43,710	263,710	263,710	
2051/52					230,000	33,480	263,480	263,480	
2052/53					240,000	22,785	262,785	262,785	
2053/54					250,000	11,625	261,625	261,625	
		<u>\$ 44,802,000</u>			<u>\$ 16,345,000</u>				

* Subject to change.

- (a) Prepared by Stifel, Nicolaus & Company, Incorporated (the "Underwriter").
- (b) The amount of Excise Taxes used to calculate the coverage requirements is the actual collections for fiscal year 2022/23. See TABLE 4 – "Historical, Projected and Budgeted Excise Taxes." As part of the State's fiscal year 2021/22 budget, Senate Bill 1828 (SB1828) will consolidate the State's current four personal income tax rate categories into a single flat rate of 2.5% over a three-year period, beginning after December 31, 2021. Legislative reports produced at the time SB1828 was signed indicate that such a rate consolidation will result in an estimated \$1.3 billion or greater annual reduction in income tax receipts by the State, with a concurrent reduction in State Shared Income Taxes for Arizona cities and towns. In order to partially mitigate impacts of the expected loss in State Shared Income Taxes, SB1828 increases, beginning in fiscal year 2023/24, the percentage of Arizona State income taxes shared with cities and towns from 15% to 18%. See "EXCISE TAXES – State Shared Revenues" herein.
- (c) Interest on the Obligations is estimated.
- (d) Debt service coverage is based on revenues available for debt service (see footnote (b)) compared to the highest combined total of the debt service requirements in any succeeding fiscal year for the Obligations and the Existing Parity Obligations.
- (e) The first interest payment on the Obligations is due on January 1, 2025*. Thereafter, interest payments will be made semiannually on July 1 and January 1, until maturity or prior redemption.

TAX EXEMPTION

General

The Internal Revenue Code of 1986, as amended (the “Code”), includes requirements which the City must continue to meet after the execution and delivery of the Obligations in order that the portion of each of the Payments made by the City pursuant to the Purchase Agreement and denominated as and comprising interest pursuant to the Purchase Agreement and received by the Owners of the Obligations (the “Interest Portion”) will be and remain excludable from gross income for federal income tax purposes. The City’s failure to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactively to the date of execution and delivery of the Obligations. The City has covenanted in the Purchase Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion.

In the opinion of Special Counsel, assuming the accuracy of certain representations and certifications of the City and continuing compliance by the City with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the Interest Portion is excludable from gross income of the holders thereof for federal income tax purposes and is exempt from Arizona income taxation so long as the Interest Portion is excludable from gross income for federal income tax purposes. The Interest Portion is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Special Counsel will express no opinion as to any other tax consequences regarding the Interest Portion or the Obligations. Prospective purchasers of the Obligations should consult their own tax advisors as to the status of the Interest Portion under the tax laws of any state other than Arizona.

The above opinion on federal tax matters with respect to the Obligations will be based on and will assume the accuracy of certain representations and certifications of the City, and compliance with certain covenants of the City to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Obligations will be and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. Special Counsel will not independently verify the accuracy of those certifications. Special Counsel will express no opinion as to any other consequences regarding the Obligations.

Except as described above, Special Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the Interest Portion, or the ownership or disposition of the Obligations. Prospective purchasers of Obligations should be aware that the ownership of Obligations may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Obligations, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the Interest Portion, (iii) the inclusion of the Interest Portion in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of the Interest Portion in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year and (v) the inclusion of the Interest Portion in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Obligations. Prospective purchasers of the Obligations should consult their own tax advisors as to the impact of these other tax consequences.

Special Counsel’s opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Special Counsel as of the date thereof. Special Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Special Counsel’s attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Special Counsel’s opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Special Counsel’s professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

Original Issue Discount and Original Issue Premium

Certain of the Obligations (“Discount Obligations”) may be offered and sold to the public at an original issue discount (“OID”). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Obligation determined under Code Section 1273 or 1274 (i.e., for obligations issued for money in a public offering, the initial offering price to the public (other than to bond houses and brokers) at which a substantial amount of the obligation of the same maturity is sold pursuant to that offering). For federal income tax purposes, OID accrues to the owner of a Discount Obligation over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Obligation (i) is interest excludable from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Obligations, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Obligation.

Certain of the Obligations (“Premium Obligations”) may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity (or earlier for certain Premium Obligations callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Obligation, based on the yield to maturity of that Premium Obligation (or, in the case of a Premium Obligation callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Obligation), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Obligation. For purposes of determining the owner’s gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Obligation, the owner’s tax basis in the Premium Obligation is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Obligation for an amount equal to or less than the amount paid by the owner for that Premium Obligation.

Owners of Discount and Premium Obligations should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Obligations and as to other federal tax consequences, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress or in the State legislature that, if enacted into law, could alter or amend one or more of the federal tax matters, or state tax matters, respectively, described above including, without limitation, the excludability from gross income of the Interest Portion, adversely affect the market price or marketability of the Obligations, or otherwise prevent the holders from realizing the full current benefit of the status of the Interest Portion. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would affect the Obligations. Prospective purchasers of the Obligations should consult their tax advisors as to the impact of any proposed or pending legislation.

Information Reporting and Backup Withholding

Interest paid on tax-exempt obligations such as the Obligations is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of the Interest Portion from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of the Obligations, under certain circumstances, to “backup withholding” at the rates set forth in the Code, with respect to payments on the Obligations and proceeds from the sale of the Obligations. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of the Obligations. This withholding generally applies if the owner of the Obligations (i) fails to furnish the payor such owner’s social security number or other taxpayer identification number (“TIN”), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code, or (iv) under certain circumstances, fails to

provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Obligations may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

LEGAL MATTERS

Legal matters incident to the authorization, sale and execution and delivery by the City of the Obligations and with regard to the tax-exempt status of the Obligations will be passed upon by Greenberg Traurig, LLP, Phoenix, Arizona, Special Counsel. A signed copy of that opinion, dated and speaking only as of the date of delivery of the Obligations, will be delivered to the City. A draft of the form of that opinion is included as APPENDIX E hereto.

While Special Counsel has participated in the preparation of portions of this Official Statement, it has not been engaged to confirm or verify, and expresses and will express no opinion as to, the accuracy, completeness or fairness of any statements in this Official Statement, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the City or the Obligations that may be prepared or made available by the City or others to the bidders for or holders of the Obligations or others.

From time to time, there are legislative proposals (and interpretations of such proposals by courts of law and other entities and individuals) which, if enacted, could alter or amend the property tax system of the State and numerous matters, both financial and nonfinancial, impacting the operations of municipalities which could have a material impact on the City and could adversely affect the secondary market value of the Obligations. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Obligations) issued prior to enactment.

The legal opinion to be delivered concurrently with the delivery of the Obligations will express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

LITIGATION

To the knowledge of the City, no litigation or administrative action or proceeding is pending, restraining or enjoining, or seeking to restrain or enjoin, the execution and delivery of the Obligations or the pledge of Excise Taxes to the payment of the Payments, contesting or questioning the proceedings and authority under which the Obligations have been authorized and are to be sold, executed or delivered, or the validity of the Obligations. An authorized City representative will deliver a certificate to the same effect at the time of the original delivery of the Obligations.

FINANCIAL STATEMENTS

The financial statements of the City for the period ended June 30, 2023, which are included as APPENDIX C – “CITY OF SEDONA, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023” of this Official Statement, have been audited by CliftonLarsonAllen LLP. All financial information presented herein should be read in conjunction with the financial statements and accompanying Notes in APPENDIX C. **The City neither requested nor obtained the consent of CliftonLarsonAllen LLP to include such financial statements and CliftonLarsonAllen LLP has not reviewed this Official Statement nor performed any procedures subsequent to rendering its opinion on such financial statements.**

THE FINANCIAL STATEMENTS INCLUDED IN APPENDIX C OF THIS OFFICIAL STATEMENT ARE NOT CURRENT AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE CITY.

RELATIONSHIP AMONG PARTIES

Special Counsel and counsel to the Underwriter have and continue to represent the Underwriter with respect to financings other than for the City and will continue to do so if requested in the future. Special Counsel and counsel to the Underwriter have also previously acted as special counsel with respect to other obligations underwritten by the Underwriter and will continue to do so if requested in the future.

CONTINUING DISCLOSURE

The City will covenant for the benefit of the owners of the Obligations to provide certain financial information and operating data relating to the City by not later than February 1 in each year commencing February 1, 2025 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Notices of Listed Events”). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed by the City as such will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) through the MSRB’s Electronic Municipal Market Access System (“EMMA”), each as described in APPENDIX F – “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is also set forth in APPENDIX F – “FORM OF CONTINUING DISCLOSURE UNDERTAKING.” These covenants will be made in order to assist the Underwriter in complying with the Securities and Exchange Commission’s Rule 15c2-12(b)(5) (the “Rule”). A failure by the City to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Obligations in the secondary market. Absence of continuing disclosure could adversely affect the Obligations and specifically their market price and transferability.

The City failed to timely file certain operating data for the fiscal years ended June 30, 2019 through and including June 30, 2023, and certain operating data was not filed in substantially the same format as originally presented. **[to be updated / reviewed]**

The City is implementing procedures to facilitate compliance with its existing continuing disclosure undertakings, the continuing disclosure undertaking related to the Obligations and future similar continuing disclosure undertakings in all material respects.

UNDERWRITING

The Obligations are being purchased by the Underwriter. The Underwriter has agreed to purchase from the City the Obligations at an aggregate purchase price of \$_____ pursuant to an obligation purchase agreement between the City and the Underwriter. The aggregate purchase price reflects compensation to the Underwriter of \$_____. The Obligations may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Obligations into investment trusts) at prices lower than the public offering prices stated on the inside cover page hereof, and such public offering prices may be changed, from time to time, by the Underwriter. The Underwriter’s obligations are subject to certain conditions precedent, and the Underwriter will be obligated to purchase all of the Obligations if any Obligations are purchased.

The Underwriter, as underwriter of the Obligations, has entered into an agreement with its affiliate, Vining-Sparks IBG, LLC (“Vining-Sparks”) for the distribution of certain municipal securities offerings at the original issue price. Pursuant to that distribution agreement, Vining-Sparks may purchase Obligations from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Obligations that Vining-Sparks sells.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), has assigned a rating of "___" to the Obligations. Such rating reflects only the view of S&P. An explanation of the significance of a rating assigned by S&P may be obtained at One California Street, 31st Floor, San Francisco, CA 94111. Such rating may be revised or withdrawn entirely at any time by S&P if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price or marketability of the Obligations. The City will covenant in its continuing disclosure undertaking with respect to the Obligations that it will file notice of any formal change in any rating relating to the Obligations. See "CONTINUING DISCLOSURE" and APPENDIX F – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" herein.

BOND INSURANCE AND RELATED RISK FACTORS

The City intends to apply, or has applied, to bond insurance companies (each an "Insurer") for a municipal bond insurance policy (the "Policy") for the Obligations to guarantee the scheduled payments of principal of and interest on the Obligations. If the Policy is purchased, the following are risk factors relating to bond insurance generally.

If the City ultimately determines to obtain the Policy for the Obligations, in the event of default of the payment of principal or interest with respect to any of the Obligations when all or some become due, any owner of the Obligations on which such principal or interest was not paid will have a claim under the Policy for such payments. In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Obligations will remain payable solely from the sources described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS." In the event the Insurer becomes obligated to make payments with respect to the Obligations, no assurance will be given that such event will not adversely affect the market price of the Obligations and the marketability (liquidity) of the Obligations.

The long-term ratings on the Obligations will be dependent in part on the financial strength of the Insurer and its claims paying ability. The Insurer's financial strength and claims paying ability will be predicated upon a number of factors which could change over time. No assurance will be given that the long-term rating of the Insurer and of the rating on the Obligations insured by the Insurer will not be subject to downgrade, and such event could adversely affect the market price of the Obligations and the marketability (liquidity) of the Obligations.

The Obligations of the Insurer will be general obligations of the Insurer, and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law, state receivership or other similar laws related to insolvency of insurance companies.

None of the City, the Underwriter, or their respective attorneys, agents or consultants have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer will be given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay principal of and interest on the Obligations and the claims paying ability of the Insurer, particularly over the life of the investment.

CONCLUDING STATEMENT

The summaries or descriptions of provisions in the Purchase Agreement and the Trust Agreement contained herein and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such provisions and do not summarize all the pertinent provisions of such documents.

All projections, forecasts and other information in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Obligations.

The attached APPENDICES A through G are integral parts of this Official Statement and must be read together with all of the foregoing statements.

This Official Statement has been prepared on direction of the City and has been approved by and executed for and on behalf of the City by its authorized representative indicated below.

THE CITY OF SEDONA, ARIZONA

By.....
Scott Jablow, Mayor

**CITY OF SEDONA, ARIZONA –
GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION**

The following information regarding the City is provided for background information only. No representation is made as to the relevance of the data to the repayment of the Obligations. The Obligations are payable solely from Payments to be paid by the City under the Purchase Agreement which are secured by a first lien pledge of Excise Taxes as described under the heading “SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS.”

General

The City is located in central Arizona approximately 127 miles north of the City of Phoenix, Arizona (“Phoenix”) and 27 miles south of the City of Flagstaff, Arizona (“Flagstaff”), and is surrounded by the Coconino National Forest. The City is located in both Coconino County to the north and Yavapai County to the west and is situated at the southern entrance to Oak Creek Canyon, a tourist attraction. The City was established in 1902 and became an incorporated city on January 4, 1988. The City has a mild climate due to its elevation, being 3,200 feet higher than the desert area of Phoenix and 2,600 feet lower than the rim country area of Flagstaff.

The following table illustrates respective population statistics for the City, Coconino County, Yavapai County and the State.

**TABLE A-1
POPULATION STATISTICS**

<u>Years</u>	<u>City of Sedona</u>	<u>Coconino County</u>	<u>Yavapai County</u>	<u>State of Arizona</u>
2023 Estimate (a)	9,860	150,722	248,899	7,525,113
2020 Census	9,684	145,101	236,209	7,151,502
2010 Census	10,031	134,421	211,033	6,392,017
2000 Census	10,192	116,320	167,517	5,130,632
1990 Census	7,720	96,591	107,714	3,665,305
1980 Census	5,319	75,008	68,145	2,718,425

(a) Provisional estimate as of July 2023 (data released in December 2023).

Source: Arizona Office of Economic Opportunity and the U.S. Census Bureau.

Municipal Government and Organization

The City is managed by a mayor, a vice mayor, a five-member council and a City Manager. The City is responsible for establishing City policies and the City Manager is responsible for carrying out council policies and administering day-to-day operations.

Economy

From a small agricultural community, the City has developed into a major tourist and art center. The primary contributors to the City's economy are tourism, services, retirement and commerce. The largest employment sectors are retail, services and lodging. Activity in these employment sectors is characterized by proprietor-owned and operated business establishments.

TABLE A-2

MAJOR EMPLOYERS

Employer	Description	Approximate Number of Employees
Enchantment Resorts	Hospitality	473
L'Auberge de Sedona Resort	Hospitality	300
Hilton Sedona Resort at Bell Rock	Hospitality	227
Orchards Inn	Hospitality	220
City of Sedona	Government	178
Red Mountain Sedona	Healthcare and social services	147
Arizona Elder Care	Healthcare and social services	120
Villas at Poco Diablo	Hospitality	108
Sedona/Oak Creek School District	Education	97
Verde Valley Medical Center/Sedona Emergency Department	Healthcare and social services	92

Source: The City's Comprehensive Annual Financial Report for fiscal year ending June 30, 2023.

The following table illustrates unemployment averages for the City, Coconino County, Yavapai County, the State and the United States of America.

TABLE A-3
UNEMPLOYMENT RATE (a)

<u>Calendar Year</u>	<u>City of Sedona</u>	<u>Coconino County</u>	<u>Yavapai County</u>	<u>State of Arizona</u>	<u>United States of America</u>
2024 (b)	3.3%	3.5%	3.0%	3.2%	3.9%
2023	3.9	4.2	3.6	3.9	3.6
2022	7.6	4.3	3.4	3.8	5.3
2021	4.8	6.2	4.3	5.1	5.3
2020	8.0	9.6	7.4	7.8	8.1
2019	4.9	5.7	4.5	4.8	3.7

(a) *Each year, historical estimates from the Local Area Unemployment Statistics (LAUS) program are revised to reflect new population controls from the Census Bureau, updated input data, and reestimation. The data for model-based areas also incorporate new seasonal adjustment, and the unadjusted estimates are controlled to new census division and U.S. totals. Substate area data subsequently are revised to incorporate updated inputs, reestimation, and controlling to new statewide totals.*

(b) *Data through April 2024.*

Source: Arizona Office of Economic Opportunity, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

**CITY OF SEDONA, ARIZONA –
FINANCIAL DATA**

The following information regarding the City is provided for background information only. No representation is made as to the relevance of the data to the repayment of the Obligations. The Obligations are payable solely from Payments to be paid by the City under the Purchase Agreement which are secured by a first lien pledge of Excise Taxes as described under the heading “SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS.”

TABLE B-1

**Current Year Statistics (For Fiscal Year 2023/24)
City of Sedona, Arizona**

General Obligation Bonds Outstanding	None
Excise Tax Revenue Obligations Outstanding and to be Outstanding	\$61,147,000*(a)

* Subject to change.

(a) Includes the Obligations.

TABLE B-2

**Excise Tax Revenue Obligations Outstanding and to be Outstanding
City of Sedona, Arizona**

Issue Series	Original Amount	Purpose	Final Maturity Date (July 1)	Balance Outstanding and to be Outstanding
1998	\$41,035,000	Wastewater improvements and refunding	2024	\$ 1,130,000
Second 2015	8,030,000	Refunding	2027	3,910,000
2021-1	8,890,000	Refunding	2026	8,643,000
2022	21,640,000	Transportation projects	2042	21,640,000
Second 2022	10,148,000	Land acquisition	2037	9,479,000
Total Excise Tax Revenue Obligations Outstanding				\$ 44,802,000
Plus: The Obligations				16,345,000*
Total Excise Tax Revenue Obligations Outstanding and to be Outstanding				<u>\$ 61,147,000*(a)</u>

* Subject to change.

(a) Includes the Obligations.

The City has the following lease payment obligation(s) outstanding:

TABLE B-3

**Other Indebtedness
City of Sedona, Arizona**

Item	Payment Amount	Periods Due
Midstate energy lease	\$37,667 – \$42,416	Annually December 20, 2022 through December 20, 2030
FY 2020 Enterprise fleet leases	\$25,180 – \$61,708	Annually July 1, 2022 through July 1, 2025
Police vehicle leases	\$65,550	Annually July 30, 2022 through November 20, 2024
Police camera System lease	\$39,134	Annually August 30, 2022 through August 30, 2025
Street sweeper lease	\$53,160	Annually April 26, 2022 through April 26, 2026
FY 2021 Enterprise fleet leases	\$11,622- \$12,241	Annually July 1, 2022 through July 1, 2026

Source: The City’s Annual Budget for Fiscal Year 2024-2025.

GENERAL FUND

The following table sets forth the City’s general fund revenues, expenditures, other financing sources and uses, excess of revenues and other sources over expenditures and other uses, and beginning and ending general fund balances for the fiscal years indicated. Figures for fiscal years 2018/19 through 2022/23 are taken from the audited financial statements of the City which are prepared using generally accepted accounting principles. Figures for fiscal year 2023/24 are projected and figures for fiscal year 2024/25 are budgeted, as provided by the City’s Financial Services Department. Projected and budgeted figures may not be realized and should be viewed with an abundance of caution. Historical trends should not be used to indicate future trends. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS” for a description of the source of payment for the Obligations. This information is not intended to indicate that the Obligations will be payable from any source other than described under such heading or to indicate future or continuing trends of the financial affairs of the City.

TABLE B-4

	Audited (a)					Projected (b)	Budgeted (b)
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
REVENUES							
Taxes							
Sales taxes	\$ 23,207,869	\$ 21,475,760	\$ 31,123,810	\$37,099,307	\$ 35,895,193	\$ 36,613,097	\$ 38,443,752
Franchise taxes	810,915	809,673	883,456	883,545	913,690	931,964	978,562
In-lieu taxes	486,937	502,647	515,335	527,178	-	-	-
Licenses and permits	380,721	311,569	385,953	469,115	598,810	628,751	641,326
Intergovernmental	2,973,920	4,280,447	3,549,092	3,551,233	4,291,233	4,377,058	4,595,911
Charges for services	932,922	671,406	667,179	991,851	924,988	971,237	990,662
Fines and forfeitures	227,761	196,524	386,317	272,365	443,377	465,546	474,857
Contributions	626,200	-	199,000	18,000	-	-	-
Investment earnings (loss)	280,952	269,421	77,429	(1,074,305)	317,025	332,876	339,534
Rents	-	-	41,893	109,148	61,962	65,060	66,361
Other revenues	102,221	167,679	195,166	390,741	167,171	175,530	179,040
TOTAL REVENUES	\$ 30,030,418	\$ 28,685,126	\$ 38,024,630	\$ 43,238,178	\$ 43,613,449	\$ 44,561,118	\$ 46,710,004
EXPENDITURES							
Current:							
General government	\$ 2,860,187	\$ 2,586,061	\$ 2,433,781	\$ 2,982,746	\$ 3,695,513	\$ 3,843,334	\$ 4,112,367
Public safety	7,043,163	7,354,475	7,291,002	8,176,852	9,847,321	10,142,741	11,157,015
Public works and streets	2,555,336	2,603,594	2,671,120	2,530,663	2,819,864	2,960,857	3,553,029
Cululture and recreation	2,325,545	2,264,584	2,084,681	2,539,365	2,884,704	3,000,092	3,120,096
Economic development	2,399,005	2,611,622	2,969,238	2,175,706	1,701,215	1,752,251	1,980,044
Health and welfare	493,249	602,680	667,398	993,494	1,426,191	1,483,239	1,557,401
Public transportation	202,363	192,544	60,000	60,900	65,224	69,790	74,675
Housing	-	65,559	64,865	137,597	303,842	309,919	316,117
Debt service							
Principal retirement	1,410,500	1,153,970	1,093,459	1,245,178	1,943,735	1,982,610	2,022,262
Interest and fiscal charges	207,972	187,221	146,572	385,322	1,033,032	1,053,693	1,074,766
Capital outlay	573,903	686,387	987,739	2,681,396	2,348,756	2,513,169	2,890,144
TOTAL EXPENDITURES	\$ 20,071,223	\$ 20,308,697	\$ 20,469,855	\$ 23,909,219	\$ 28,069,397	\$ 29,111,693	\$ 31,857,916
Excess of revenues over (under) expenditures	\$ 9,959,195	\$ 8,376,429	\$ 17,554,775	\$ 19,328,959	\$ 15,544,052	\$ 15,449,425	\$ 14,852,088
Other financing sources (uses):							
Transfers in	\$ -	\$ 18,564	\$ -	\$ 194	\$ 484,963	\$ -	\$ -
Transfers out	(6,716,575)	(6,595,311)	(7,910,320)	(8,047,531)	(21,423,980)	(23,136,819)	(18,539,060)
Financed purchase agreement	-	-	-	370,261	49,944	210,103	130,023
Capital lease agreement	373,498	257,392	735,350	2,387,935	16,802	754,195	830,335
Sale of capital assets	9,024	42,873	42,045	72,844	-	33,357	38,224
Issuance of installment purchase	-	115,720	-	-	-	23,144	-
Total Other financing sources (uses)	\$ (6,334,053)	\$ (6,160,762)	\$ (7,132,925)	\$ (5,216,297)	\$ (20,872,271)	\$ (22,116,020)	\$ (17,540,478)
Fund balance at beginning of year	\$ 9,751,377	\$ 13,376,519	\$ 15,592,186	\$ 26,014,036	\$ 40,126,698	\$ 34,798,479	\$ 28,131,884
Fund balance at end of year	\$ 13,376,519	\$ 15,592,186	\$ 26,014,036	\$ 40,126,698	\$ 34,798,479	\$ 28,131,884	\$ 25,443,494

(a) Although these figures are taken from audited financial statements, this table has not been audited. For further information please refer to the actual audited financial statements for the City. The most recent audited financial statements for the City (representing figures for fiscal year 2022/23) are included in this Official Statement as APPENDIX C.

(b) These amounts are “forward looking” statements which may not be realized and should be considered with an abundance of caution.

RETIREMENT SYSTEM

Pension and Retirement Plans

The City contributes to the retirement plans described below: the cost-sharing Arizona State Retirement System (“ASRS”) and the multiple-employer Public Safety Personnel Retirement System (“PSPRS”). Benefits are established by State statute and, depending on the plan, provide retirement, death, long-term disability, survivor and health insurance premium benefits. Both the City and each covered employee contribute in the case of each.

Each of the plans has reported increases in its unfunded liabilities. The increases in unfunded liabilities is expected to result in increased future annual contributions by the City and its employees; however, the specific impact on the City’s and its employees’ future contributions cannot be determined at this time.

The Governmental Accounting Standards Board (“GASB”) adopted Statement Number 68, Accounting and Financial Reporting for Pensions, which requires that cost-sharing employers report their “proportionate share” of a plan’s net pension liability in their government-wide financial statements and that the cost-sharing employer’s pension expense component include its proportionate share of the system’s pension expense, the net effect of annual changes in the employer’s proportionate share and the annual differences between the employer’s actual contributions and its proportionate share. GASB’s Statement No. 67, Financial Reporting for Pensions, is designed to improve financial reporting by state and local governmental pension plans.

Starting on page 68 in APPENDIX C – “CITY OF SEDONA, ARIZONA AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023” is information about the plans based on GASB’s Statements Nos. 67 and 68. Please refer to APPENDIX C for more specific information about the plans. In the case of any difference between what is here versus what is in APPENDIX C, the latter supersedes the former.

The Arizona State Retirement System

ASRS is a multiple-employer defined benefit pension plan, a multiple-employer defined benefit health insurance premium benefit plan, and a multiple-employer defined benefit long-term disability plan for approximately 600,000 Arizona public employees including qualified employees of the State, municipal governments, counties and K-12 education agencies. As of June 30, 2023, the unfunded liability for ASRS was \$18.45 billion with a funding ratio of 73.1% and an assumed earning rate of 7.0%. As of June 30, 2023, the City reported a liability of \$10,575,166 for its proportionate share of the net pension liability under ASRS. Pursuant to State statute, the contribution rate for the employer (the City) and active members of ASRS are equal. For fiscal year 2024/25, the actuarially determined contribution rate for the City and active members of ASRS is 12.27% (12.12% for retirement and health insurance and 0.15% for long-term disability).

The table below shows recent actuarially determined contribution rates that the active ASRS members and the City are/were required to contribute, the plan’s funded status and the pension contributions under ASRS for the next, current and past three fiscal years.

Fiscal year ended	Retirement and Health Insurance Premiums	Long-term Disability	Total Contribution Rate	Funded Status	Pension Contributions
June 30, 2025	12.12%	0.15%	12.27%	unavailable	unavailable
June 30, 2024	12.14	0.15	12.29	unavailable	unavailable
June 30, 2023	12.03	0.14	12.17	73.1%	\$1,027,348
June 30, 2022	12.22	0.19	12.41	72.7	931,126
June 30, 2021	12.04	0.18	12.22	71.5	771,906

The Public Safety Personnel Retirement System

PSPRS is an agent multiple-employer defined benefit pension plan and an agent multiple employer defined benefit health insurance premium benefit plan that covers public safety personnel who are regularly assigned to hazardous duties for which the Arizona State Legislature establishes active plan members' contribution rates and member benefits. This is not a "pooled" system – a separate account exists for the police employees of each participating political subdivision. In total, there are 258 individual plans in PSPRS. Each plan has its own financial condition, funding status, etc. which varies greatly across the system.

A 2016 amendment to the State constitution ("Prop 124") created an exception to the prohibition in the Constitution against diminishing or impairing public retirement system benefits by allowing for certain adjustments to PSPRS and preserved the State's legislature ability to modify public retirement benefits. Prop 124 allowed for, among other things, the replacement of permanent benefit increases then required by law with COLA (defined below) provisions tied to the regional consumer price indexes.

PSPRS active membership is comprised of three separate "tiers" based on date of hire which are shown in the following table.

<u>"Tier 1" Members</u>	<u>"Tier 2" Members</u>	<u>"Tier 3" Members</u>
Hired into PSPRS position before January 1, 2012	Hired into PSPRS position on or after January 1, 2012 and before July 1, 2017	Hired into PSPRS position on or after July 1, 2017

The different tiers have different types of plans. Tier 1 members have a defined benefit plan, Tier 2 members have a defined benefit or defined benefit hybrid plan and Tier 3 members have a defined contribution, defined benefit or defined benefit hybrid plan. (The hybrid plan is a pension with an additional defined contribution tax-deferred retirement savings account for Tier 2 and Tier 3 members who do not contribute to Social Security). For Tier 1 and Tier 2 members, the type of plan is determined automatically. For Tier 3 members the type of plan is an irrevocable career choice with a default to a defined benefit plan after 90 days. The actuarially determined employer contribution rate varies among the different tiers and the different types of plans as shown in the tables below.

As of June 30, 2023, the unfunded liability for Tiers 1 and 2 of PSPRS was \$7.4 billion with a funding ratio of 66.3%. When calculating, an assumed earning rate of 7.2% was used and an assumed rate of 1.75% was used for increases in the cost of living allowance ("COLA").

The following tables show the actuarially determined annual contribution rates, funded status and total audited contribution amounts for PSPRS.

Police

	Fiscal Year Ended				
	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021
<u>Actuarially Determined Contribution Rates</u>					
Tier 1 Defined Benefit Employer	35.34%	39.10%	34.47%	37.07%	38.85%
Tier 1 Defined Benefit Employee	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 2 Defined Benefit Employer (a)	35.34%	35.34%	34.47%	37.07%	38.85%
Tier 2 Defined Benefit Employee (a)(b)	7.65%	7.65%	7.65%	7.65%	11.65%
Tier 3 Defined Benefit Employer (a)(c)	28.89%	33.54%	31.88%	34.14%	34.68%
Tier 3 Defined Benefit Employee (a)	8.89%	9.56%	9.94%	9.94%	9.94%
Tier 3 Defined Contribution Employer (c)	30.73%	34.58%	32.79%	34.08%	35.15%
Tier 3 Defined Contribution Employee	10.73%	10.60%	10.85%	9.88%	10.41%
Pension Funded Status	N/A	N/A	78.8%	69.7%	69.8%
Health Funded Status	N/A	N/A	132.4%	128.4%	116.4%
Total City (Employer) Pension and Health Contribution	N/A	N/A	\$2,160,735	\$1,049,464	\$687,646

- (a) Not applicable for Tier 2 for fiscal years prior to fiscal year 2017/18. Does not include additional contribution percentage of 3% associated with Tier 2 & 3 defined benefit members additionally participating in the defined contribution plan. Employer rate is 4% for Tier 2 members for a period of time depending on the individual's membership date and 3% for Tier 3 members.
- (b) Tier 2 employees contribute a maximum of 11.65%, but statutory requirements dictate only 7.65% is applied toward employer costs.
- (c) The amortization of unfunded liabilities for Tier 1 and Tier 2 is applied to the payroll for employees in all tiers, including Tier 3, on a level percent basis.

Statutory Changes and Court Decisions Regarding the PSPRS

PSPRS is operated under the umbrella of the Public Safety Personnel Retirement System and the Public Safety Personnel Retirement System Board of Trustees. Since 2011 there have been various retirement program modifications designed to mitigate the increasing unfunded liabilities in the programs. Some of these modifications were enacted by the Arizona Legislature and other changes (like Prop 124) were implemented by voter approved amendments to the State Constitution. Additionally, in some instances, modifications enacted by the Arizona Legislature were reversed based on the outcome of successful court challenges. Substantively, the modifications have included changes to contribution rates, retirement criteria, funding horizons, retirement benefits and post-retirement benefit increase calculations.

Potential Future State Legislation Affecting ASRS and PSPRS

Bills are frequently introduced at sessions of the State Legislature that, if enacted, could impact the administration of the ASRS and PSPRS and the eligibility, timing and payment of benefits from such plans. The City is unable to determine whether any such bills will be enacted into legislation or in what form such legislation may be enacted and what the impact of any such legislation may be.

Other Post-Employment Retirement Benefits

Beginning with the fiscal year that commenced on July 1, 2018, the City was required to implement Government Accounting Standards Board Statement Number 54, Accounting by Employers for Post-Employment Benefits Other than Pensions (“GASB 75”), which requires reporting the actuarially accrued cost of post-employment benefits, other than pension benefits (“OPEB”), such as health and life insurance for current and future retirees. GASB 75 requires that such benefits be recognized as current costs over the working lifetime of employees, and to the extent such costs are not pre-funded, GASB 75 will require the reporting of such costs as a financial statement liability.

The City does not offer OPEBs. The City employees, their spouses and survivors may, however, be eligible for certain retiree health care benefits under health care programs provided by the State. Employees on long-term disability and their spouses may also qualify for retiree health care benefits through the State. It is expected that substantially all the City employees that reach normal or early retirement age while working for the City will become eligible for such benefits. Currently, such retirees may obtain the health care benefits offered by the State by paying the applicable health care insurance premium; such plan is available to all participants, whether retired or not, in the State’s health care program. It is not the responsibility of the City to fund such costs.

Governmental Accounting Standards

New Reporting Requirements - Governmental Accounting Standards Board Statement No. 67, Financial Reporting for Pension Plans, An Amendment of GASB Statement No. 25, is designed to improve financial reporting by state and local governmental pension plans. This statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

**CITY OF SEDONA, ARIZONA –
AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The following audited annual financial statements are for the fiscal year ended June 30, 2023. These are the most recent audited financial statements available to the City. THESE FINANCIAL STATEMENTS ARE NOT CURRENT AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE CITY.

The City neither requested nor obtained the consent of CliftonLarsonAllen LLP to include such financial statements and CliftonLarsonAllen LLP has not reviewed this Official Statement nor performed any procedures subsequent to rendering its opinion on such financial statements.

SUMMARY OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS

DEFINITIONS OF CERTAIN TERMS

In addition to the terms defined elsewhere herein, the following terms shall, for all purposes of the Trust Agreement and the Purchase Agreement have the following meanings:

“**Acquisition Fund**” means the fund of that name established and held by the Trustee pursuant to the Trust Agreement to pay Project Costs.

“**Costs of Issuance Fund**” means the fund established and held by the Trustee pursuant to the Trust Agreement to pay Delivery Costs.

“**Delivery Costs**” means costs of execution, sale and delivery of the Obligations.

“**Depository Trustee**” means any bank or trust company, which may include the Trustee, designated by the City, with a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal or State of Arizona authority.

“**Event of Default**” means an event of default under the Purchase Agreement as described under the subheading “THE PURCHASE AGREEMENT – Default; Remedies Upon Default”.

“**Government Obligations**” means direct general obligations of, or obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by, the United States of America (including, without limitation, the interest portion of obligations issued by the Resolution Funding Corporation in book entry form and stripped by request to the Federal Reserve Bank of New York), including Government Obligations which have been stripped of their unmatured interest coupons and interest coupons stripped from Government Obligations, provided any stripped Government Obligations have been stripped by the applicable United States governmental agency.

“**Outstanding**”, when used with respect to Obligations, refers to Obligations issued in accordance with the Trust Agreement, excluding: (i) Obligations which have been exchanged or replaced, or delivered to the Trustee therefor for credit against a sinking fund installment; (ii) Obligations which have been paid; (iii) Obligations which have become due and for the payment of which moneys have been duly provided to the Trustee therefor; and (iv) Obligations for which there have been irrevocably set aside with a Depository Trustee sufficient moneys or permitted by the Purchase Agreement obligations bearing interest at such rates and with such maturities as will provide sufficient funds to pay the principal of, premium, if any, and interest on such Obligations as provided in the proceedings under which such Obligations were issued, provided, however, that if any such Obligations are to be redeemed prior to maturity, the City shall have taken all action necessary to redeem such Obligations and notice of such redemption shall have been duly mailed in accordance with the proceedings under which such Obligations were issued or irrevocable instructions so to mail shall have been given to the Trustee therefor.

“**Owner**” or any similar term, when used with respect to any Obligation means the person in whose name such Obligation shall be registered in the books of registration maintained by the Trustee.

“**Payment Fund**” means the fund by that name established and held by the Trustee pursuant to the Trust Agreement to which the Payments are deposited.

“**Project Costs**” means all costs of installation, construction and other matters necessary for the Projects.

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

THE TRUST AGREEMENT

The following, in addition to the information under the heading “SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS”, is a summary of certain provisions of the Trust Agreement to which document, in its entirety, reference is hereby made for a more complete description of its terms.

Establishment and Application of Acquisition Fund. The Trustee will establish a separate trust fund designated the “Acquisition Fund” from which the Trustee will pay Project Costs, as provided in the Trust Agreement. When all Project Costs have been paid, the Trustee will transfer any amounts remaining in the Acquisition Fund to the Payment Fund.

Establishment and Application of Cost of Issuance Fund. The Trustee will establish a separate trust fund designated the “Cost of Issuance Fund” from which the Trustee will pay Delivery Costs, as provided in the Trust Agreement. On the earlier of June 1, 2024, or when all Delivery Costs have been paid, the Trustee will transfer any amounts remaining in the Costs of Issuance Fund to the Payment Fund.

Payment Fund. The Payment Fund will also be established by the Trustee as a special trust fund. The moneys in the Payment Fund will be applied by the Trustee solely to pay principal of and premium, if any, and interest with respect to on the Obligations.

Protection of Lien. The Trustee and the City will agree not to make or create or suffer to be made or created any assignment or lien having priority or preference over the assignment and lien of the Trust Agreement and that no obligations the payment of which is secured by a superior or equal claim on or interest in property or revenues pledged will be issued or delivered by either except in lieu of, or upon transfer of registration or exchange of, any Obligation.

Investments Authorized; Allocation of Earnings. Upon written order of the City, moneys held by the Trustee will be invested and re-invested in certain investments permitted by the Trust Agreement. The Trustee may purchase from, or sell to, itself or any affiliate, as principal or agent, investments and may invest in funds to which the Trustee or any of its affiliates provide services as an investment advisor. The Trustee may act as purchaser or agent in the making or disposing of any investment.

Any income, profit or loss on such investments will be deposited in or charged to the respective funds from which such investments were made, and any interest on any deposit of funds will be deposited in the fund from which such deposit was made, except as otherwise provided. At the direction of the City, any such income, profit or interest will be applied if necessary to pay any rebate due with respect to the Obligation pursuant to the Internal Revenue Code.

Appointment of the Trustee. The City will maintain as the Trustee a bank or trust company with a combined capital and surplus of at least \$50,000,000, and subject to supervision or examination by federal or State authority so long as any of the Obligations are Outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority, then the combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Liability of the Trustee; Standard of Care. Except with respect to its authority and power generally and authorization to execute the Trust Agreement, the recitals of facts, covenants and agreements in the Trust Agreement, the Purchase Agreement and the Obligations will be taken as statements, covenants and agreements of the City, and the Trustee will assume no responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of the Trust Agreement, the Purchase Agreement or of the Obligations or will incur any responsibility in respect thereof, other than in connection with the duties or obligations in the Trust Agreement or in the Obligations assigned to or imposed upon them, respectively. Prior to the occurrence of an Event of Default, or after the timely cure

of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Trust Agreement. After the occurrence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it, and use the same degree of care and skill in such exercise, as a prudent person would exercise under the circumstances in the conduct of the affairs of the Trustee.

Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company shall be eligible as described hereinabove, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Protection and Rights of the Trustee. The Trustee will be protected and will incur no liability in acting or proceeding in good faith upon any document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of the Trust Agreement, and the Trustee will be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such document, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee will not be bound to recognize any person as an Owner of any Obligation or to take any action at the request thereof unless such Obligation will be deposited with the Trustee and satisfactory evidence of the ownership of such Obligation will be furnished to the Trustee. The Trustee may consult with counsel with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it in good faith.

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

The Trustee may become the Owner of the Obligations with the same rights it would have if it were not the Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the City with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Obligations, whether or not such committee shall represent the Owners of the majority in principal amount of the Obligations then Outstanding.

The Trustee will not be answerable for the exercise of any discretion or power under the Trust Agreement or for anything whatever in connection with the funds established thereunder, except only for its own willful misconduct or negligence.

No provision in the Trust Agreement will require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

The Trustee will not be required to take notice or be deemed to have notice of an Event of Default, except for nonpayment of amounts due under the Trust Agreement or the Purchase Agreement, unless the Trustee has actual notice thereof or is specifically notified in writing of such default by the City or the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Obligations then Outstanding.

The City will from time to time, as agreed upon between the City and the Trustee, pay to the Trustee reasonable compensation for its services, including an hourly rate based fee after an Event of Default and will reimburse the Trustee for all its advances and expenditures, including but not limited to advances to, and reasonable fees and expenses of, independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties.

Removal of the Trustee. The Trustee may be removed by the City (if not in default) or by the Owners of a majority in aggregate principal amount of the Obligations.

The Trustee may also resign effective upon the appointment of a successor the Trustee by the City.

Amendments Permitted. The Trust Agreement and the Purchase Agreement may be modified or amended at any time by a supplemental or amending agreement which will become effective upon the written consent of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, exclusive of certain disqualified Obligations. No such modification or amendment will (1) extend or have the effect of extending the fixed maturity of any Obligation or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon redemption thereof, without the express consent of the Owner of such Obligation, or (2) reduce or have the effect of reducing the percentage of Obligations required for the affirmative vote or written consent to an amendment or modification of the Trust Agreement or the Purchase Agreement, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto.

The Trust Agreement and the Purchase Agreement may be modified or amended at any time by a supplemental or amending agreement, without the consent of any Owners, but only (1) to provide for additions or modifications to the Projects, (2) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power reserved in the Trustee (for its own behalf) or the City, (3) to secure additional revenues or provide additional security or reserves for payment of the Obligations, (4) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder, (5) to provide for the appointment of a successor trustee pursuant to the terms of the Trust Agreement, (6) to preserve the exclusion of the interest on the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the City to continue to issue bonds or other obligations the interest on which is likewise exempt from federal and State income taxes, (7) to cure, correct or supplement any ambiguous or defective provision in the Trust Agreement and Purchase Agreement, (8) with respect to rating matters, (9) to facilitate the issuance of additional of Additional Parity Lien Obligations, or (10) in regard to questions arising under the Purchase Agreement and the Trust Agreement, as the parties thereto may deem necessary or desirable and which will not adversely affect the interests of the Owners of the Obligations. Any such supplemental or amending agreement will become effective upon execution and delivery by the parties thereto.

Procedure for Amendment With Written Consent of Obligation Owners. A copy of the proposed supplemental or amending agreement, together with a consent request, must be mailed to each Owner of an Obligation, but failure to mail copies of such supplemental or amending agreement and request does not affect the validity of the supplemental or amending agreement when assented to by a majority in principal amount of the Obligations then Outstanding (exclusive of Obligations then disqualified). The supplemental or amending agreement will not become effective until the required Owners have consented and the Trustee has mailed notice to the Owners of the Obligations stating in substance that such supplemental or amending agreement has been consented to by the Owners of the required percentage of Obligations and will become effective (but failure to mail copies of said notice shall not affect the validity of such supplemental or amending agreement or consents thereto).

Disqualified Obligations. Obligations owned or held by or for the account of the City or by any person directly or indirectly controlled by, or under direct or indirect common control with the City (except any Obligations held in any pension or retirement fund) will not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Obligations provided for in the Trust Agreement, and will not be entitled to vote upon, consent to, or take any other action provided therein.

No Liability of the City for the Trustee Performance. The City will have no obligation or liability to any of the other parties or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under the Trust Agreement.

Remedies Upon Default; No Acceleration. Upon an Event of Default and if such event has not been cured as provided in the Purchase Agreement, the Trustee may take whatever action at law or in equity, including the remedy of specific performance, may appear necessary or desirable to collect the Payments and any other amounts payable by

the City under the Trust Agreement or the Purchase Agreement, then due (but not the Payments and other such amounts accruing), or to enforce performance and observance of any pledge, obligation, agreement, or covenant of the City under the Trust Agreement or the Purchase Agreement as provided in the Purchase Agreement. See "THE PURCHASE AGREEMENT - Remedies Upon Default."

Application of Funds. Proceeds from the exercise of any remedies under the Trust Agreement or the Purchase Agreement after payment or reimbursement of the reasonable fees and expenses of the Trustee in connection therewith, including reasonable attorneys' fees, will be applied as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due on Obligations in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal installments of any Obligations which shall have become due, whether at maturity or because of selection for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all Obligations due on any date, then to the payment thereof ratably, according to the amounts of principal installments due on such date, to the persons entitled thereto, without any discrimination or preference; and

Whenever moneys are to be so applied, the Trustee will fix the date (which shall be the first of a month unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal paid on such date will cease to accrue. The Trustee will give or cause to be given notice of such payment, by first-class mail, to the Owners of Obligations at least eight (8) days before such date.

Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Obligations by a suit in equity or action at law for the specific performance of any covenant or agreement contained in the Trust Agreement.

Power of the Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, it will have full power, in the exercise of its discretion for the best interests of the Owners of the Obligations, with respect to the continuance, or disposal of such action; provided, however, that the Trustee will not discontinue, or otherwise dispose of any litigation, without the consent of a majority in aggregate principal amount of the Obligations Outstanding.

Limitation on Obligation Owners' Right to Sue. No Owner of any Obligation will have the right to institute any action, for any remedy, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of at least a majority in aggregate principal amount of all the Obligations then Outstanding shall have made written request upon the Trustee to exercise the powers granted or to institute such action, in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity; and (d) the Trustee shall have not complied with such request for a period of sixty (60) days.

No one or more Owners of Obligations will have any right in any manner whatever by their action to enforce any right under the Trust Agreement, except in the manner therein provided, and all proceedings with respect to an Event of Default will be pursued in the manner therein provided and for the equal benefit of all Owners of the Outstanding Obligations.

The right of any Owner of any Obligation to receive payment of said Owner's proportionate interest in the Payments as the same become due, or to institute suit for the enforcement of such payment, will not be impaired or affected without the consent of such Owner.

Defeasance. If and when all Outstanding Obligations shall be paid and discharged in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of and interest and redemption premium, if any, with respect to all Obligations Outstanding, as and when the same become due and payable;
- (b) by depositing with a Depository Trustee, in trust for such purpose, at or before maturity, money which, together with the amounts then on deposit in the Payment Fund is fully sufficient to pay or cause to be paid all Obligations Outstanding, including all principal, interest and redemption premium; or
- (c) by depositing with a Depository Trustee, in trust for such purpose, any Government Obligations which are non-callable in such amount as shall be certified to the Trustee and the City by a national firm of certified public accountants acceptable to both the Trustee and the City, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit in the Payment Fund together with the interest to accrue thereon, to pay and discharge or cause to be paid and discharged all Obligations (including all principal, premium and interest) at their respective maturity dates or prior redemption;

notwithstanding that any Obligations shall not have been surrendered for payment, all obligations of the Trustee and the City with respect to all Outstanding Obligations will cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from funds deposited pursuant to paragraphs (b) or (c) above and paid to the Trustee by the Depository Trustee, to the Owners of the Obligations not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (b) or (c), the Obligations will continue to represent direct and proportionate interests of the Owners thereof in such funds.

If any Obligation or portion thereof will not mature within sixty (60) days of the deposit referred to in paragraphs (b) or (c) above, the Trustee shall give notice of such deposit by first class mail to the Owners.

No Payment or Obligation may be so provided for based on redemption prior to maturity unless the Trustee has mailed irrevocable notice of redemption for such Obligations or the City has given the Trustee irrevocable instructions to redeem such Obligations.

THE PURCHASE AGREEMENT

The following, in addition to the information under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS," is a summary of certain provisions of the Purchase Agreement to which document, in its entirety, reference is hereby made for a more complete description of its terms.

Payments. The obligation of the City to make the Payments will be limited to amounts from Excise Taxes. The City will receive a credit against amounts due with respect to the Payments equal to any amounts held and available in the Payment Fund.

The obligations of the City to make the Payments from the sources described and to perform and observe the other agreements contained in the Purchase Agreement will be absolute and unconditional and will not be subject to any defense or any right of set-off, abatement, counterclaim, or recoupment arising out of any breach of the Trustee of any obligation to the City or otherwise, or out of indebtedness or liability at any time owing to the City by the Trustee. Until such time as all of the Payments shall have been fully paid or provided for, the City (i) will not suspend or discontinue the Payments, (ii) will perform and observe all other agreements contained in the Purchase Agreement, and (iii) will not terminate the Purchase Agreement for any cause.

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

- (a) by paying such Payment as and when the same becomes due and payable at its scheduled due date or on a date on which it can be prepaid;

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

(c) by depositing with a Depository Trustee, in trust for such purpose, any Government Obligations which are non-callable, in such amount as shall be certified by a national firm of certified public accountants acceptable to the Trustee and the City as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit with the Trustee and available for such Payment, to make, or cause to be made, such Payment at its scheduled due date or on a date on which it can be prepaid.

Upon any partial payment of a Payment resulting in a partial payment of redemption of Obligations, each installment of interest which shall thereafter be payable as a part of the subsequent Payments shall be reduced, taking into account the interest rate or rates on the Obligations remaining outstanding after the partial payment or redemption of Obligations from the proceeds of such payment so that the interest remaining payable as a part of the subsequent Payments shall be sufficient to pay the interest on such outstanding Obligations when due.

Default; Remedies Upon Default.

(i) Upon (A) failure by the City to pay any of the Payments at the time specified in the Purchase Agreement, (B) failure by the City to pay any other payment required to be paid under the Purchase Agreement at the time specified in the Purchase Agreement, and the continuation of such failure for a period of five (5) days after notification thereof by the Trustee, (C) failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clauses (A) and (B), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Trustee or the Owners of not less than a majority in aggregate principal amount of Obligations then Outstanding; provided, however, if the failure stated in the notice can be corrected, but not within the applicable period, the Trustee and such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected, or (D) the filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the petition applicable to the City in any proceedings instituted under the provisions of the United States Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted, then

(ii) subject to the limitations of the Trust Agreement, the Trustee may enforce the Purchase Agreement by appropriate action to collect amounts due or to become due under the Purchase Agreement (including the making and collection of sufficient revenues and the segregation of Excise Taxes and the proper application thereof) or to cause the City to perform its obligations under the Purchase Agreement, in which event the City shall be liable for all costs and expenses, including but not limited to reasonable attorneys' fees, incurred by the Trustee. Upon the bringing of a suit to collect such amounts, the Trustee may request enforcement of the pledge and foreclosure of the lien set forth in the Purchase Agreement, in which event the Trustee, as a matter of right, without notice and without giving any bond or surety to the City or anyone claiming on behalf of the City, may have a receiver appointed of Excise Taxes which are so pledged for the payment of such amounts, with such powers as the court making such appointment shall confer, and the City does irrevocably consent to such appointment in the Purchase Agreement.

The obligations of the City under the Purchase Agreement, including, without limitation, its obligation to pay the Payments, will survive any action brought, and the City will continue to pay the Payments and perform all other obligations provided in the Purchase Agreement; provided, however, that the City will be credited with any amount received by the Trustee.

PROPOSED FORM OF APPROVING LEGAL OPINION

[Closing Date]

[Trustee]
Phoenix, Arizona

Re: Excise Tax Revenue Obligations, Series 2024 Evidencing Proportionate Interests of the Owners Thereof in Purchase Payments to be Made by the City of Sedona, Arizona to [Trustee], as Trustee, Dated the Date Hereof

We have examined the transcript of proceedings (the “Transcript”) relating to the execution and delivery by [Trustee] (the “Trustee”) of the Excise Tax Revenue Obligations, Series 2024 (the “Obligations”), pursuant to a Sixth Trust Agreement, dated as of June 1, 2024* (the “Trust Agreement”), between the Trustee and the City of Sedona, Arizona (the “City”). Each of the Obligations is an undivided, participating, proportionate interest in certain payments to be made by the City pursuant to a Sixth Purchase Agreement, dated as of June 1, 2024* (the “Purchase Agreement”), between the Trustee and the City to finance certain projects for the City. In addition, we have examined such other proceedings, proofs, instruments, certificates and other documents as well as such other materials and such matters of law as we have deemed necessary or appropriate for the purposes of the opinions rendered herein below.

In such an examination, we have examined originals (or copies certified or otherwise identified to our satisfaction) of the foregoing and have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as copies and the accuracy of the statements contained in such documents. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid documents contained in the Transcript. We have also relied upon the opinions of the City Attorney delivered even date herewith as to the matters provided therein.

Based upon such examination, we are of the opinion that, under the law existing on the date of this opinion:

1. The Obligations, the Trust Agreement and the Purchase Agreement are legal, valid, binding and enforceable in accordance with their respective terms, except that the binding effect and enforceability thereof and the rights thereunder are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting the rights of creditors generally; except to the extent that the enforceability thereof and the rights thereunder may be limited by the application of general principles of equity and, as to the Trust Agreement, except to the extent that the enforceability of the indemnification provisions thereof may be affected by applicable securities laws.

2. The obligations of the City pursuant to the Purchase Agreement with respect to payment of principal and interest with respect to the Obligations are solely from the revenues and other moneys pledged and assigned pursuant to the Trust Agreement to secure such payments. Those revenues and other moneys include payments required to be made by the City pursuant to the Purchase Agreement, and the obligation of the City to make those payments is secured by a limited pledge of “Excise Taxes” as described in, and provided by, the Purchase Agreement. Such payments are not secured by an obligation or pledge of any moneys raised by taxation other than the specified taxes; the Obligations do not represent or constitute a debt or pledge of the general credit of the City and

* *Subject to change.*

the Purchase Agreement, including the obligation of the City to make the payments required thereunder, does not represent or constitute a debt or pledge of the general credit of the City.

3. (a) Based on the representations and covenants of the City and subject to the assumption stated in the last sentence of this paragraph, under existing statutes, regulations, rulings and court decisions, the portion of each payment made by the City pursuant to the Purchase Agreement, denominated and comprising interest and received by the beneficial owners of the Obligations (the "Interest Portion"), is excludable from the gross income of the owners thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. We express no opinion regarding other federal tax consequences resulting from the receipt or accrual of the Interest Portion on, or ownership or disposition of, the Obligations. The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the City must continue to meet after the execution and delivery of the Obligations in order that the Interest Portion not be included in gross income for federal income tax purposes. The failure of the City to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactive to their date of execution and delivery. The City has covenanted in the Purchase Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion. (Subject to the same limitations in the first numbered paragraph hereof as they would relate to such covenants, the City has full legal power and authority to comply with such covenants.) In rendering the opinion expressed in this paragraph, we have assumed continuing compliance with the tax covenants referred to hereinabove that must be met after the execution and delivery of the Obligations in order that the Interest Portion not be included in gross income for federal tax purposes.

(b) Assuming the Interest Portion is so excludable for federal income tax purposes, the Interest Portion is exempt from income taxation under the laws of the State of Arizona. (We express no opinion regarding other State tax consequences resulting from the receipt or accrual of the Interest Portion on, or disposition or ownership of, the Obligations.)

Our opinion represents our legal judgment based upon our review of the law and the facts we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

FORM OF CONTINUING DISCLOSURE UNDERTAKING

\$16,345,000*

CITY OF SEDONA, ARIZONA
EXCISE TAX REVENUE OBLIGATIONS, SERIES 2024

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this “*Undertaking*”) is executed and delivered by the City of Sedona, Arizona (the “*City*”), in connection with the execution and delivery of \$16,345,000* principal amount of Excise Tax Revenue Obligations, Series 2024 (the “*Obligations*”). The Obligations are being executed and delivered pursuant to a Sixth Trust Agreement, dated as of June 1, 2024* (the “*Trust Agreement*”), by and between the City and [Trustee], as trustee (the “*Trustee*”). The City covenants and agrees as follows:

1. Definitions. In addition to those defined hereinabove, the terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires:

“*Annual Financial Information*” means the financial information and operating data set forth in Exhibit I.

“*Annual Financial Information Disclosure*” means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

“*Audited Financial Statements*” means the audited financial statements of the City prepared pursuant to the standards and as described in Exhibit I.

“*Commission*” means the Securities and Exchange Commission.

“*Dissemination Agent*” means any agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent’s successors and assigns.

“*EMMA*” means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Final Official Statement*” means the Final Official Statement relating to the Obligations, dated _____, 2024.

“*Financial Obligation*” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

* *Subject to change.*

“GAAP” means generally accepted accounting principles, as applied to governmental units as modified by the laws of the State.

“Listed Event” means the occurrence of events set forth in Exhibit II.

“Listed Events Disclosure” means dissemination of disclosure concerning a Listed Event as set forth in Section 5.

“MSRB” means the Municipal Securities Rulemaking Board.

“Participating Underwriter” means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Obligations.

“Purchase Agreement” means the Sixth Purchase Agreement, dated as of June 1, 2024*, by and between the City and the Trustee.

“Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Exchange Act.

“State” means the State of Arizona.

2. Purpose of this Undertaking. This Undertaking is executed and delivered by the City as of the date set forth below, for the benefit of the beneficial owners of the Obligations and in order to assist the Participating Underwriter in complying with the requirements of the Rule. The City represents that it will be the only obligated person with respect to the Obligations at the time the Obligations are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after such delivery of the Obligations.

3. CUSIP Number. The CUSIP Numbers of the Obligations are as follows:

CUSIP No. (Base 81567L)	Maturity Date (July 1)
_____	_____

4. Annual Financial Information Disclosure. Subject to Section 8 of this Undertaking, the City shall disseminate its Annual Financial Information and its Audited Financial Statements, if any (in the form and by the dates set forth in Exhibit I), through EMMA.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

* *Subject to change.*

If any amendment is made to this Undertaking, the Annual Financial Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. Listed Events Disclosure. Subject to Section 8 of this Undertaking, the City shall disseminate in a timely manner, but in not more than ten (10) business days after the occurrence of the event, its Listed Events Disclosure through EMMA. Whether events subject to the standard “material” would be material shall be determined under applicable federal securities laws.

6. Consequences of Failure of the City to Provide Information. The City shall give notice in a timely manner through EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the City to comply with any provision of this Undertaking, the beneficial owner of any Obligation may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default under the Purchase Agreement or the Trust Agreement, and the sole remedy available to such owners of the Obligations under this Undertaking in the event of any failure of the City to comply with this Undertaking shall be an action to compel performance.

7. Amendments; Waiver. Notwithstanding any other provision of this Undertaking, the City by certified resolution or ordinance authorizing such amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived only if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted;

(b) This Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Obligations, as determined by parties unaffiliated with the City (such as the Trustee) or by approving vote of the owners of the Obligations pursuant to the Trust Agreement at the time of the amendment.

The Annual Financial Information containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying GAAP to be followed in preparing financial statements and such changes are material, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles in the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. If the accounting principles of the City change or the fiscal year of the City changes, the City shall file a notice of such change in the same manner as for a notice of Listed Event.

8. Termination of Undertaking. This Undertaking shall be terminated hereunder if the City shall no longer have liability for any obligation on or relating to repayment of the Obligations under the Trust Agreement.

9. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

10. Additional Information. Nothing in this Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Undertaking. If the City chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Undertaking, the City shall have no obligation under this Undertaking to update such information or include it in any future Annual Financial Information Disclosure or Listed Events Disclosure.

11. Beneficiaries. This Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the City, the Dissemination Agent, if any, and the beneficial owners of the Obligations, and shall create no rights in any other person or entity.

12. Recordkeeping. The City shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. Assignment. The City shall not transfer obligations under the Purchase Agreement unless the transferee agrees to assume all obligations of the City under this Undertaking or to execute an undertaking meeting the requirements of the Rule.

14. Governing Law. This Undertaking shall be governed by the laws of the State.

Dated: [Closing Date]

CITY OF SEDONA, ARIZONA

By.....
Mayor

ATTEST:

.....
City Clerk

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“Annual Financial Information” means financial information and operating data of the type contained in the Final Official Statement in TABLE 5 – Historical, Projected and Budgeted Excise Taxes (actual results for most recently completed fiscal year only).

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted through EMMA or filed with the Commission. If the information included by reference is contained in a final official statement, the final official statement must be available from the MSRB. The City shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided through EMMA by February 1 of each year, commencing February 1, 2025. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements within 30 days after availability to the City.

Audited Financial Statements will be prepared according to GAAP.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Undertaking, the City will disseminate a notice of such change as required by Section 4, including changes in fiscal year or GAAP.

EXHIBIT II

EVENTS FOR WHICH LISTED EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations, in each case, with respect to the tax status of the security, or other material events affecting the tax status of the security.
7. Modifications to the rights of security holders, if material.
8. Bond calls, if material, or tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar events of the City, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.
13. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Obligation will be issued for each maturity of the Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Securities Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with the Direct Participants, the “Participants”). DTC has a Standard & Poor’s rating of: “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC’s records. The ownership interest of each actual purchaser of each Obligation (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Obligations may wish to take certain steps to augment the transmission to them of notices

of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Obligations within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Obligations and the redemption price of any Obligation will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Obligations and the redemption price of any Obligations will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

§ _____
CITY OF SEDONA, ARIZONA
EXCISE TAX REVENUE OBLIGATIONS, SERIES 2024
OBLIGATION PURCHASE AGREEMENT

July __, 2024

City of Sedona, Arizona
 102 Roadrunner Drive
 Sedona, Arizona 86336

Ladies and Gentlemen:

The undersigned Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) hereby offers to enter into this Obligation Purchase Agreement (this “Obligation Purchase Agreement”) with the City of Sedona, Arizona (the “Issuer”), a municipal corporation duly organized and validly existing under and pursuant to the laws of the State of Arizona (the “State” or “Arizona”), whereby the Underwriter will purchase and the Issuer will sell the Obligations (as defined herein). The Underwriter is making this offer subject to the acceptance by the Issuer at or before 11:59 P.M., local time, Phoenix, Arizona, on the date hereof. If the Issuer accepts this Obligation Purchase Agreement, this Obligation Purchase Agreement shall be in full force and effect in accordance with its terms and shall bind both the Issuer and the Underwriter. The Underwriter may withdraw this Obligation Purchase Agreement upon written notice delivered by the Underwriter to the Issuer at any time before the Issuer accepts this Obligation Purchase Agreement.

1. PURCHASE AND SALE.

(a) Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to cause _____, as trustee (the “Trustee”), to execute, sell and deliver to the Underwriter, all (but not less than all) of the \$ _____ aggregate principal amount of “City of Sedona, Arizona Excise Tax Revenue Obligations, Series 2024” (the “Obligations”), at the purchase price of \$ _____, representing the aggregate principal amount of the Obligations less an Underwriter’s discount of \$ _____ [(which includes the fees and expenses of counsel to the Underwriter)] [plus net original issue premium of \$ _____/less net original issue discount of \$ _____]. [For convenience, the Underwriter shall pay by the Closing (as defined herein), on behalf of the Issuer, \$ _____ from the proceeds of the Obligations to the Insurer (as defined herein) as payment of the premium for the Policy (as defined herein).] The Underwriter intends to make an initial bona fide public offering of the Obligations at a price or prices (or at a yield or yields) described in the Schedule attached hereto; provided, however, the Underwriter reserves the right to change such initial public offering prices (or yields) as the Underwriter deems necessary or desirable, in

its sole discretion, in connection with the marketing of the Obligations (but in all cases subject to the requirements of Section 4 hereof), and may offer and sell the Obligations to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by the Underwriter at prices lower than the public offering prices (or yields greater than the yields) set forth therein (but in all cases subject to the requirements of Section 4 hereof).

(b) The Issuer acknowledges and agrees that with respect to the transaction contemplated hereby: (i) the Underwriter is not acting as a municipal advisor within the meaning of Section 15B of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); (ii) the primary role of the Underwriter, as underwriter, is to purchase securities, for resale to investors, in an arm’s length commercial transaction between the Issuer and the Underwriter and the Underwriter has financial and other interests that differ from those of the Issuer; (iii) the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer and has not assumed any advisory or fiduciary responsibility to the Issuer (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Issuer on other matters); (iv) the only obligations the Underwriter has to the Issuer expressly are set forth in this Obligation Purchase Agreement; and (v) the Issuer has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

2. DESCRIPTION AND PURPOSE OF THE OBLIGATIONS.

(a) The Obligations have been authorized pursuant to a resolution adopted by the Mayor and Council of the Issuer on [June 11, 2024] (the “Resolution”). The Obligations shall be dated the date of delivery and executed and delivered and secured under and pursuant to the Sixth Trust Agreement, to be dated as of [_____ 1, 2024] (the “Trust Agreement”), by and between the Issuer and the Trustee. The Obligations represent undivided proportionate interests in the payments (each a “Payment,” and collectively, the “Payments”) to be made by the Issuer pursuant to the Sixth Purchase Agreement, to be dated as of [_____ 1, 2024] (the “Purchase Agreement”), by and between the Issuer, as purchaser, and the Trustee, as seller, as the purchase price for the Project (as defined in the Trust Agreement). The Payments will be secured by a first lien on and pledge of Excise Taxes (as defined in the Trust Agreement) as described in the Purchase Agreement

(b) The proceeds of the sale of the Obligations will be used to (i) pay the costs of the Project and (ii) pay certain costs of execution and delivery of the Obligations[, including the premium for the Policy].

(c) The Obligations shall become payable in the years, bear interest, produce the yields or prices and be subject to redemption at the times and in the amounts, all as set forth in the Schedule attached hereto. The terms of the Obligations shall be otherwise as described in the Trust Agreement.

3. DELIVERY OF THE OFFICIAL STATEMENT AND OTHER DOCUMENTS.

(a) The Issuer has approved and delivered or caused to be delivered to the Underwriter copies of the Preliminary Official Statement dated [_____, 2024], which,

including the cover page, the inside front cover page and all appendices thereto, is herein referred to as the “Preliminary Official Statement.” It is acknowledged by the Issuer that the Underwriter may deliver the Preliminary Official Statement and a final Official Statement (as defined herein) electronically over the internet and in printed paper form. The Issuer deems the Preliminary Official Statement final as of its date and as of the date hereof for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), except for any information which is permitted to be omitted therefrom in accordance with paragraph (b)(1) of Rule 15c2-12.

(b) Within seven business days from the date hereof, and in any event not later than the Closing Date (as defined herein), the Issuer shall deliver to the Underwriter a final Official Statement relating to the Obligations dated the date hereof (such Official Statement, including the cover page, the inside front cover page and all appendices attached thereto, together with all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements and statements incorporated by reference therein or attached thereto, as have been approved by the Issuer, Special Counsel (as defined herein) and the Underwriter, is referred to herein as the “Official Statement”) and such additional conformed copies thereof as the Underwriter may reasonably request in sufficient quantities to comply with Rule 15c2-12, and the rules of the Municipal Securities Rulemaking Board (the “MSRB”) and to meet potential customer requests for copies of the Official Statement. The Underwriter agrees to file a copy of the Official Statement, including any amendments or supplements thereto prepared by the Issuer, with the MSRB on its Electronic Municipal Market Access system, if required by MSRB Rule G-32. The Official Statement shall be executed by and on behalf of the Issuer by an authorized officer of the Issuer. The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the Issuer shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Underwriter. The Issuer hereby agrees to deliver to the Underwriter an electronic copy of the Official Statement in a form that permits the Underwriter to satisfy its obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission (the “SEC”) including in a word-searchable PDF format including any amendments thereto. The Issuer hereby ratifies, confirms and consents to and approves the use and distribution by the Underwriter before the date hereof of the Preliminary Official Statement and hereby authorizes and consents to the use by the Underwriter of the Official Statement in connection with the public offering and sale of the Obligations.

(c) In order to assist the Underwriter in complying with Rule 15c2-12, the Issuer will undertake, pursuant to the Continuing Disclosure Undertaking of the Issuer, to be dated the Closing Date (the “Undertaking”), to provide annual financial information and notices of the occurrence of specified events. A description of the Undertaking is set forth in, and a form of such undertaking is attached as APPENDIX [F] – “FORM OF CONTINUING DISCLOSURE UNDERTAKING” to, the Preliminary Official Statement and the Official Statement.

4. ESTABLISHMENT OF ISSUE PRICE.

(a) The Underwriter agrees to assist the Issuer in establishing the issue price of the Obligations and shall execute and deliver to the Issuer at Closing an “issue price” or similar certificate, substantially in the form of Exhibit A attached hereto, together with the supporting

pricing wires or equivalent communications, with such modifications as may be deemed appropriate or necessary, in the reasonable judgment of the Underwriter, the Issuer and Special Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Obligations.

(b) [Except for the maturities set forth in the Schedule attached hereto,] the Issuer represents that it will treat the first price at which 10% of each maturity of the Obligations (the “10% Test”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Obligation Purchase Agreement, the Underwriter shall report to the Issuer the price or prices at which the Underwriter has sold to the public each maturity of Obligations. [If at that time the 10% Test has not been satisfied as to any maturity of the Obligations, the Underwriter agrees to promptly report to the Issuer the prices at which Obligations of that maturity have been sold by the Underwriter to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all Obligations of that maturity have been sold or (ii) the 10% Test has been satisfied as to the Obligations of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, the Issuer or Special Counsel.] For purposes of this Section, if Obligations mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Obligations.

[(c) The Underwriter confirms that the Underwriter has offered the Obligations to the public on or before the date of this Obligation Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the Schedule attached hereto, except as otherwise set forth therein. The Schedule attached hereto also sets forth, as of the date of this Obligation Purchase Agreement, the maturities, if any, of the Obligations for which the 10% Test has not been satisfied and for which the Issuer and the Underwriter agrees that the restrictions set forth in the next sentence shall apply, which will allow the Issuer to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Obligations, the Underwriter will neither offer nor sell unsold Obligations of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth business day after the sale date; or
- (ii) the date on which the Underwriter has sold at least 10% of that maturity of the Obligations to the public at a price that is no higher than the initial offering price to the public.]

The Underwriter will advise the Issuer promptly after the close of the fifth business day after the sale date whether it has sold 10% of that maturity of the Obligations to the public at a price that is no higher than the initial offering price to the public.

[(c)][(d) The Underwriter confirms that:

- (i) any selling group agreement and each third-party distribution agreement relating to the initial sale of the Obligations to the public,

together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

- (A) (1) to report the prices at which it sells to the public the unsold Obligations of each maturity allocated to it until either all Obligations of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% Test has been satisfied as to the Obligations of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (2) to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter;
 - (B) to promptly notify the Underwriter of any sales of Obligations that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Obligations to the public (each such term being used as defined below); and
 - (C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.
- (ii) any selling group agreement relating to the initial sale of the Obligations to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Obligations to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Obligations of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Obligations of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% Test has been satisfied as to the Obligations of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or dealer and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

[(d)][(e)] The Issuer acknowledges that, in making the representations set forth in this Section, the Underwriter will rely on (i) in the event a selling group has been created in

connection with the initial sale of the Obligations to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Obligations, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Obligations, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Obligations to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Obligations, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the third-party distribution agreement and the related pricing wires. The Issuer further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Obligations, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Obligations.

[(e)][(f)] The Underwriter acknowledges that sales of any Obligations to any person that is a related party to an underwriter participating in the initial sale of the Obligations to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

- (i) “public” means any person other than an underwriter or a related party to an underwriter;
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Obligations to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Obligations to the public);
- (iii) a purchaser of any of the Obligations is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

- (iv) “sale date” means the date of execution of this Obligation Purchase Agreement by all parties.

[[f)/(g)] Notwithstanding anything herein to the contrary, any reporting obligation with respect to maturities subject to the hold-the-offering-price rule will terminate at the end of the Holding Period (as defined in the form of Issue Price Certificate attached as Exhibit A hereto) even if such date is prior to the Closing Date.]

5. ISSUER’S REPRESENTATIONS. The Issuer represents to and agrees with the Underwriter that:

(a) The Issuer is duly organized and validly existing, with full legal right, power and authority to cause the sale, execution and delivery of the Obligations to the Underwriter pursuant to the Trust Agreement, to pledge the Excise Taxes pursuant to the Purchase Agreement and to execute, deliver and perform its obligations, as the case may be, under this Obligation Purchase Agreement, the Purchase Agreement, the Trust Agreement, the Undertaking (collectively, the “Issuer Documents”), and the Obligations, and to perform and consummate all obligations and transactions required or contemplated by each of the Issuer Documents and the Official Statement.

(b) The Resolution approving and authorizing the execution and delivery by the Issuer of the Issuer Documents and the offering, sale, execution and delivery of the Obligations upon the terms set forth herein and in the Official Statement, was duly adopted at a meeting of the Mayor and Council of the Issuer called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and is in full force and effect and has not been amended or repealed.

(c) The Issuer Documents and the Obligations conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement, and the Obligations, when duly executed and authenticated in accordance with the Trust Agreement and delivered to the Underwriter as provided herein, will be validly issued and outstanding obligations of the Issuer, entitled to the benefits of the Purchase Agreement and the Trust Agreement and secured by a legally valid and binding pledge and lien on, and payable from, the Excise Taxes as described in the Purchase Agreement, subject to applicable Creditors’ Rights Laws (as defined herein).

(d) The Issuer has executed and delivered or will execute and deliver on or before the Closing Date, each of the Issuer Documents. Each of the Issuer Documents constitutes, or will, as of the Closing Date, constitute, a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, except as the enforceability thereof may be limited by application of bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally from time to time in effect and from the application of general principles of equity and from public policy limitations on the exercise of any rights to indemnification and contribution (collectively, “Creditors’ Rights Laws”). Each of the Issuer Documents has been executed and delivered or will be executed and delivered on or before the Closing Date, by each respective signatory and is currently in full force and effect or, as of the Closing Date, will be in full force and effect.

(e) The Issuer is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either, or of any other governmental agency, or any Material Judgment or Agreement (as defined herein), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any Material Judgment or Agreement; and the adoption of the Resolution, the sale and execution and delivery of the Obligations and the execution and delivery of the Issuer Documents and compliance with and performance of the Issuer's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any such constitutional provision, law, administrative regulation or any Material Judgment or Agreement, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer (except as described in or contemplated by the Issuer Documents and the Official Statement) or under the terms of any such law, administrative regulation or Material Judgment or Agreement. As used herein, the term "Material Judgment or Agreement" means any judgment or decree or any loan agreement, indenture, bond, note or resolution or any material agreement or other instrument to which the Issuer is a party or to which the Issuer or any of its property or assets is otherwise subject (including, without limitation, the Resolution and the Issuer Documents).

(f) All approvals, consents and orders of any governmental authority, board, agency, council, commission or other body having jurisdiction (including with respect to the requirements of Section 35-501(B), Arizona Revised Statutes) which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Issuer of its obligations hereunder and under the Issuer Documents have been obtained; provided, that the Issuer makes no representations as to any approvals, consents or other actions which may be necessary to qualify the Obligations for offer and sale under Blue Sky or other state securities laws or regulations.

(g) Any certificates executed by any officer of the Issuer and delivered to the Underwriter pursuant hereto or in connection herewith shall be deemed a representation and warranty of the Issuer as to the accuracy of the statements therein made and as to the authority of the representative to deliver such certificates and make such representation.

(h) Between the date hereof and the time of the Closing and to the extent it may legally agree to do so pursuant to applicable law, the Issuer shall not, without the prior written consent of the Underwriter, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, except in the course of normal business operations of the Issuer or except for such borrowings as may be described in or contemplated by the Official Statement.

(i) The financial statements of the Issuer as of June 30, 2023, fairly represent the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the Issuer as of the dates and for the periods therein set forth. Except as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the Issuer or in its operations

since June 30, 2023, and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(j) Except for information which is permitted to be omitted pursuant to Rule 15c2-12, the information contained in the Preliminary Official Statement (excluding therefrom any information regarding DTC (as defined herein) [or the Insurer] and the information under the heading “UNDERWRITING,” as to which no representations or warranties are made), as of its date and as of the date hereof was and is true and correct in all material respects and did not and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) The Official Statement is, as of its date and at all times after the date of the Official Statement (excluding therefrom any information regarding DTC [or the Insurer] and the information under the heading “UNDERWRITING,” as to which no representations or warranties are made) up to and including the Closing Date will be, true and correct in all material respects and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto up to and including that date that is 25 days from the “end of the underwriting period” as defined in Rule 15c2-12 (unless the Underwriter notifies the Issuer by the Closing Date of an unsold balance, in which case the “underwriting period” shall be deemed to end on the Closing Date), the Official Statement as so supplemented or amended will be true and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(m) If between the date of the Official Statement and the Closing any event shall occur which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer shall notify the Underwriter thereof, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer shall promptly (and in any event before the Closing) prepare and furnish (at the expense of the Issuer) a reasonable number of copies of an amendment of or supplement to the Official Statement in form and substance satisfactory to the Underwriter.

(n) Except as described in the Preliminary Official Statement and Official Statement, no litigation, proceeding or official investigation of any governmental or judicial body is pending against the Issuer or against any other party of which the Issuer has notice or, to the knowledge of the Issuer, threatened against the Issuer: (i) seeking to restrain or enjoin the sale or execution and delivery of any of the Obligations, or the levy, collection, pledge and/or payment, as applicable, of the Excise Taxes as described in the Purchase Agreement, securing the payment

of the Obligations; (ii) in any way contesting or affecting any authority for the execution and delivery of the Obligations or the validity or binding effect of any of the Issuer Documents; (iii) which is in any way contesting the creation, existence, powers or jurisdiction of the Issuer or the validity or effect of the Resolution or any provision thereof or the application of the proceeds of the Obligations; (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto; or (v) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Issuer or the transactions contemplated by the Preliminary Official Statement and Official Statement or any of the Issuer Documents. The Issuer shall advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Obligations.

(o) Except as described in the Official Statement, during the last five years, the Issuer has not failed to materially comply with any previous undertaking relating to continuing disclosure of information pursuant to Rule 15c2-12.

(p) Except as described in the Official Statement, the Issuer, to the best of its knowledge, has never been and is not in default in the payment of principal of, premium, if any, or interest on, or otherwise is not nor has it been in default with respect to, any bonds, notes, or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest.

(q) The Issuer has not granted a lien on, made a pledge of or agreed to apply the Excise Taxes and other moneys payable pursuant to the Purchase Agreement, except as provided or permitted in the Purchase Agreement or as described in the Official Statement.

(r) All representations, warranties and agreements of the Issuer shall remain operative and in full force and effect, regardless of any investigations made by the Underwriter or on the Underwriter's behalf, and shall survive the delivery of the Obligations.

6. UNDERWRITER'S REPRESENTATIONS. The Underwriter represents to and agrees with the Issuer that:

(a) The Underwriter is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization.

(b) This Obligation Purchase Agreement has been duly authorized, executed and delivered by the Underwriter and, assuming the due authorization, execution and delivery by the Issuer, is the legal, valid and binding obligation of the Underwriter enforceable in accordance with its terms, except as the enforceability of this Obligation Purchase Agreement may be limited by application of Creditors' Rights Laws.

(c) The Underwriter is licensed by and registered with the Financial Industry Regulatory Authority as a broker-dealer and the MSRB as a municipal securities dealer.

(d) The Underwriter and its parent company, wholly or majority-owned subsidiaries, and other affiliates, if any, are not currently engaged in, or for the duration of this

Obligation Purchase Agreement will not engage in, a boycott of goods or services from the State of Israel, companies doing business in or with the State of Israel or authorized by, licensed by, or organized under the laws of the State of Israel, or persons or entities doing business in the State of Israel. The Underwriter understands that “boycott” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations, but does not include an action made for ordinary business purposes.

7. CLOSING. The date of the payment for and delivery of the Obligations (such payment and delivery and the other actions contemplated hereby to take place at the time of such payment and delivery of the Obligations herein sometimes called the “Closing”) shall be at 8:30 A.M., local time, Phoenix, Arizona, on [_____, 2024], or at such other time or date as the Underwriter and the Issuer may mutually agree upon as the date and time of the Closing (the “Closing Date”), the Issuer will deliver or cause to be delivered to the Underwriter, at the offices of Greenberg Traurig L.L.P. (“Special Counsel”), or at such other place as the Underwriter and the Issuer may mutually agree upon, the Obligations, through the facilities of The Depository Trust Company, New York, New York (“DTC”), duly executed and authenticated, and the other documents specified in Section 8. At the Closing, (a) upon satisfaction of the conditions herein specified, the Underwriter shall accept the delivery of the Obligations, and pay the purchase price therefor in federal funds payable to the order of the Trustee for the account of the Issuer, and (b) the Issuer shall deliver or cause to be delivered the Obligations to the Underwriter through the facilities of DTC in definitive or temporary form, duly executed by the Issuer and in the authorized denominations as specified by the Underwriter at the Closing and the Issuer shall deliver the other documents hereinafter mentioned. The Obligations shall be made available to the Underwriter at least one business day before the Closing Date for purposes of inspection.

8. CONDITIONS PRECEDENT.

The Underwriter has entered into this Obligation Purchase Agreement in reliance upon the representations and agreements of the Issuer contained herein and the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriter’s obligations under this Obligation Purchase Agreement are and shall be subject to the following additional conditions:

(a) The representations and agreements of the Issuer contained herein shall be true, complete and correct in all material respects on the date of acceptance hereof and on and as of the Closing Date.

(b) At the time of the Closing, the Official Statement, the Resolution, the Obligations and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter.

(c) The Issuer shall perform or have performed all of its obligations required under or specified in the Resolution, the Obligations, the Issuer Documents and the Official Statement to be performed at or prior to the Closing.

(d) The Issuer shall have delivered to the Underwriter the Official Statement by the time, and in the numbers, required by Section 3 of this Obligation Purchase Agreement.

(e) As of the date hereof and at the time of Closing, all necessary official action of the Issuer relating to the Obligations, the Issuer Documents and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

(f) After the date hereof, up to and including the time of the Closing, there shall not have occurred any change in or particularly affecting the Issuer, the Resolution, the Obligations, the Issuer Documents, the Excise Taxes as the foregoing matters are described in the Preliminary Official Statement and the Official Statement, which in the reasonable professional judgment of the Underwriter materially impairs the investment quality of the Obligations.

(g) At or prior to the Closing, the Underwriter shall receive the transcript of proceedings of the Issuer relating to the execution and delivery of the Obligations, including, but not limited to, the following documents (in each case with only such changes as the Underwriter shall approve):

- (i) The approving opinion of Special Counsel relating to the Obligations, dated the Closing Date, substantially in the form attached as Appendix [E] to the Official Statement, and, if not otherwise directly addressed to the Underwriter, a reliance letter with respect thereto addressed to the Underwriter;
- (ii) The supplemental opinion of Special Counsel, addressed to the Underwriter, dated the Closing Date, and substantially in the form of Exhibit B attached hereto;
- (iii) The opinion of counsel to the Issuer, addressed to the Underwriter and Special Counsel, dated the Closing Date, and substantially in the form of Exhibit C attached hereto;
- (iv) The opinion of Gust Rosenfeld P.L.C., counsel to the Underwriter, dated the date of the Closing and addressed to the Underwriter, and covering such matters as the Underwriter may reasonably request;
- (v) A certificate, dated the Closing Date, signed by an authorized officer of the Issuer to the effect that: (A) the representations and agreements of the Issuer contained herein are true and correct in all material respects as of the date of the Closing; (B) the Obligations and the Issuer Documents have been duly authorized and executed and are in full force and effect; (C) except as described in the Preliminary Official Statement, as of its date and as of the date hereof, and the Official Statement, as of its date and as of the Closing Date, no litigation is pending or, to his or her knowledge, threatened (1) seeking to restrain or enjoin the execution and delivery of the Obligations, (2) in any way contesting or affecting any authority for

the execution and delivery of the Obligations, the validity of the Obligations, the Resolution or any Issuer Document or the levy, collection and pledge, as applicable, of the Excise Taxes imposed and levied or to be imposed and levied to pay all the Payments, or the imposition thereof, (3) in any way contesting the creation, existence or powers of the Issuer or the application of the proceeds of the Obligations, or (4) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Issuer or the transactions contemplated by the Preliminary Official Statement, as of its date and as of the date hereof, and the Official Statement, as of its date and as of the Closing Date, or the Obligations or any Issuer Document; (D) no authority or proceedings for the execution and delivery of the Obligations has been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to issue the Obligations has been filed with or received by such authorized officer; (E) the Preliminary Official Statement, as of its date and as of the date hereof, and the Official Statement, as of its date and as of the Closing Date, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except no review has been made of any information in the Preliminary Official Statement or the Official Statement regarding DTC [or the Insurer] and the information under the heading “UNDERWRITING”; (F) the financial statements of the Issuer as of June 30, 2023, fairly represent the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the Issuer as of the dates and for the periods therein set forth; (G) except as disclosed in the Preliminary Official Statement and the Official Statement, since June 30, 2023, no materially adverse change has occurred, or any development involving a prospective material change, in the financial position or results of operations of the Issuer and the Issuer has not incurred since June 30, 2023, any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Preliminary Official Statement and the Official Statement; and (H) the Issuer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing;

- (vi) A certificate or certificates, dated the Closing Date, signed by an authorized officer of the Trustee to the effect that: (A) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States, having the full power and being qualified to enter into and perform its duties under the Purchase Agreement and the Trust Agreement (together for purposes of this paragraph, the “Trustee Documents”) and to

authenticate, execute and deliver the Obligations to the Underwriter; (B) the Trustee is duly authorized to enter into the Trustee Documents and to authenticate, execute and deliver the Obligations to the Underwriter pursuant to the Trust Agreement; (C) when delivered to and paid for by the Underwriter at the Closing, the Obligations will have been duly authenticated, executed and delivered by the Trustee; (D) the execution and delivery of the Trustee Documents and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or Blue Sky laws or regulations), which conflict, breach or default would materially impair the ability of the Trustee to perform its obligations under the Trustee Documents, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Trustee Documents under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Trustee Documents; and (E) to the best knowledge of the Trustee, it has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoin the execution and delivery of the Obligations or the collection of revenues to be applied to pay the principal and interest with respect to the Obligations, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Trustee Documents, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Trustee Documents or the power and authority of the Trustee to enter into and perform its duties under the Trustee Documents and to authenticate, execute and deliver the Obligations to or upon the order of the Underwriter;

- (vii) Executed or certified copies of each of the Issuer Documents;

- (viii) A tax certificate of the Issuer, in form satisfactory to Special Counsel, executed by such officials of the Issuer as shall be satisfactory to the Underwriter;
- (ix) A certified copy of the Resolution;
- (x) Specimen Obligations;
- (xi) A counterpart original of the Official Statement manually executed on behalf of the Issuer by an authorized officer of the Issuer;
- (xii) [Evidence that _____ (the “Insurer”) has issued its municipal bond insurance policy with respect to the Obligations (the “Policy”) as well as appropriate opinions and certificates from the Insurer relating to the Policy];
- (xiii) Evidence satisfactory to the Underwriter that [_____] has issued a rating for the Obligations of [“_” based on issuance of the Policy, and that _____] has issued a[n “underlying”] rating for the Obligations of “_” ([together,] the “Rating[s]”) and that the Rating[s] [is/are] then in effect;
- (xiv) Evidence that the Issuer has caused or will cause to be filed the Report of Bond and Security Issuance Pursuant to Section 35-501(B), Arizona Revised Statutes;
- (xv) Evidence that a Form 8038-G relating to the Obligations has been executed by the Issuer and will be filed with the Internal Revenue Service within the applicable time limit;
- (xvi) A copy of the Issuer’s executed Blanket Letter of Representation to DTC; and
- (xvii) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter, counsel to the Underwriter or Special Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the Issuer herein contained and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer.

9. TERMINATION.

If the Issuer shall be unable to satisfy the conditions of the Underwriter’s obligations contained in this Obligation Purchase Agreement or if the Underwriter’s obligations shall be terminated for any reason permitted by this Obligation Purchase Agreement, this Obligation Purchase Agreement may be cancelled by the Underwriter at, or at any time before, the time of the

Closing. Notice of such cancellation shall be given by the Underwriter to the Issuer in writing, or by telephone confirmed in writing. The performance by the Issuer of any and all conditions contained in this Obligation Purchase Agreement for the benefit of the Underwriter may be waived by the Underwriter.

(a) The Underwriter shall also have the right, before the time of Closing, to cancel its obligations to purchase the Obligations, by written notice (or by telephone confirmed in writing) by the Underwriter to the Issuer, if between the date hereof and the time of Closing, in the Underwriter's sole and reasonable judgment any of the following events shall occur (each hereinafter referred to as a "Termination Event"):

- (i) the market price or marketability of the Obligations, or the ability of the Underwriter to enforce contracts for the sale of the Obligations, shall be materially adversely affected by any of the following events:
 - (A) legislation shall have been enacted by the Congress of the United States or the legislature of the State or shall have been favorably reported out of committee of either body or be pending in committee of either body, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision shall have been rendered by a court of the United States or the State or the Tax Court of the United States, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or state authority with appropriate jurisdiction, with respect to federal or state taxation upon interest received on obligations of the general character of the Obligations; or
 - (B) there shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war, or (2) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis; or
 - (C) a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

- (D) legislation shall have been enacted by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the Obligations, the Resolution or the Issuer Documents, or any comparable securities of the Issuer, are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended (the "Securities Act") or Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") or otherwise, or would be in violation of any provision of the federal securities laws; or
 - (E) except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the Issuer shall have occurred; or
 - (F) any rating on [the Insurer or on] securities of the Issuer secured by a pledge of the Excise Taxes on a parity basis with the pledge of such amounts to be made for the Payments is reduced or withdrawn or placed on credit watch with negative outlook by any major credit rating agency; or
- (ii) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriter) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Issuer refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Obligations or the ability of the Underwriter to enforce contracts for the sale of the Obligations; or
 - (iii) a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or
 - (iv) a material disruption in securities settlement, payment or clearance services affecting the Obligations shall have occurred; or

- (v) any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order; or
- (vi) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the offering, sale or execution and delivery of the Obligations, including the underlying obligations as contemplated by this Obligation Purchase Agreement or by the Official Statement, or any document relating to the offering, sale or execution and delivery of the Obligations, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Exchange Act and the Trust Indenture Act.

(b) Upon the occurrence of a Termination Event and the termination of this Obligation Purchase Agreement by the Underwriter, all obligations of the Issuer and the Underwriter under this Obligation Purchase Agreement shall terminate, without further liability.

10. AMENDMENTS TO OFFICIAL STATEMENT.

During the period commencing on the date of the Official Statement and ending 25 days from the “end of the underwriting period” (as defined in Rule 15c2-12) the Issuer shall advise the Underwriter if any event relating to or affecting the Official Statement shall occur as a result of which it may be necessary or appropriate to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser or “potential customer” (as defined for purposes of Rule 15c2-12). If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and at all times subsequent thereto up to and including that date that is 25 days from the end of the underwriting period, the Official Statement as supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and shall amend or supplement the Official Statement (in form and substance satisfactory to counsel to the Underwriter) so that the Official Statement will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The expenses of preparing such amendment or supplement shall be borne by the Issuer. For the purpose of this Section, the Issuer will furnish to the Underwriter such information with respect to itself as the Underwriter may from time-to-time reasonably request.

11. EXPENSES.

(a) Whether or not the Obligations are sold to the Underwriter, the Underwriter shall be under no obligation to pay any expenses incident to the performance of the Issuer's obligations hereunder. If the Obligations are delivered by the Issuer to the Underwriter, the Issuer shall pay, from the proceeds of the Obligations or from other funds of the Issuer, the following expenses: (i) the cost of preparing, duplicating or printing, mailing and delivering the Issuer Documents, including the cost of electronically distributing the Preliminary Official Statement and the Official Statement and any amendment or supplement of either; (ii) the cost of preparation and printing of the definitive Obligations; (iii) the fees and expenses of the Issuer, the Trustee, Special Counsel, [counsel to the Underwriter,] and any entity performing continuing disclosure compliance research or providing continuing disclosure compliance reports and any other experts or consultants retained by the Issuer; (iv) the charges of any rating agency with respect to the Obligations; (v) reimbursement to the Underwriter for payment of any fees and expenses reasonably incurred in connection with the initial offering, sale and delivery of the Obligations, including but not limited to industry fees (e.g., DTC, DAC, IPREO, CUSIP and Day Loan fees) only if the Issuer and Underwriter have previously discussed and approved the allocation of proceeds towards these fees, and meal and travel expenses of Issuer personnel, but not including entertainment expenses or those to be paid by the Underwriter pursuant to the last paragraph of this Section 11; and (vi) all other fees and expenses, not including entertainment expenses, reasonably incurred in connection with the preparation of the Issuer Documents and/or the initial offering, sale and delivery of the Obligations[, including the Policy]. The Issuer has authorized, and does hereby authorize, the Underwriter to pay certain of such expenses on behalf of the Issuer from proceeds of the Obligations at Closing as further described in the closing memorandum relating to the Obligations.

(b) If the Obligations are sold to the Underwriter by the Issuer, the Issuer shall pay out of the proceeds of the Obligations the discount of the Underwriter or the purchase price paid for the Obligations shall reflect such discount.

(c) Except as otherwise provided in this Section 11, the Underwriter shall pay the cost, if any, of qualifying the Obligations for sale in the various states chosen by the Underwriter, all advertising expenses in connection with the public offering of the Obligations and all other expenses incurred by it in connection with its public offering and distribution of the Obligations, not described above.

12. USE OF DOCUMENTS.

The Issuer hereby authorizes the Underwriter to use, in connection with the public offering and sale of the Obligations, this Obligation Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Issuer Documents, and the information contained herein and therein.

13. QUALIFICATION OF SECURITIES.

The Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the Obligations for offer and sale under the Blue Sky or other securities laws and regulations of

such states and other jurisdictions of the United States as the Underwriter may designate and to provide for the continuance of such qualification; *provided, however*, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state.

14. NOTICES.

Any notice or other communication to be given to the Issuer under this Obligation Purchase Agreement may be given by delivering the same in writing to City of Sedona, 102 Roadrunner Drive, Sedona, Arizona 86336, Attention: City Manager, and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to the following address:

Stifel, Nicolaus & Company, Incorporated
Suite 300
2801 East Camelback Road
Phoenix, Arizona 85016
Attention: Mr. Mark Reader, Managing Director

15. BENEFIT.

This Obligation Purchase Agreement is made solely for the benefit of the Issuer and the Underwriter (including their successors or assigns), and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. Except as otherwise expressly provided herein, all of the agreements and representations of the Issuer contained in this Obligation Purchase Agreement and in any certificates delivered pursuant hereto shall remain operative and in full force and effect regardless of: (a) any investigation made by or on behalf of the Underwriter; (b) delivery of and payment for the Obligations hereunder; or (c) any termination of this Obligation Purchase Agreement, other than pursuant to Section 9 (and in all events the agreements of the Issuer pursuant to Section 11 hereof shall remain in full force and effect notwithstanding the termination of this Obligation Purchase Agreement under Section 9 hereof).

16. GOVERNING LAW.

THIS OBLIGATION PURCHASE AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ARIZONA.

17. WAIVER OF JURY TRIAL.

THE ISSUER HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS OBLIGATION PURCHASE AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

18. MISCELLANEOUS.

(a) This Obligation Purchase Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements, prior writings and representations with respect thereto.

(b) If any section, paragraph, subdivision, sentence, clause or phrase of this Obligation Purchase Agreement shall for any reason be held illegal or unenforceable, such decision shall not affect the validity of the remaining portions of this Obligation Purchase Agreement. The parties to this Obligation Purchase Agreement declared they would have executed this Obligation Purchase Agreement and each and every other section, paragraph, subdivision, sentence, clause and phrase of this Obligation Purchase Agreement, irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Obligation Purchase Agreement may be held to be illegal, invalid, or unenforceable. If any provision of this Obligation Purchase Agreement contains any ambiguity which may be construed as either valid or invalid, the valid construction shall be adopted.

(c) This Obligation Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original hereof.

(d) To the extent applicable by provision of law, this Obligation Purchase Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated herein by this reference.

(e) The electronic signature of a party to this Obligation Purchase Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Obligation Purchase Agreement. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means, electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Underwriter; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format (PDF) or other replicating image attached to an electronic mail or internet message.

[Signature page follows.]

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

Mark Reader, Managing Director

ACCEPTED THIS ____ DAY OF
_____ 2024 at _____ P.M.

CITY OF SEDONA, ARIZONA

By: _____

Printed Name: _____

Title: _____

[Signature page to Obligation Purchase Agreement]

SCHEDULE

\$ _____
CITY OF SEDONA, ARIZONA
EXCISE TAX REVENUE OBLIGATIONS, SERIES 2024

Payment Dates (July 1)	Principal Amounts	Interest Rates	Yields
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* Yield calculated to first optional maturity date: July 1, 20__.

Optional Redemption. The Obligations maturing before or on July 1, 20__, will not be subject to redemption prior to their stated maturity dates. The Obligations payable on or after July 1, 20__, will be subject to redemption prior to their stated maturity dates, at the option of the Issuer, in whole or in part on July 1, 20__, or on any date thereafter, by the payment of a redemption price equal to the principal amount of each Obligation to be redeemed plus interest accrued to the date fixed for redemption, without premium.

Mandatory Redemption. The Obligations payable on July 1, 20__, will be redeemed on July 1 of the following years and in the following principal amounts at a price equal to the principal amount thereof plus interest accrued to the date fixed for redemption, without premium:

Obligations Maturing July 1, 20__

Redemption Date <u>(July 1)</u>	Principal <u>Amount</u>
------------------------------------	----------------------------

20__ (stated maturity date)

EXHIBIT A

FORM OF ISSUE PRICE CERTIFICATE

§ _____
CITY OF SEDONA, ARIZONA
EXCISE TAX REVENUE OBLIGATIONS, SERIES 2024

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (“Stifel”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Obligations”).

1. Obligation Purchase Agreement. On [June __, 2024] (the “Sale Date”), Stifel and City of Sedona, Arizona (the “Issuer”) executed an Obligation Purchase Agreement (the “Purchase Contract”) in connection with the sale of the Obligations. Stifel has not modified the Purchase Contract since its execution on the Sale Date.

2. Price.

(a) As of the date of this Certificate, for each [Maturity] [of the _____ Maturities] of the Obligations, the first price or prices at which at least 10% of [each] such Maturity of the Obligations was sold to the Public (the “10% Test”) are the respective prices listed in Schedule A attached hereto.

(b) **[To be used if not using Hold-the-Offering-Price Rule and 10% was not sold for all Maturities]** [** With respect to each of the _____ Maturities of the Obligations:

- (i) As of the date of this Certificate, Stifel has not sold at least 10% of the Obligations of these Maturities at any price or prices.
- (ii) As of the date of this Certificate, Stifel reasonably expects that the first sale to the Public of Obligations of these Maturities will be at or below the respective price or prices listed on the attached Schedule A as the “Reasonably Expected Sale Prices for Undersold Maturities.”
- (iii) Stifel will provide actual sales information (substantially similar to the information contained on Schedule B) as to the price or prices at which the first 10% of each such Maturity (i.e., the Undersold Maturity or Maturities) is sold to the Public.
- (iv) On the date the 10% Test is satisfied with respect to all Maturities of the Obligations, Stifel will execute a supplemental certificate substantially in the form attached hereto as Schedule C with respect to any remaining Maturities for which the 10% Test has not been satisfied as of the Closing Date.**]

(b) [To be used if using Hold-the-Offering-Price Rule] [Alternative 1 - All Maturities Use Hold-the-Offering-Price Rule: Stifel offered the Obligations to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Obligations is attached to this certificate as Schedule B.] [Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule: Stifel offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Obligations is attached to this certificate as Schedule B.]

[Alternative 1 - All Maturities use Hold-the-Offering-Price Rule: As set forth in the Purchase Contract, Stifel has agreed in writing that, (i) for each Maturity of the Obligations, it would neither offer nor sell any of the Obligations of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Obligations at a price that is higher than the respective Initial Offering Price for that Maturity of the Obligations during the Holding Period. [Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule: As set forth in the Purchase Contract, Stifel has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Obligations of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Obligations during the Holding Period.]

3. Defined Terms.

(a) [*Hold-the-Offering-Price Maturities* means those Maturities of the Obligations listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

(b) [*Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which Stifel has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(c) *Issuer* means City of Sedona, Arizona.

(d) *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates, are treated as separate Maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is [June __, 2024].

(g) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Obligations to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate of the Issuer dated [Closing Date] and with respect to compliance with the federal income tax rules affecting the Obligations, and by Special Counsel, in connection with rendering its opinion that the interest on the Obligations is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Obligations.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as underwriter

By: _____
Mark Reader

By: _____
[underwriter]

Dated: [Closing Date]

SCHEDULE A

Actual Sales Information as of Closing Date

<u>Maturity/CUSIP</u> <u>(July 1)</u>	<u>Coupon</u>	<u>Date Sold</u>	<u>Time Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
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The aggregate issue price of all maturities of the Obligations is \$_____.

****Reasonably Expected Sales Prices for Undersold Maturities as of Closing Date**

<u>Maturity/CUSIP</u>	<u>Coupon</u>	<u>Par Amount</u>	<u>Offering Prices</u>
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**]

SCHEDULE B

[Actual Sales for Undersold Maturities as of the Closing Date

<u>Maturity/CUSIP</u>	<u>Date Sold</u>	<u>Time Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
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****]**

[PRICING WIRE OR EQUIVALENT COMMUNICATION]

(Attached)

SCHEDULE C

SUPPLEMENTAL ISSUE PRICE CERTIFICATE

\$_____,000

CITY OF SEDONA, ARIZONA

EXCISE TAX REVENUE OBLIGATIONS, SERIES 2024

The undersigned, Stifel, Nicolaus & Company, Incorporated (“Stifel”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Obligations”).

1. Issue Price.

(a) Stifel sold at least 10% of the _____ Maturities of the Obligations to the Public at the price or prices shown on the Issue Price Certificate dated as of the Closing Date (the “10% Test”). With respect to each of the _____ Maturities of the Obligations, Stifel had not satisfied the 10% Test as of the Closing Date (the “Undersold Maturities”).

(b) As of the date of this Supplemental Certificate, Stifel has satisfied the 10% Test with respect to the Undersold Maturities. The first price or prices at which at least 10% of each such Undersold Maturity was sold to the Public are the respective prices listed on Exhibit A attached hereto.

2. Defined Terms.

(a) *Issuer* means City of Sedona, Arizona.

(b) *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Obligations to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate of the Issuer dated [closing date] and with respect to compliance with the federal income tax rules affecting the Obligations, and by Special Counsel, in connection with rendering its opinion that the interest on the Obligations is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Obligations.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as underwriter

By: _____
Mark Reader

By: _____
[underwriter]

Dated: [Closing Date]

**EXHIBIT A
TO
SUPPLEMENTAL ISSUE PRICE CERTIFICATE****

EXHIBIT B

FORM OF SUPPLEMENTAL OPINION OF SPECIAL COUNSEL

[LETTERHEAD OF GREENBERG TRAURIG, L.L.P.]

[June __, 2024]

Stifel, Nicolaus & Company, Incorporated
Phoenix, Arizona

Re: Excise Tax Revenue Obligations, Series 2024, Evidencing Proportionate Interests of the Owners Thereof in Payments to be Made by the City of Sedona, Arizona to _____, as Trustee, Dated the Date Hereof

Pursuant to an Obligation Purchase Agreement, dated [June __, 2024] (the “Purchase Contract”), between the City of Sedona, Arizona and Stifel, Nicolaus & Company, Incorporated, we have delivered to you our approving opinion of even date herewith (the “Approving Opinion”) relating to the captioned Obligations. All terms used herein shall have the same meaning assigned in the Purchase Contract.

We hereby supplement the Approving Opinion and further advise you as follows:

1. The Issuer has all requisite power and authority pursuant to the Constitution and laws of the State (a) to execute and deliver, as applicable, the Issuer Documents, (b) to approve, execute and authorize the use and distribution of the Preliminary Official Statement and the Official Statement and (c) to carry out and consummate the transactions contemplated by the Official Statement, the Issuer Documents and the Obligations (including performing the applicable obligations pursuant thereto).

2. The Issuer has complied with all applicable provisions of law and has taken all actions required to be taken by it to the date hereof in connection with the transactions contemplated by the Official Statement, the Issuer Documents and the Obligations.

3. The Issuer Documents have been duly authorized, executed and delivered, as applicable, by the Issuer, are in full force and effect and, assuming due and valid authorization, execution and delivery by, and enforceability against, if any, the other party thereto, constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms. The foregoing is subject to applicable bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the enforcement of creditors’ rights and the principles of equity in the event equitable remedies are sought.

4. Adoption of the Resolution, authorization, execution and delivery, as applicable, of, and the due performance by the Issuer of the Issuer Documents and the approval, execution and authorization of the use and distribution of, the Official Statement (including, as applicable,

the Preliminary Official Statement) by the Issuer under the circumstances contemplated thereby and each of such instruments, do not and will not conflict with, or constitute on the part of the Issuer a material breach of or default under, any federal or State constitutional or statutory provision.

5. No consent of any other party, and no consent, license, approval or authorization of, exemption by or registration with any governmental body, authority, bureau or agency (other than those that have been obtained or will be obtained prior to the delivery of the Obligations and other than approvals that may be required under “blue sky” laws of any jurisdiction) is required in connection with the adoption by the Mayor and Council of the Issuer of the Resolution or the authorization, execution, delivery and performance, as applicable, by the Issuer of the Issuer Documents and the consummation of the transactions contemplated by the Official Statement.

6. The information contained (but not incorporated by reference) in the Preliminary Official Statement and the Official Statement in the tax caption on the cover thereof, under the headings “INTRODUCTORY STATEMENT,” “THE OBLIGATIONS,” “SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS,” “TAX EXEMPTION” and “CONTINUING DISCLOSURE” (except as it relates to compliance with prior undertakings as to which we express no opinion) therein, and in Appendix [D] – “SUMMARY OF SELECT PROVISIONS OF THE PRINCIPAL DOCUMENTS,” Appendix [E] – “PROPOSED FORM OF APPROVING LEGAL OPINION,” and Appendix [F] – “FORM OF CONTINUING DISCLOSURE UNDERTAKING,” thereto, insofar as such information purports to summarize certain provisions of the laws of the State and the United States of America, the Obligations, the Trust Agreement, the Purchase Agreement and the Undertaking fairly present the information purported to be shown; provided, however, that such information does not purport to summarize all the provisions of, and is qualified in its entirety by, the complete laws and documents that are summarized, and, based solely on our participation in the transaction as Special Counsel, nothing has come to our attention that would lead us to believe that the information and statements in the Preliminary Official Statement, as of its date and as of [June __, 2024], and the Official Statement, as of its date and as of the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that we express no view as to the financial statements of the Issuer, any other financial forecast, technical or statistical data, and any information in the Preliminary Official Statement or the Official Statement regarding DTC. We have not undertaken to review or determine independently, and assume no responsibility for, the accuracy or completeness of the information in the Preliminary Official Statement or the Official Statement except to the extent indicated hereinabove.

7. It is not necessary in connection with the sale and execution of the Obligations to the public to register the Obligations pursuant to the Securities Act of 1933, as amended, or to qualify the Trust Agreement pursuant to the Trust Indenture Act of 1939, as amended.

You may rely upon the Approving Opinion as though it were specifically addressed to you.

This letter is provided pursuant to Section 8(g)(ii) of the Purchase Contract and is being given solely for the information of and assistance to the addressee of this letter in its capacity as

the underwriter of the Obligations. In giving this opinion to such underwriter, it is expressly understood that no attorney-client relationship is being created thereby. Without our express prior written permission, this opinion may not be relied upon by any person other than such underwriter and is not to be used, circulated, quoted, or otherwise referred to in connection with the offering of the Obligations, except that reference may be made to this opinion in any list of closing documents pertaining to the execution and delivery of the Obligations.

Respectfully submitted,

EXHIBIT C

FORM OF OPINION OF COUNSEL TO THE ISSUER

[LETTERHEAD OF CITY ATTORNEY]

[June __, 2024]

Stifel, Nicolaus & Company, Incorporated
Phoenix, Arizona

Greenberg Traurig L.L.P.
Phoenix, Arizona

Re: Excise Tax Revenue Obligations, Series 2024, Evidencing Proportionate Interests of the Owners Thereof in Purchase Payments to be Made by the City of Sedona, Arizona to _____, as Trustee, Dated the Date Hereof

I hold the office of City Attorney of the City of Sedona, Arizona (the “City”), and in that capacity render this opinion pursuant to the Obligation Purchase Agreement, dated [June __, 2024] (the “Purchase Contract”), with respect to the captioned Obligations. (The capitalized terms used in this opinion and not otherwise defined herein have the meaning ascribed to them in the Purchase Contract.)

I have examined the transcript of proceedings (the “Transcript”) relating to the execution and delivery of the Obligations, including originals or copies, certified or otherwise identified to our satisfaction, of the included documents, resolutions, instruments, records, certificates and opinions, and have reviewed laws and information and have made investigations, as I have considered necessary or appropriate for the purpose of rendering this opinion. In such examination of the Transcript, I have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to me as copies. As to any facts material to this opinion, I have, when relevant facts were not independently established, relied upon the aforesaid proceedings and proofs.

Based upon such examination, I am of the opinion that, pursuant to the law existing on the date of this opinion:

1. The City is duly organized and validly incorporated as a municipal corporation in accordance with the Constitution and laws of the State of Arizona and has all requisite power and authority thereunder to enter into and perform its agreements in accordance with the Resolution and its covenants and agreements pursuant to the Issuer Documents.

2. The Resolution has been duly adopted and approved by the Mayor and Council of the City in conformance with the applicable open meeting and other laws and ordinances of the City and the State of Arizona.

3. The Issuer Documents have been duly authorized and validly executed and delivered by the City, and the distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the City.

4. The adoption and approval of the Resolution, the authorization, execution and delivery of the Issuer Documents and compliance with the respective provisions thereof under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party or of any existing law, administrative regulation, court order or consent decree to which the City, or any of its property, is subject.

5. There are no lawsuits or proceedings by or before any court, governmental agency, public board or body, pending or, to the best of my knowledge, threatened against the City (a) that in any way question (i) the validity and the proper authorization, approval and execution of any of the Issuer Documents, (ii) the validity and proper approval and adoption of the Resolution, (iii) the authority of the City or its officials to enter into any of the Issuer Documents, to make the Payments or to perform its obligations under such documents or the Resolution or the pledge of the Excise Taxes (as defined in the Issuer Documents) and to carry out the transactions contemplated thereby, or (b) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Resolution, the Obligations, any of the Issuer Documents or the Official Statement, or would in any way adversely affect the validity or enforceability of the Obligations, the Resolution, any of the Issuer Documents or of any other instruments required or contemplated for use in consummating the transactions contemplated thereby or by the Official Statement, or that, individually or collectively, would have a material adverse effect on the financial condition of the City or impair the City's ability to comply with all of its duties under the Resolution, or (c) contesting in any way the completeness or accuracy of the Official Statement.

6. The statements in the Preliminary Official Statement and the Official Statement under the heading "LITIGATION" are true and correct in all material respects and do not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

CITY OF SEDONA, ARIZONA

By _____



**Parking Garage / Forest Road
Financing Overview
Municipal Bond Market Update and
Bond Pricing and Closing Process**

Presented by:
Jack Leeper, Director

June 5, 2024

SOURCES

	Parking Garage	Forest Road	Total
Principal Amount	\$4,080,000	\$12,265,000	\$16,345,000
2022 Bond Proceeds Contribution	18,689,713		18,689,713
Total:	\$22,769,713	\$12,265,000	\$35,034,713

USES

	Parking Garage	Forest Road	Total
Project Cost*	\$22,678,231	\$12,000,000	\$34,678,231
Cost of Issuance	50,682	142,350	193,032
Underwriter's Discount	40,800	122,650	163,450
Total:	\$22,769,713	\$12,265,000	\$35,034,713

* Does not include reimbursement for land acquisition or soft costs for the parking garage.

Parking Garage Project Revenues / Expenses and General Fund Impact

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Fiscal Year	Est. Parking Revenues (a)	Expenses	Net Revenues	\$4.08MM Bond Debt Service 33% of 2024 Bonds (Parking Garage)	\$18.6MM from 2022 Bond Debt Service 72% of 2022 Bonds (Parking Garage)	Parking Garage Net Revenue \$ Coverage	\$12MM Bond Debt Service (Forest Road) 67% of 2024 Bonds (General Fund)	General Fund Savings from Repurposing (column 6 minus 9)	Total 2024 Bond Debt Service
2024/25				\$ 189,720		\$ (189,720)	\$ 570,323		\$ 760,043
2025/26	\$ 1,440,000(b)	\$ (120,000)	\$ 1,320,000	189,720			570,323		760,043
2026/27	1,780,000	(120,000)	1,660,000	264,720	\$ 1,355,040	40,240	1,020,323	\$ 334,718	1,285,043
2027/28	1,780,000	(120,000)	1,660,000	266,233	1,346,400	47,368	1,019,398	327,003	1,285,630
2028/29	1,780,000	(120,000)	1,660,000	262,513	1,347,300	50,188	1,022,543	324,758	1,285,055
2029/30	1,780,000	(120,000)	1,660,000	263,793	1,364,400	31,808	1,019,525	344,875	1,283,318
2030/31	1,780,000	(120,000)	1,660,000	264,840	1,360,800	34,360	1,020,578	340,223	1,285,418
2031/32	1,780,000	(120,000)	1,660,000	265,655	1,355,400	38,945	1,020,468	334,933	1,286,123
2032/33	1,780,000	(120,000)	1,660,000	266,238	1,348,200	45,563	1,019,195	329,005	1,285,433
2033/34	1,780,000	(120,000)	1,660,000	261,588	1,357,200	41,213	1,021,760	335,440	1,283,348
2034/35	1,780,000	(120,000)	1,660,000	261,938	1,355,040	43,023	1,022,930	332,110	1,284,868
2035/36	1,780,000	(120,000)	1,660,000	262,055	1,351,440	46,505	1,022,705	328,735	1,284,760
2036/37	1,780,000	(120,000)	1,660,000	261,940	1,364,400	33,660	1,021,085	343,315	1,283,025
2037/38	1,780,000	(120,000)	1,660,000	261,593	1,357,200	41,208	1,023,070	334,130	1,284,663
2038/39	1,780,000	(120,000)	1,660,000	261,013	1,348,560	50,428	1,018,428	330,133	1,279,440
2039/40	1,780,000	(120,000)	1,660,000	265,200	1,356,480	38,320	1,022,390	334,090	1,287,590
2040/41	1,780,000	(120,000)	1,660,000	263,923	1,362,240	33,838	1,019,493	342,748	1,283,415
2041/42	1,780,000	(120,000)	1,660,000	262,413	1,347,840	49,748	1,019,968	327,873	1,282,380
2042/43	1,780,000	(120,000)	1,660,000	265,670	-	1,394,330	1,018,583		1,284,253
2043/44	1,780,000	(120,000)	1,660,000	263,463	-	1,396,538	1,020,338		1,283,800
2044/45	1,780,000	(120,000)	1,660,000	261,023	-	1,398,978			261,023
2045/46	1,780,000	(120,000)	1,660,000	263,350	-	1,396,650			263,350
2046/47	1,780,000	(120,000)	1,660,000	265,213	-	1,394,788			265,213
2047/48	1,780,000	(120,000)	1,660,000	261,610	-	1,398,390			261,610
2048/49	1,780,000	(120,000)	1,660,000	262,775	-	1,397,225			262,775
2049/50	1,780,000	(120,000)	1,660,000	263,475	-	1,396,525			263,475
2050/51	1,780,000	(120,000)	1,660,000	263,710	-	1,396,290			263,710
2051/52	1,780,000	(120,000)	1,660,000	263,480	-	1,396,520			263,480
2052/53	1,780,000	(120,000)	1,660,000	262,785	-	1,397,215			262,785
2053/54	1,780,000	(120,000)	1,660,000	261,625	-	1,398,375			261,625
							Total Savings: \$	5,344,085	

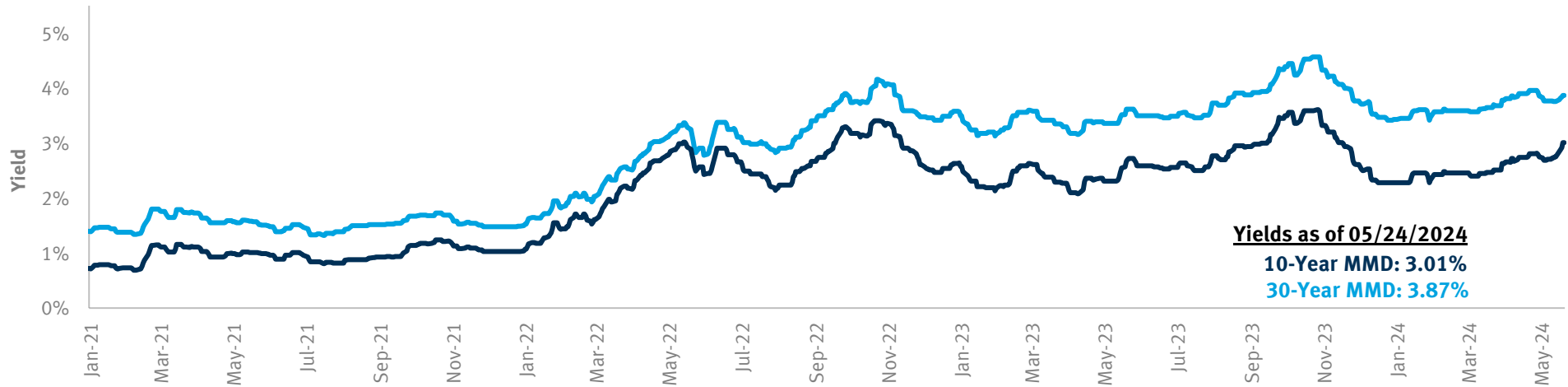
(a) Assumes a \$2.50 per hour parking rate. Subject to adjustment to provide sufficient revenues to cover bond debt service net of expenses.

(b) Assumes 9 months of revenue collections for fiscal year 2026.

Tax-Exempt Interest Rate Movement

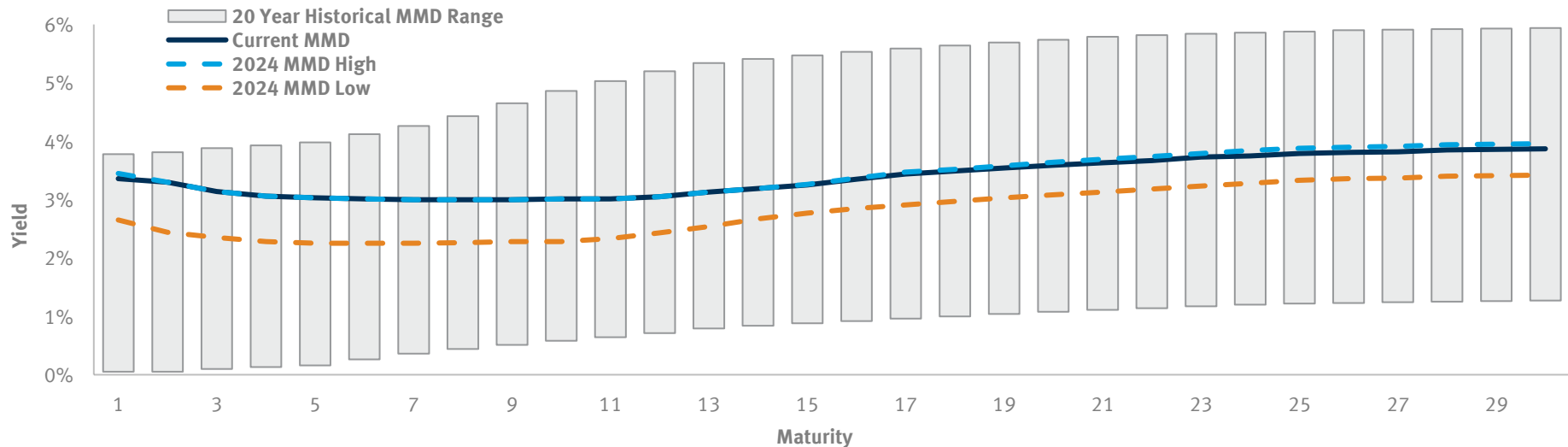
AAA MMD Yields Since 2021

Comparing 2-, 10- and 30-Year AAA MMD



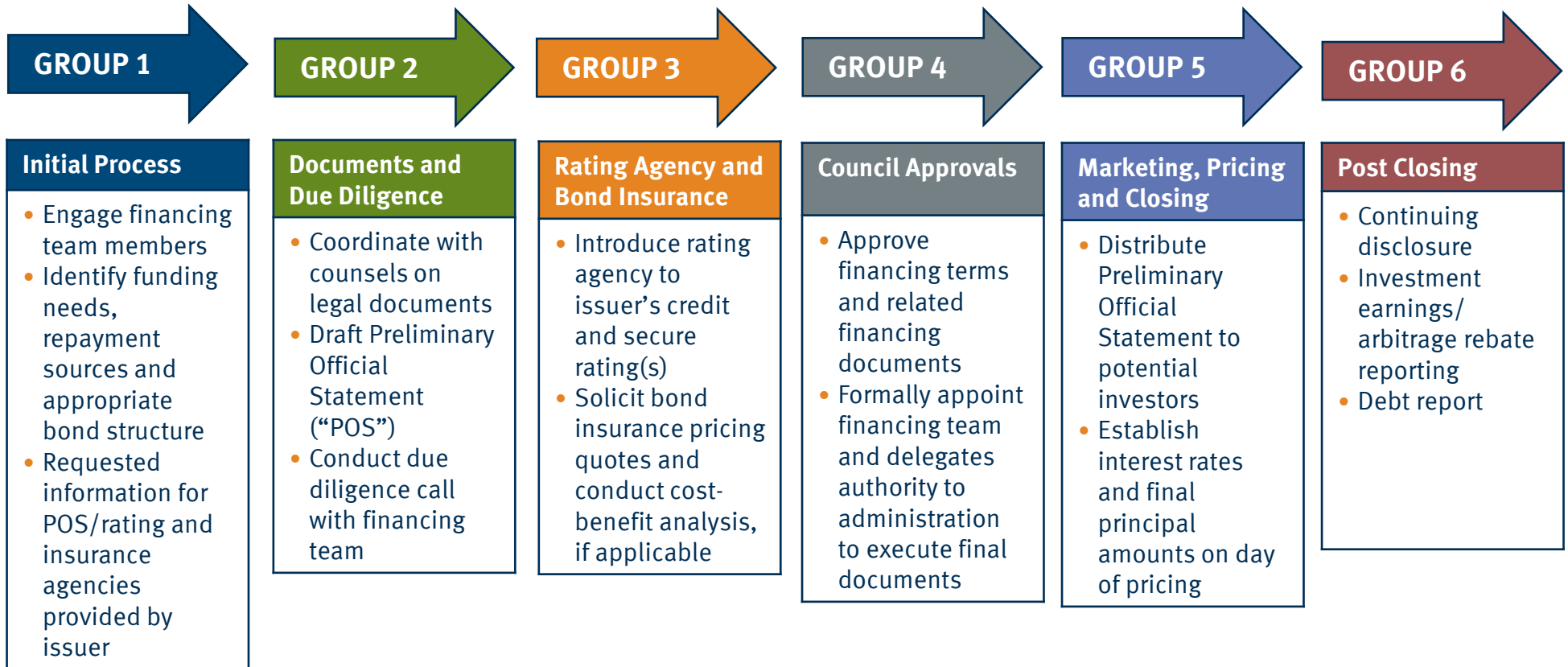
Current MMD Yields and Historic Context

20-Year Historical AAA MMD Range vs. Current AAA MMD

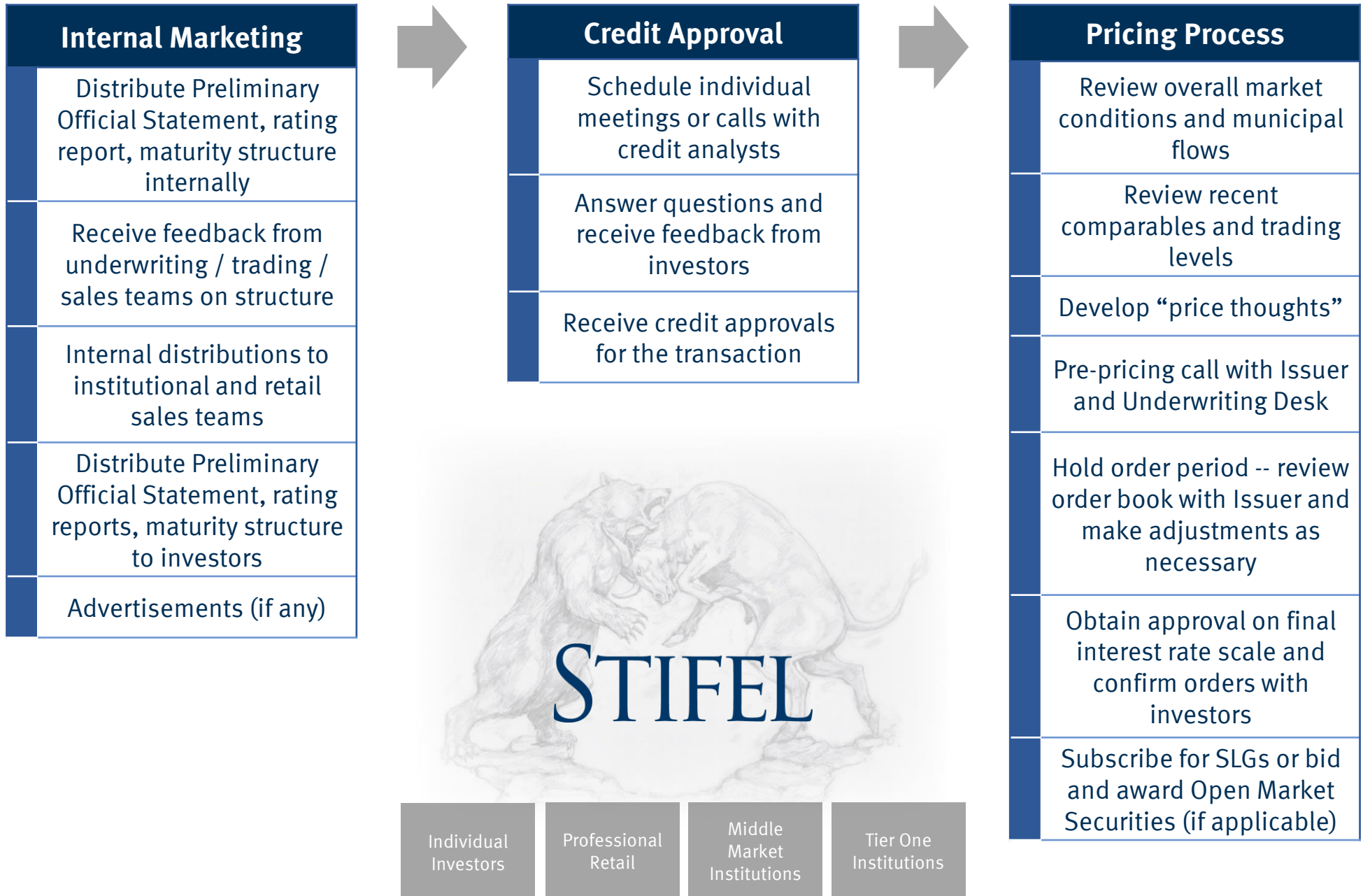


Sources: TM3, US Treasury. As of May 24, 2024.

Bond Process: Overview



BOND PROCESS: Pricing





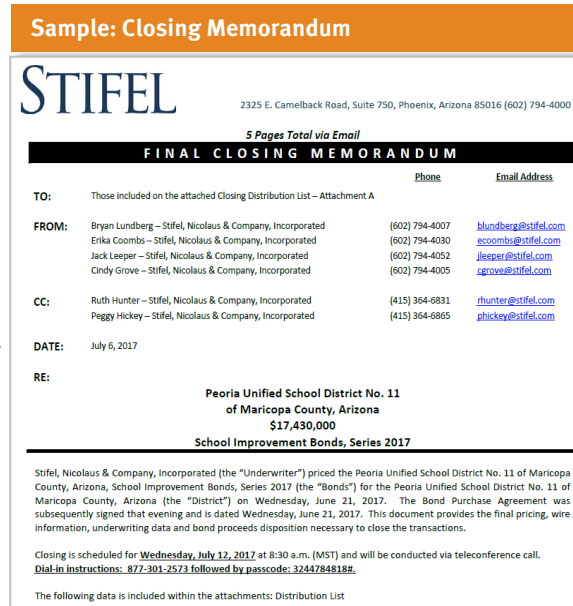
Pricing Progression						Proposed Release 11/14/18				13-Nov 14-Nov 14-Nov				
Issuer: Stifel Unified School District No. 10 of Maricopa County, Arizona										UST				
Size: \$52,435,000										3:00pm 6:30am 9:45am				
Purpose: School Improvement Bonds										2YR				
Security: General Obligation										5YR				
Rating: "Aa1" (Moody's) / "AA" (S&P)										10YR				
Callable: 7/1/2027										30YR				
Settle: 12/13/2018														
First Cpn: 7/1/2019														
Preliminary Price Ideas as of: 11/13/18														
Maturity	Amount	MMD	Coupon	Yield	Spread to MMD	MMD	Coupon	Yield	Spread to MMD	X	ADJ	Coupon	Yield	Spread to MMD
7/1		July				July								
2019	4,490,000	1.89	3.00	1.94	0.05	1.89	3.00	1.94	0.05	0.08	0.02	4.00	1.96	0.07
2020	5,475,000	2.05	4.00	2.12	0.07	2.05	4.00	2.12	0.07	2.00	0.00	4.00	2.12	0.07
2021	1,935,000	2.12	5.00	2.20	0.08	2.12	5.00	2.20	0.08	3.20	-0.01	5.00	2.19	0.07
2022	1,615,000	2.19	5.00	2.29	0.10	2.19	3.00	2.29	0.10	1.00	0.00	3.00	2.29	0.10
2023	1,665,000	2.26	5.00	2.38	0.12	2.26	5.00	2.38	0.12	3.10	-0.02	5.00	2.36	0.10
2024	1,750,000	2.34	5.00	2.48	0.14	2.33	5.00	2.47	0.14	4.10	-0.03	5.00	2.44	0.11
2025	1,835,000	2.42	5.00	2.58	0.16	2.41	5.00	2.57	0.16	2.20	-0.01	5.00	2.56	0.15
2026	1,925,000	2.53	5.00	2.71	0.18	2.52	5.00	2.70	0.18	5.40	-0.04	5.00	2.66	0.14
2027	2,025,000	2.61	5.00	2.81	0.20	2.60	5.00	2.80	0.20	4.20	-0.03	5.00	2.77	0.17
2028	2,125,000	2.70	5.00	2.92	0.22	2.69	5.00	2.91	0.22	6.80	-0.05	5.00	2.86	0.17
2029	2,230,000	2.79	5.00	3.01	0.22	2.78	5.00	3.00	0.22	4.10	-0.03	5.00	2.97	0.19
2030	2,340,000	2.86	5.00	3.08	0.22	2.85	5.00	3.07	0.22	0.00	0.00	5.00	3.07	0.22
2031	2,460,000	2.92	5.00	3.14	0.22	2.91	5.00	3.13	0.22	0.78	0.00	5.00	3.13	0.22
2032	2,580,000	2.97	5.00	3.19	0.22	2.96	5.00	3.18	0.22	3.20	-0.02	5.00	3.16	0.20
2033	2,710,000	3.02	4.00	3.55	0.53	3.01	4.00	3.54	0.53	4.70	-0.03	4.00	3.51	0.50
2034	2,820,000	3.07	4.00	3.60	0.53	3.06	4.00	3.59	0.53	3.80	-0.03	4.00	3.56	0.50
2035	2,935,000	3.12	4.00	3.66	0.54	3.11	4.00	3.65	0.54	6.20	-0.04	4.00	3.61	0.50
2036	3,050,000	3.17	4.00	3.71	0.54	3.16	4.00	3.70	0.54	7.00	-0.04	4.00	3.66	0.50
2037	3,170,000	3.21	4.00	3.76	0.55	3.20	4.00	3.75	0.55	5.00	-0.04	4.00	3.71	0.51
2038	3,300,000	3.25	4.00	3.80	0.55	3.24	4.00	3.79	0.55	6.00	-0.04	4.00	3.75	0.51

Municipal Market Data ("MMD") = proprietary yield curve that provides the offer-side of "AAA" rated state general obligation bonds, determined by the MMD analyst team, based on an institutional block of primary and secondary activity in the bond market. Published daily at 3 pm, Eastern time. Source: Thomson Reuters.

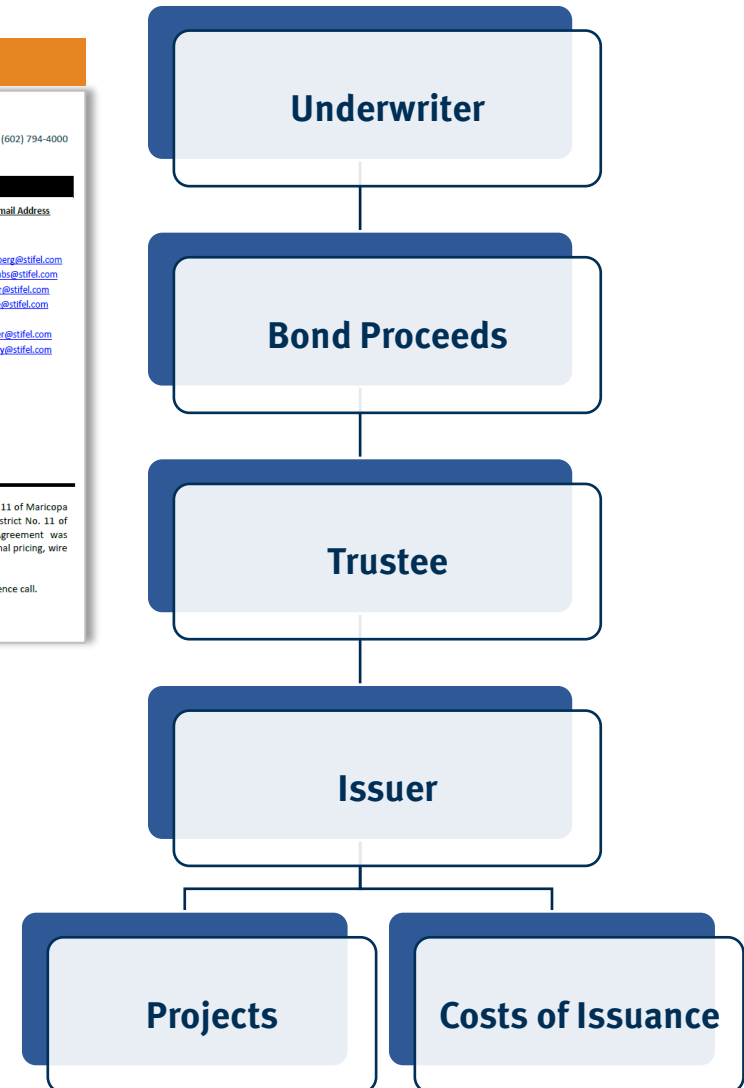
- Pre-Pricing Scale
- Proposed Release
- Post-Pricing:
 - Changes in MMD
 - Changes in UST
 - Subscription
 - Proposed adjustments

Closing Preparation (2-3 Weeks after pricing)

- Official Statement electronically distributed to buyers with final pricing information
- Closing documents reviewed
- Signatures obtained by Bond Counsel
- Closing memorandum:
 - Dial-in instructions and date of closing
 - Final pricing numbers
 - Wire transfer instructions
 - Flow of funds



Sample: Flow of Funds



Day of Closing

- Bond proceeds delivered to Trustee Bank
- Proceeds available for project use and to pay costs of issuance

Financing Calendar

Date	Event	Responsibility
May 14th	City Council considers approval of CMAR Contract Discussion of Financing Plan and related direction to proceed	City, Stifel
May 15th	Draft Resolution and legal documents submitted to financing team for review and comments. DRAFT Preliminary Official Statement distributed	All Parties
Starting May 15th	Credit rating agency and insurance applications submitted	Stifel
In Process - TBD	Draft Rating Agency Power Point Presentation review	Stifel, City
May 30 th	Preliminary Official Statement Due Diligence conference call	All Parties
May 30th	All documents due to the City in connection with the <i>June 11th</i> City Council meeting to adopt the Resolution	All Parties
June 11th	City Council approves Resolution (including Reimbursement) authorizing the issuance of the Obligations, with emergency clause	All Parties
Week of June 17 th	S&P credit rating meeting	City, Stifel
Week of June 24 th	S&P credit rating received	Stifel, City
Week of June 24 th	Publish Preliminary Official Statement to prospective investors. Construction draw schedule updated	Stifel, City
Week of July 2 nd or July 8 th	Pricing of Revenue Obligations	All Parties
Week of July 22 nd or 29 th	Closing. Funds wired to Trustee	All Parties

Stifel, Nicolaus & Company, Incorporated (“Stifel”) has been engaged or appointed to serve as an underwriter or placement agent with respect to a particular issuance of municipal securities to which the attached material relates and Stifel is providing all information and advice contained in the attached material in its capacity as underwriter or placement agent for that particular issuance. As outlined in the SEC’s Municipal Advisor Rule, Stifel has not acted, and will not act, as your municipal advisor with respect to the issuance of the municipal securities that is the subject to the engagement.

Stifel is providing information and is declaring to the proposed municipal issuer that it has done so within the regulatory framework of MSRB Rule G-23 as an underwriter (by definition also including the role of placement agent) and not as a financial advisor, as defined therein, with respect to the referenced proposed issuance of municipal securities. The primary role of Stifel, as an underwriter, is to purchase securities for resale to investors in an arm’s-length commercial transaction. Serving in the role of underwriter, Stifel has financial and other interests that differ from those of the issuer. The issuer should consult with its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

These materials have been prepared by Stifel for the client or potential client to whom such materials are directly addressed and delivered for discussion purposes only. All terms and conditions are subject to further discussion and negotiation. Stifel does not express any view as to whether financing options presented in these materials are achievable or will be available at the time of any contemplated transaction. These materials do not constitute an offer or solicitation to sell or purchase any securities and are not a commitment by Stifel to provide or arrange any financing for any transaction or to purchase any security in connection therewith and may not be relied upon as an indication that such an offer will be provided in the future. Where indicated, this presentation may contain information derived from sources other than Stifel. While we believe such information to be accurate and complete, Stifel does not guarantee the accuracy of this information. This material is based on information currently available to Stifel or its sources and is subject to change without notice. Stifel does not provide accounting, tax or legal advice; however, you should be aware that any proposed indicative transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and/or counsel as you deem appropriate.

**AMENDMENT # 1
TO LINKING AGREEMENT**

This Amendment to the Linking Agreement (“Agreement”) by and between the City of Sedona, an Arizona municipal corporation (“CITY”) and Stifel, Nicolaus & Company Incorporated (“CONSULTANT”) is made and entered into on this ____ day of _____, 20 ____ (“Effective Date”).

RECITALS

A. WHEREAS, CITY and CONSULTANT previously entered into an Agreement for CONSULTANT to perform certain services for CITY, in connection with Underwriting for Excise Tax Revenue Obligations, Series 2024, Downtown Parking Garage Project (the “Project”) on or about the 25th day of March, 2024; and

B. WHEREAS, CITY and CONSULTANT now desire to amend that Agreement to increase the compensation amount to allow CONSULTANT to provide all necessary services related to the project.

AMENDMENT

The parties agree to amend the following section(s) of the Agreement as follows:

1. COMPENSATION; BILLING.

A. Compensation.

The not to exceed amount of compensation the City agreed to pay the CONSULTANT is amended from **\$100,000** to **\$200,000**.

Exhibit A, Compensation as Amended, is attached hereto and incorporated by this reference.

ALL OTHER CONTRACT PRICES, TERMS, AND CONDITIONS REMAIN THE SAME.

[Signatures on next page]

CITY OF SEDONA, ARIZONA

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

City Manager or City Department Head

By: _____

Title: _____

ATTEST:

I hereby affirm that I am authorized to enter into and sign this Agreement on behalf of CONSULTANT

JoAnne Cook, City Clerk

APPROVED AS TO LEGAL FORM:

Kurt W. Christianson, City Attorney

EXHIBIT A - COMPENSATION AS AMENDED

City of Sedona, Arizona
 Excise Tax Revenue Obligations, Series 2024
 Stifel Fee Calculation

All amounts are preliminary, subject to change

Par Amount:		\$18,000,000
Underwriter's Discount		
SAVE RFP Line Items		
Item	\$ per \$1,000	Total \$
Base Fee	\$7.90	\$142,200.00
\$0.35 per year after 10 years	\$7.00	\$126,000.00
AA Minimum Rating	\$1.75	\$31,500.00
SUB-TOTAL	\$16.65	\$299,700.00
Proposed Reduction	-\$6.65	-\$119,700.00
TOTAL PROPOSED UNDERWRITING DISCOUNT	\$10.00	\$180,000.00
Official Statement Printing and Prep		\$20,000.00



**CITY COUNCIL
AGENDA BILL**

**AB 3059
June 11, 2024
Regular Business**

Agenda Item: 8c
Proposed Action & Subject: Approval of a Resolution approving and adopting the City’s Public Safety Personnel Retirement System Pension Funding Policy for fiscal year 2024-2025.

Department	Financial Services
Time to Present	5 minutes
Total Time for Item	
Other Council Meetings	N/A
Exhibits	A. Resolution B. Draft Public Safety Personnel Retirement System Pension Funding Policy C. Draft Public Safety Personnel Retirement System Pension Funding Policy with language regarding additional annual contributions excluded

Finance Approval	Reviewed RMS 6/3/24													
City Attorney Approval	Reviewed 6/4/24 KWC													
City Manager’s Recommendation	Adopt Resolution with Exhibit B which reflects Council’s intent expressed at the 5/28/24 budget meeting to keep the PSPRS fully funded. The Exhibit can be amended in future years by future councils if it is deemed in the city’s best interest to amend. ABS 6/4/24	<table border="1"> <tr> <td colspan="2">Expenditure Required</td> </tr> <tr> <td></td> <td>\$ 4,100,000</td> </tr> <tr> <td colspan="2">Amount Budgeted</td> </tr> <tr> <td></td> <td>\$ 4,100,000</td> </tr> <tr> <td>Account No.</td> <td>FY23 Surplus</td> </tr> <tr> <td>(Description)</td> <td></td> </tr> </table>	Expenditure Required			\$ 4,100,000	Amount Budgeted			\$ 4,100,000	Account No.	FY23 Surplus	(Description)	
Expenditure Required														
	\$ 4,100,000													
Amount Budgeted														
	\$ 4,100,000													
Account No.	FY23 Surplus													
(Description)														

SUMMARY STATEMENT

Background: A.R.S. §38-863.01 requires all employers in the Public Safety Personnel Retirement System to adopt a pension funding policy. The policy must be updated and adopted annually.

The policy must include funding objectives that address at least the following:

- How to maintain stability of contributions to the system
- How and when the funding requirement will be met
- Defining the funded ratio target and the timeline for reaching the targeted funded ratio

A.R.S. §38-863.01 also requires the City Council to formally accept the employer’s share of the assets and liabilities under the system based on the system’s actuarial valuation report.

The changes to the proposed policy compared to last year are as follows:

- Actuarial valuation amounts were updated from the June 30, 2022 amounts to the June 30, 2023 amounts.
- Estimated annual required contribution amount was updated from the FY2023-24 amount to the FY2024-25 amount.
- A one-time additional contribution amount of \$4,100,000
- Minor clean-up

In addition, A.R.S. §38-863.01 requires the City to post the policy on the City’s website. Following adoption, the policy will be posted at <http://www.sedonaaz.gov/your-government/departments/financial-services/financial-policies>.

Each year as part of the budget process, staff will present the policy with any applicable updates to be adopted by the City Council. This year staff, at the request of Council, has proposed two funding policies attached as Exhibit B and Exhibit C for Council to decide which funding policy to adopt.

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

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): Provide direction to staff for adjustments to the policy for review and action at a later council meeting.

MOTION

I move to: approve Resolution No. 2024-__, adopting Exhibit ____ (B or C) to this agenda bill as the City’s Public Safety Personnel Retirement System Pension Funding Policy.

RESOLUTION NO. 2024-__

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SEDONA, ARIZONA, APPROVING AND ADOPTING THE CITY'S PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM PENSION FUNDING POLICY.

WHEREAS, the Mayor and Council of the City of Sedona shall have control of the finances and property of the City pursuant to A.R.S. § 9-240(A) and § 9-499.01 et seq.; and

WHEREAS, the Mayor and Council of the City of Sedona shall also have the power to appropriate money and provide for the payment of its debts and expenses pursuant to A.R.S. § 9-240(B); and

WHEREAS, the Second Regular Session of the Fifty-Third Arizona Legislature enacted HB 2097 in 2018 (codified as A.R.S. § 38-863.01) requiring each governing body of a Public Safety Personnel System employer to adopt a pension funding policy for employees who were hired before July 1, 2017, that addresses at least the following:

- (a) How to maintain the stability of the governing body's contributions to the system; and
- (b) How and when the governing body's funding requirements of the system will be met; and
- (c) Defining the governing body's funded ratio target under the system and the timeline for reaching the targeted funded ratio.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA, that the City formally approves and adopts its Public Safety Personnel Retirement System Pension Funding Policy as presented to the Mayor and City Council and attached hereto as Exhibit A.

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona, Arizona this 11th day of June, 2024.

Scott M. Jablow, Mayor

ATTEST:

JoAnne Cook, CMC, City Clerk

APPROVED AS TO FORM:

Kurt W. Christianson, City Attorney

Exh. B

City of Sedona

Public Safety Personnel Retirement System

Pension Funding Policy

The intent of this policy is to clearly communicate the Council's pension funding objectives and its commitment to our employees and the sound financial management of the City and to comply with new statutory requirements of Laws 2018, Chapter 112.

Several terms are used throughout this policy:

Unfunded Actuarial Accrued Liability (UAAL) – Is the difference between trust assets and the estimated future cost of pensions earned by employees. This UAAL results from actual results (interest earnings, member mortality, disability rates, etc.) being different from the assumptions used in previous actuarial valuations.

Annual Required Contribution (ARC) – Is the annual amount required to pay into the pension funds, as determined through annual actuarial valuations. It is comprised of two primary components: normal pension cost – which is the estimated cost of pension benefits earned by employees in the current year; and, amortization of UAAL – which is the cost needed to cover the unfunded portion of pensions earned by employees in previous years. The UAAL is collected over a period of time referred to as the amortization period. The ARC is a percentage of the current payroll.

Funded Ratio – Is a ratio of fund assets to actuarial accrued liability. The higher the ratio the better funded the pension is with 100% being fully funded.

Intergenerational Equity – Ensures that no generation is burdened by substantially more or less pension costs than past or future generations.

The City's police employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS).

Public Safety Personnel Retirement System (PSPRS)

PSPRS is administered as an agent multiple-employer pension plan. An agent multiple-employer plan has two main functions: 1) to commingle assets of all plans under its administration, thus achieving economy of scale for more cost efficient investments, and invest those assets for the benefit of all members under its administration and 2) serve as the statewide uniform administrator for the distribution of benefits.

Under an agent multiple-employer plan each agency participating in the plan has an individual trust fund reflecting that agencies' assets and liabilities. Under this plan all contributions are deposited to and distributions are made from that fund's assets, each fund

has its own funded ratio and contribution rate, and each fund has a unique annual actuarial valuation. The City of Sedona has one trust fund for police employees.

Council formally accepts the assets, liabilities, and current funding ratio of the City’s PSPRS trust fund from the June 30, 2023 actuarial valuation, which are detailed below.

Trust Fund	Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
Sedona Police	\$14,035,804	\$18,132,235	\$4,096,431	77%

PSPRS Funding Goal

Pensions that are less than fully funded place the cost of service provided in earlier periods (amortization of UAAL) on the current taxpayers. Fully funded pension plans are the best way to achieve taxpayer and member intergenerational equity. Many funds in PSPRS are underfunded and falling short of the goal of intergenerational equity.

The Council’s PSPRS funding ratio goal is 100% (fully funded) by June 30, 2036.

Council established this goal for the following reasons:

- The PSPRS trust funds represent only the City of Sedona’s liability.
- The fluctuating cost of an UAAL causes strain on the City’s budget, affecting our ability to provide services.
- A fully funded pension is the best way to achieve taxpayer and member intergenerational equity.

Council has taken the following actions to achieve this goal:

- Maintain ARC payment from operating revenues – Council is committed to maintaining the full ARC payment (normal cost and UAAL amortization) from operating funds. The estimated combined ARC for FY2024-25 is \$823,006 and will be able to be paid from operating funds without diminishing City services.
- Additional payments above the ARC
 - Optionally contribute an additional amount annually to achieve a “level-dollar” payment to maintain fully funded status.
 - Contribute any Smart & Safe Arizona Fund distributions as an additional payment over and above the annual payments.
 - Contribute a one-time additional \$4,100,000 from General Fund surplus balance for FY2024-25
- Pay the full amount of the contributions at the beginning of each fiscal year to maximize the interest earnings allocated to the City’s PSPRS trust fund

Based on these actions the Council plans to achieve its goal of 100% funding by June 30, 2036, in accordance with the amortization timeline set forth by the PSPRS June 30, 2023 Actuarial Valuation.

Exh. C
City of Sedona
Public Safety Personnel Retirement System
Pension Funding Policy

The intent of this policy is to clearly communicate the Council's pension funding objectives and its commitment to our employees and the sound financial management of the City and to comply with new statutory requirements of Laws 2018, Chapter 112.

Several terms are used throughout this policy:

Unfunded Actuarial Accrued Liability (UAAL) – Is the difference between trust assets and the estimated future cost of pensions earned by employees. This UAAL results from actual results (interest earnings, member mortality, disability rates, etc.) being different from the assumptions used in previous actuarial valuations.

Annual Required Contribution (ARC) – Is the annual amount required to pay into the pension funds, as determined through annual actuarial valuations. It is comprised of two primary components: normal pension cost – which is the estimated cost of pension benefits earned by employees in the current year; and, amortization of UAAL – which is the cost needed to cover the unfunded portion of pensions earned by employees in previous years. The UAAL is collected over a period of time referred to as the amortization period. The ARC is a percentage of the current payroll.

Funded Ratio – Is a ratio of fund assets to actuarial accrued liability. The higher the ratio the better funded the pension is with 100% being fully funded.

Intergenerational Equity – Ensures that no generation is burdened by substantially more or less pension costs than past or future generations.

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Public Safety Personnel Retirement System (PSPRS)

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 - Contribute any Smart & Safe Arizona Fund distributions as an additional payment over and above the annual payments.
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**CITY COUNCIL
AGENDA BILL**

**AB 3072
June 11, 2024
Regular Business**

Agenda Item: 8d
Proposed Action & Subject: Discussion/possible action to approve the Notice of Intent to Increase Wastewater Rates and set the public hearing date regarding the same.

Department	Financial Service
Time to Present	10 min.
Total Time for Item	30 min.
Other Council Meetings	Recommended by City Council in Budget Work Sessions dated April 18, 2024
Exhibits	A. Notice of Intent to Increase Wastewater Rates

Finance Approval	Reviewed RMS 6/4/24	Expenditure Required
City Attorney Approval	Reviewed 6/4/24 KWC	
City Manager's Recommendation	Recommend approval ABS 6/4/24	
		Amount Budgeted
		\$ N/A
		\$ N/A
		Account No. (Description)

SUMMARY STATEMENT

Background: The City of Sedona wastewater department has experienced an increase in operating costs in wastewater collections and treatment. Price increases in materials, operating supplies, labor, contracted work, and lab testing have resulted in a 22% increase over the last 6 years. In addition to inflationary cost increases, repairs and/or upgrades to aging infrastructure and additional regulatory requirements have resulted in higher operating costs.

With a goal to be a self-sustaining enterprise fund, relying on wastewater rate payers to fund both operations and capital improvements to the wastewater utility, a rate increase is necessary. The last rate increase was in 2014 at 4% annually for a period of 6 years. A rate study in 2019 resulted in a restructuring of capacity fees, but monthly rates were not evaluated. The completion of a comprehensive wastewater rate study is planned for fiscal year 2025. In an effort to reduce significant future one-time increases to wastewater rate payers, a proposed 3.6% CPI increase is necessary.

Pursuant to Arizona Revised Statutes, section 9-511.01, prior to increasing wastewater rates, the City Council is required to adopt a notice of intention at a regular Council meeting and set a date for a public hearing on the rate increase at least 60 days in advance. After the public hearing and adoption of the ordinance, the new rates could be effective after 30 days. The City

has published data supporting the increased rate, including Wastewater cash flow information on its website <https://www.sedonaaz.gov/>.

The Notice of Intent to Increase Wastewater Rates is attached as Exhibit A. The public hearing is scheduled for August 13, 2024, and Council may take action at that meeting to adopt an ordinance to increase the wastewater rates. Implementation of the new rates is expected to take place on the October 2024 Wastewater billing cycle.

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

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): Choose not to increase wastewater rates.

MOTION

I move to: approve the Notice of Intent to Increase Wastewater Rates and set the public hearing for August 13, 2024.

Notice of Intent to Increase Wastewater Rates

In accordance with Arizona Revised Statutes, section 9-511.01, the Sedona City Council announces its intention to consider a 3.6% increase to the City's wastewater rates. A public hearing on the proposed rate increase will be held as part of the Regular City Council Meeting on August 13, 2024, at 4:30 PM at the City Council Chambers, 102 Roadrunner Drive, Sedona, Arizona 86336. After the public hearing, the City Council may take action on the proposed rate increase. If approved, the new rates will become effective in the October 2024 Wastewater billing cycle.

The City has published data supporting the increased rate including Wastewater cash flow information on its website www.sedonaaz.gov.



**CITY COUNCIL
AGENDA BILL**

**AB 2953
June 11, 2024
Regular Business**

Agenda Item: 8e
Proposed Action & Subject: Presentation/discussion regarding the March 2024 Dales and Bed Tax Report.

Department	Financial Services
Time to Present	20 min
Total Time for Item	30 min
Other Council Meetings	August 22, 2023; November 28, 2023, February 27, 2024
Exhibits	A. March 2024 Sales and Bed Tax Report B. PowerPoint Presentation

Finance Approval	Reviewed RMS 6/3/24	Expenditure Required
City Attorney Approval	Reviewed 6/4/24 KWC	
City Manager's Recommendation	Discussion only. ABS 6/3/24	
		Amount Budgeted
		\$ N/A
		\$ N/A
		Account No. (Description)

SUMMARY STATEMENT

Background: A presentation will be made based on the March 2024 Sales and Bed Tax Report. This item will provide an opportunity for the City Council to discuss the report. Additional information regarding the report is below.

Transaction Privilege Tax: Technically, Arizona does not charge a sales tax. While we commonly use the term "sales tax," it is more correctly called a transaction privilege tax (TPT). The transaction privilege tax is not exclusive to retail sales. Also, the taxpayer, not the customer, is responsible for paying TPT.

Confidentiality Requirements: Arizona's confidentiality rules regarding TPT prohibit disclosure of any information regarding individual taxpayers. We cannot even disclose whether or not they pay taxes. We cannot disclose information regarding segments of taxpayers with less than 10 taxpayers in the group or when a taxpayer represents 90% or more of any size group.

Reported Categories: In the report, the "sales tax" portion is categorized as follows:

- Retail:
 - Retail sales, excluding food for home consumption (groceries)⁽¹⁾
 - Medical and adult use marijuana
 - Online marketplace

- Use tax
- Restaurant & Bar
 - Restaurants and bars
 - Adult use marijuana restaurants and bars
- Hotel/Motel
- Construction
 - Prime contracting
 - Speculative builders
 - Owner/builder contracting
 - Maintenance, repair, replacement and alteration (MRRA) construction activities
- Leasing⁽²⁾
 - Commercial rental/leasing of real property
 - Rental/leasing of tangible personal property
- Communications & Utilities
 - Utilities
 - Communications
- Amusements & Other
 - Amusements
 - Transporting
 - Publication
 - Job printing
 - Collections of tax due prior to 2015 not applicable in current categories
 - License fees

Detailed explanations of each category are in the [Sedona City Tax Code](#).

⁽¹⁾ Sedona does not charge tax on food for home consumption (groceries).

⁽²⁾ Sedona does not charge tax on long-term residential rentals (30 or more days).

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

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s): None

MOTION

I move to: For presentation/discussion only.

Sales Tax Revenues by Category

Month	Retail	Restaurant & Bar	Hotel/Motel	Construction	Leasing	Communications & Utilities	Amusements & Other	Totals
City Sales Tax Revenues by Category and by Month								
July 2022	759,167	\$ 406,269	\$ 517,128	\$ 139,987	\$ 155,542	\$ 48,705	\$ 122,342	\$ 2,149,140
August 2022	797,223	369,186	502,766	195,095	156,688	96,617	80,318	2,197,893
September 2022	874,790	486,767	650,976	131,089	173,564	69,253	105,658	2,492,097
October 2022	1,053,822	582,764	868,383	161,238	177,348	39,266	139,165	3,021,986
November 2022	914,839	492,347	744,020	138,314	152,930	83,081	106,366	2,631,897
December 2022	896,682	424,843	586,451	134,064	168,411	67,347	83,243	2,361,041
January 2023	764,648	378,813	644,950	124,431	149,910	70,888	72,280	2,205,920
February 2023	792,929	463,351	765,546	138,808	163,484	68,826	97,392	2,490,336
March 2023	990,262	595,699	984,599	200,709	175,427	75,155	169,033	3,190,884
April 2023	1,113,347	691,082	1,011,113	216,734	174,942	58,701	207,381	3,473,300
May 2023	966,539	592,166	803,577	130,357	172,080	61,165	128,187	2,854,071
June 2023	881,068	534,000	730,408	183,666	166,143	76,532	131,490	2,703,307
Total FY 2023	\$ 10,805,316	\$ 6,017,287	\$ 8,809,917	\$ 1,894,492	\$ 1,986,469	\$ 815,536	\$ 1,442,855	\$ 31,771,872

July 2023	\$ 778,962	\$ 461,212	\$ 540,153	\$ 134,293	\$ 151,190	\$ 79,464	\$ 102,741	\$ 2,248,015
August 2023	752,174	374,561	504,575	141,699	150,880	78,798	85,823	2,088,510
September 2023	901,032	526,505	784,683	171,326	205,232	76,586	110,416	2,775,780
October 2023	942,031	620,926	990,233	144,570	186,966	66,800	126,256	3,077,782
November 2023	897,812	540,928	782,416	154,516	182,257	64,037	125,745	2,747,711
December 2023	929,241	473,635	666,630	186,078	183,248	55,747	100,634	2,595,213
January 2024	772,100	398,805	689,451	180,144	176,437	70,217	91,205	2,378,359
February 2024	802,888	478,664	738,064	191,262	154,968	68,021	106,571	2,540,438
March 2024	1,095,361	731,974	1,232,111	198,595	199,169	66,899	185,896	3,710,005
April 2024	-	-	-	-	-	-	-	-
May 2024	-	-	-	-	-	-	-	-
June 2024	-	-	-	-	-	-	-	-
Total Year-to-Date FY 2024	\$ 7,871,601	\$ 4,607,210	\$ 6,928,316	\$ 1,502,483	\$ 1,590,347	\$ 626,569	\$ 1,035,287	\$ 24,161,813

Current Month Comparison to Same Month Last Year

March 2023 vs. March 2024	\$ 105,099	\$ 136,275	\$ 247,512	\$ (2,114)	\$ 23,742	\$ (8,256)	\$ 16,863	\$ 519,121
Change from March to March	11%	23%	25%	-1%	14%	-11%	10%	16%

Year-to-Date Comparison to Year-to-Date Last Year

Difference in YTD	\$ 27,239	\$ 407,171	\$ 663,497	\$ 138,748	\$ 117,043	\$ 7,431	\$ 59,490	\$ 1,420,619
% Change from Prior YTD	0%	10%	11%	10%	8%	1%	6%	6%

Sales & Bed Tax Revenues by Month

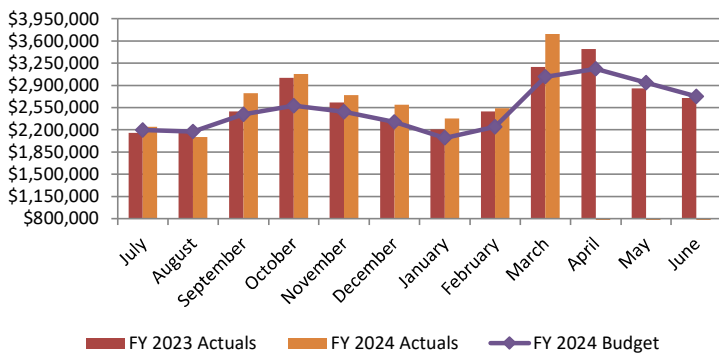
City Sales Tax Revenues

Month	FY 2023 Actuals	FY 2024 Actuals	Actual Variance	FY 2024 Budget	Budget Variance
July	\$ 2,149,138	\$ 2,248,015	5%	\$ 2,198,080	2%
August	2,197,897	2,088,510	-5%	2,172,310	-4%
September	2,492,094	2,775,781	11%	2,440,450	14%
October	3,021,987	3,077,781	2%	2,578,710	19%
November	2,631,897	2,747,711	4%	2,484,350	11%
December	2,361,041	2,595,213	10%	2,325,920	12%
January	2,205,919	2,378,359	8%	2,073,720	15%
February	2,490,337	2,540,438	2%	2,246,900	13%
March	3,190,884	3,710,005	16%	3,035,630	22%
April	3,473,299	-	-	3,160,390	-
May	2,854,072	-	-	2,941,420	-
June	2,703,306	-	-	2,726,100	-
Totals	\$ 31,771,871	\$ 24,161,811	6%	\$ 30,383,980	12%

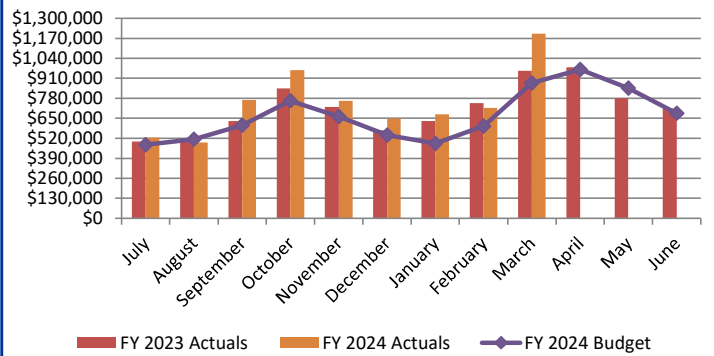
Bed Tax Revenues

Month	FY 2023 Actuals	FY 2024 Actuals	Actual Variance	FY 2024 Budget	Budget Variance
July	\$ 499,299	\$ 522,779	5%	\$ 478,550	9%
August	498,556	492,948	-1%	514,590	-4%
September	633,082	768,445	21%	604,730	27%
October	844,792	963,131	14%	763,750	26%
November	724,025	762,630	5%	661,020	15%
December	571,961	647,971	13%	541,360	20%
January	633,341	676,045	7%	486,810	39%
February	748,220	717,017	-4%	598,580	20%
March	959,154	1,198,616	25%	879,630	36%
April	982,381	-	-	966,860	-
May	779,126	-	-	847,140	-
June	714,052	-	-	681,970	-
Totals	\$ 8,587,989	\$ 6,749,582	10%	\$ 8,024,990	22%

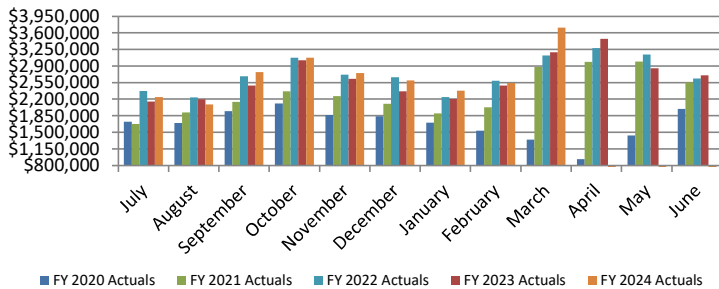
City Sales Tax Revenues



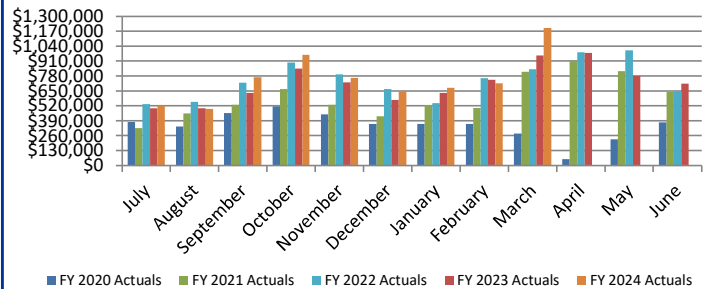
Bed Tax Revenues



City Sales Tax Revenues Historical Trends



Bed Tax Revenues Historical Trends

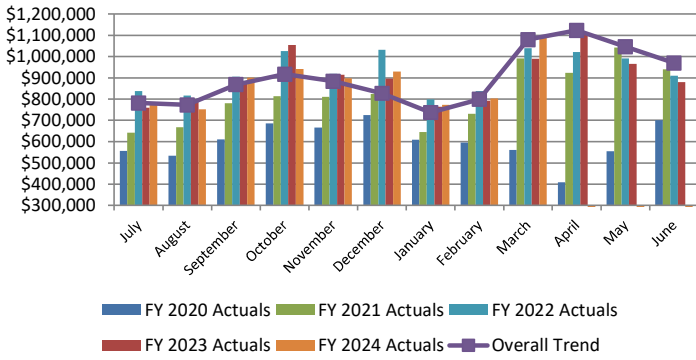


Historical Changes - City Sales Tax

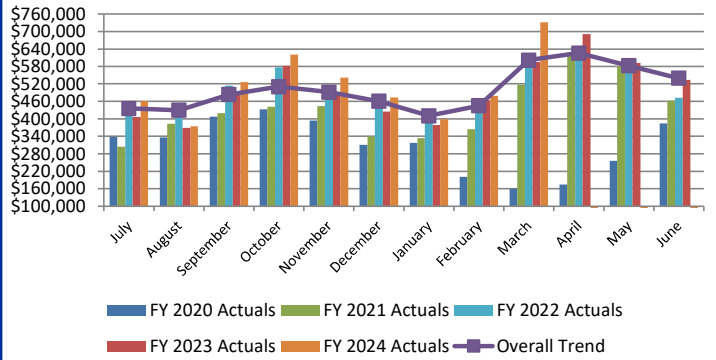
Early FY 2020: Effective October 1, 2019, all retail marketplaces are required to collect and remit taxes. This is the result of Wayfair v. South Dakota; however, many of the marketplaces were already collecting and remitting taxes.

Historical Sales Tax Revenues by Category

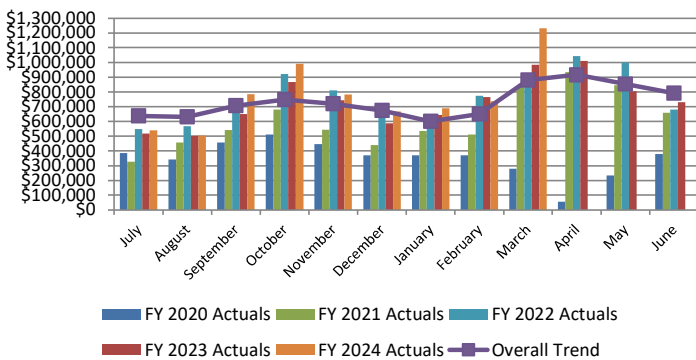
Retail Historical Trends



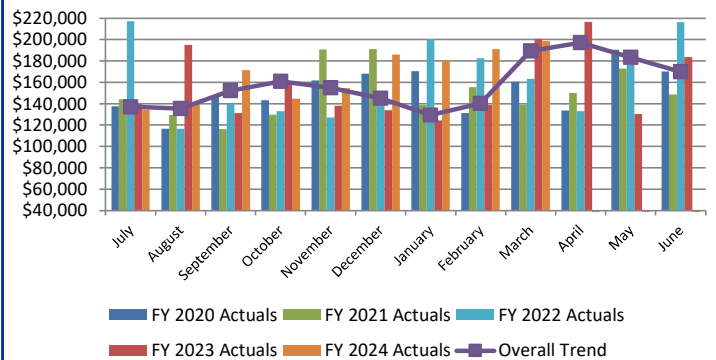
Restaurant & Bar Historical Trends



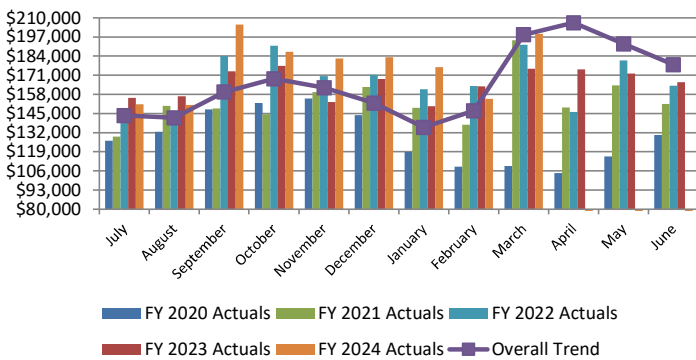
Hotel/Motel Historical Trends



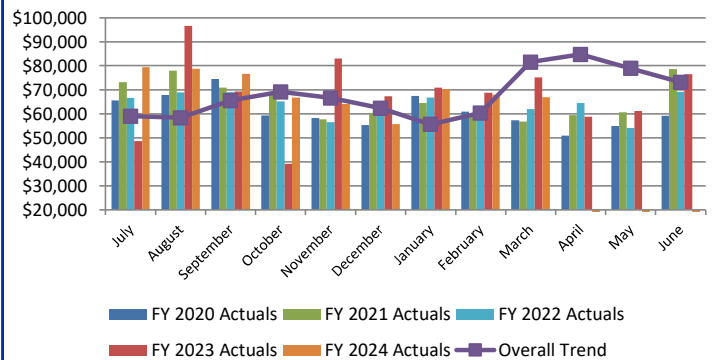
Construction Historical Trends



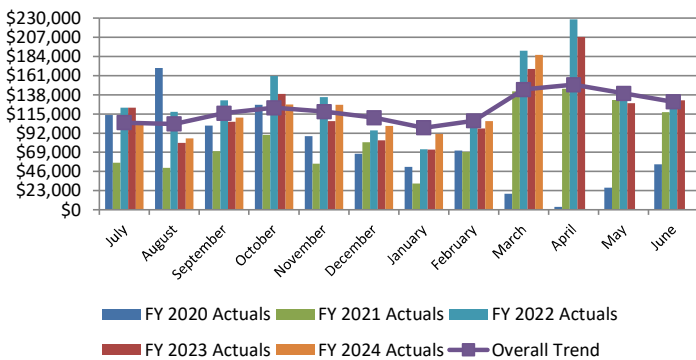
Leasing Historical Trends



Communications & Utilities Historical Trends



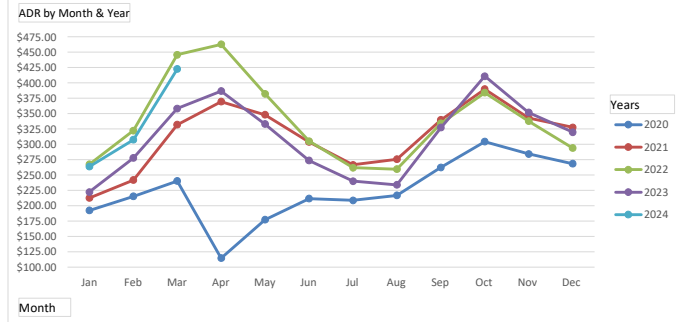
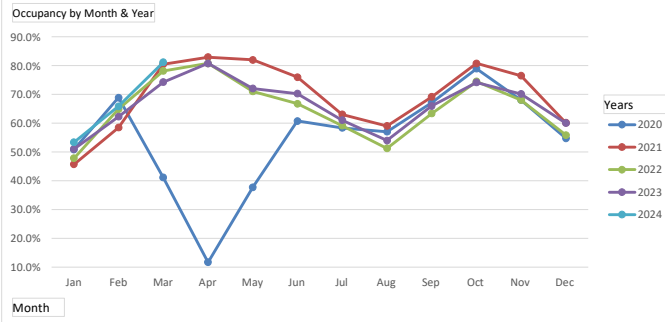
Amusements & Other Historical Trends



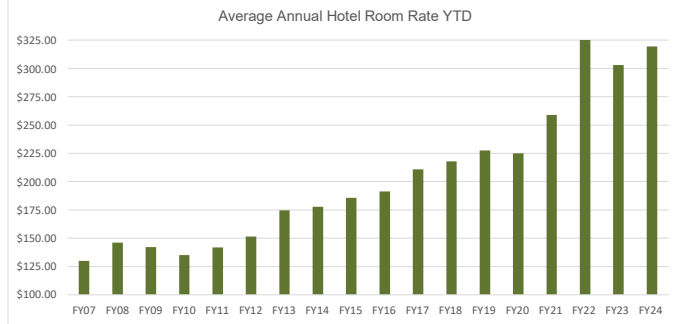
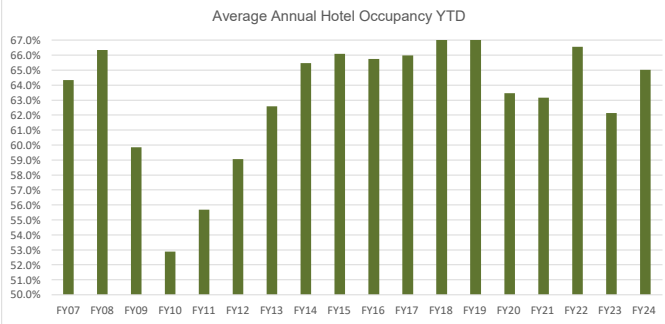
NOTE: The Overall Trend lines represent the trend in relation to total sales tax revenues to demonstrate how each category follows or does not follow the overall seasonal trends.

Historical Hotel Occupancy & Average Daily Room Rate

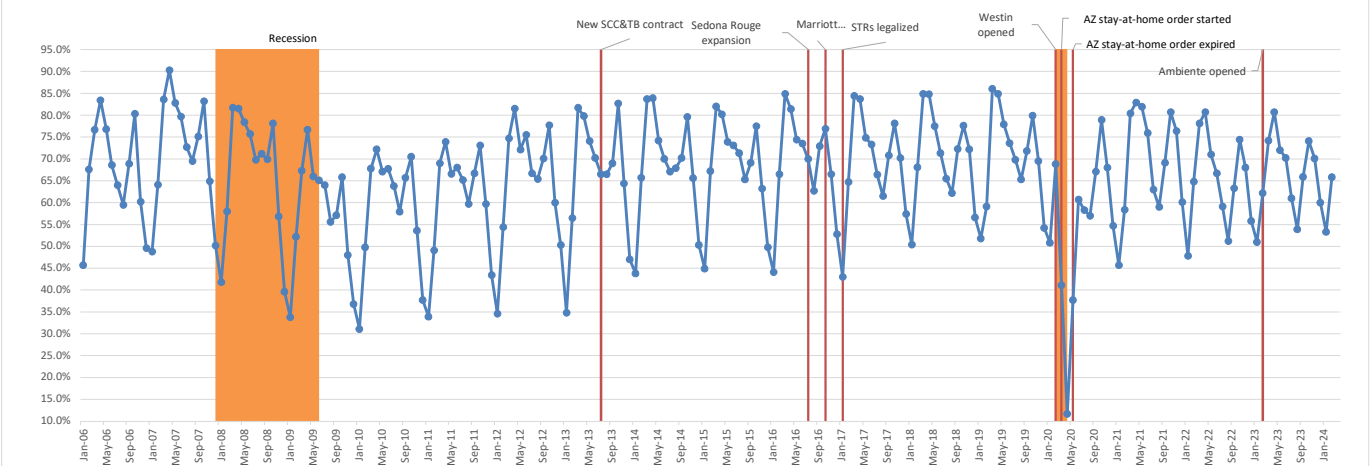
Monthly Hotel Occupancy & Average Daily Room Rate



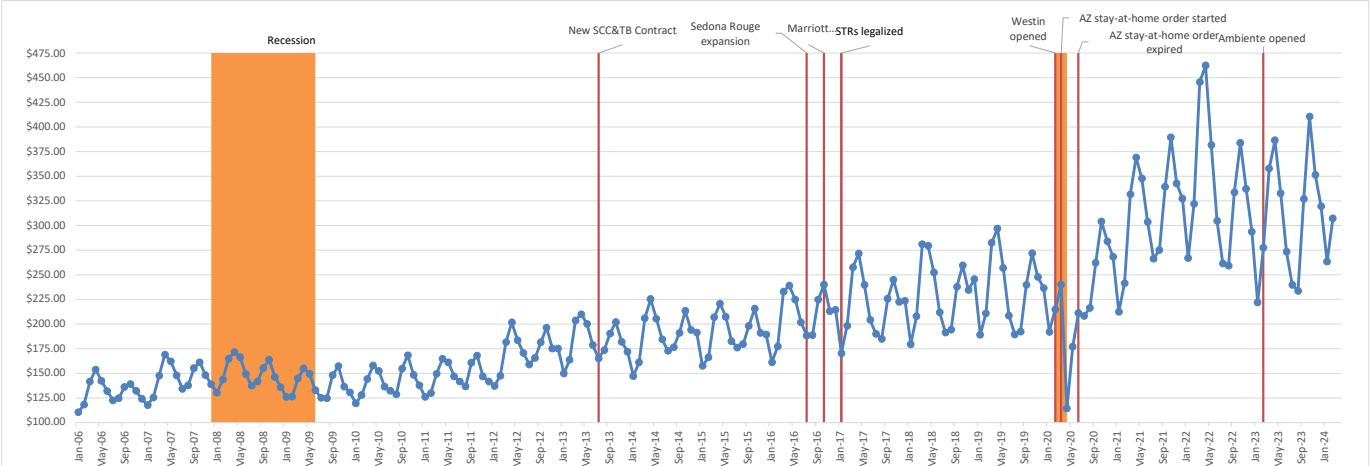
Average Annual Hotel Occupancy & Average Annual Room Rate as of March



Historical Hotel Occupancy



Historical Average Daily Room Rate



City Tax Code Definitions Related to Hotel/Motel Category

Section 8-100. General Definitions.

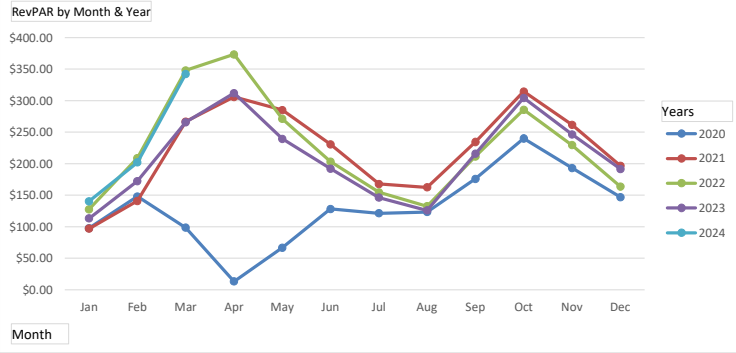
"Hotel" means any public or private hotel, inn, hostelry, tourist home, house, motel, rooming house, apartment house, trailer, or other lodging place within the City offering lodging, wherein the owner thereof, for compensation, furnishes lodging to any transient, except foster homes, rest homes, sheltered care homes, nursing homes, or primary health care facilities.

"Lodging (Lodging Space)" means any room or apartment in a hotel or any other provider of rooms, trailer spaces, or other residential dwelling spaces; or the furnishings or services and accommodations accompanying the use and possession of said dwelling space, including storage or parking space for the property of said tenant.

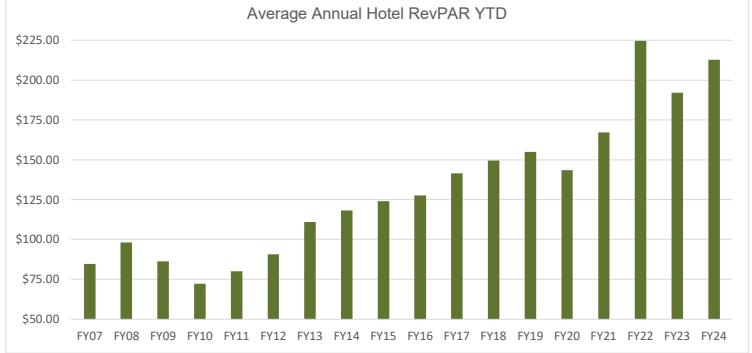
NOTE: The above occupancy and average daily room rate data is for traditional hotel type entities only.

Historical Hotel Revenue Per Available Room

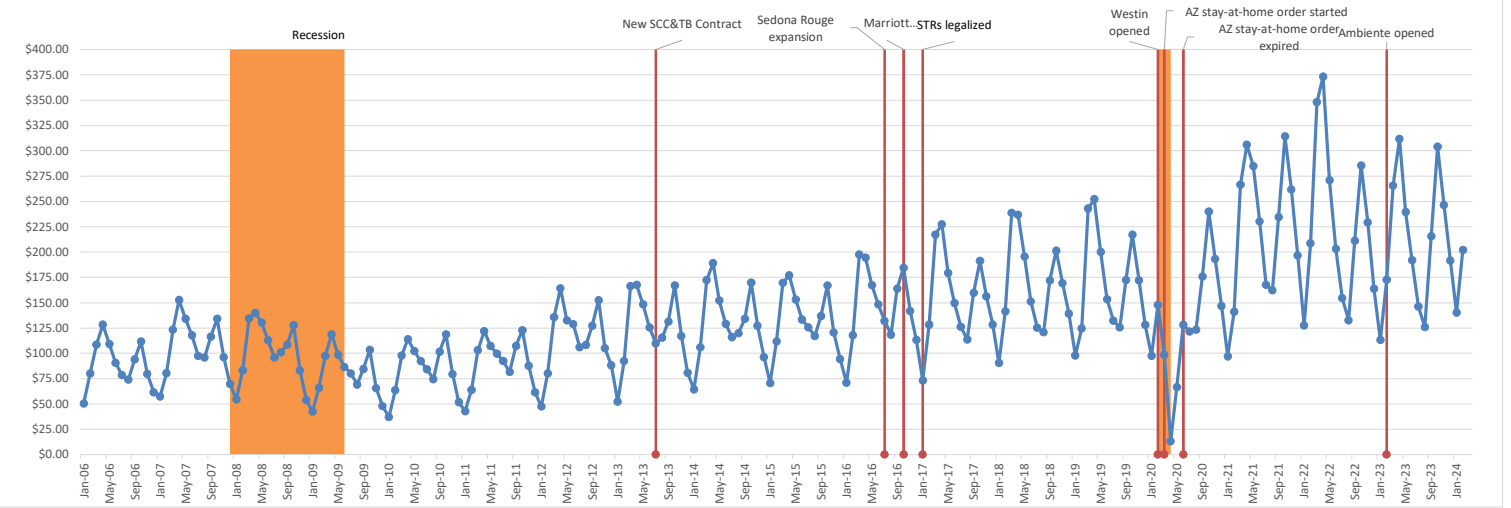
Monthly Hotel Revenue per Available Room



Average Annual Hotel Revenue per Available Room as of March



Historical Hotel Revenue per Available Room



NOTE: Revenue per Available Room (RevPAR) is the average daily room rate times the occupancy rate.

March 2024 Sales & Bed Tax Revenues

City Council Meeting
June 11, 2024



Comparison to Prior Year and Budget

City Sales Tax Revenues

Month	FY 2023 Actuals	FY 2024 Actuals	Actual Variance	FY 2024 Budget	Budget Variance
July	\$ 2,149,138	\$ 2,248,015	5%	\$ 2,198,080	2%
August	2,197,897	2,088,510	-5%	2,172,310	-4%
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December	2,361,041	2,595,213	10%	2,325,920	12%
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February	2,490,337	2,540,438	2%	2,246,900	13%
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Totals	\$ 31,771,871	\$ 24,161,811	6%	\$ 30,383,980	12%

Bed Tax Revenues

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July	\$ 499,299	\$ 522,779	5%	\$ 478,550	9%
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September	633,082	768,445	21%	604,730	27%
October	844,792	963,131	14%	763,750	26%
November	724,025	762,630	5%	661,020	15%
December	571,961	647,971	13%	541,360	20%
January	633,341	676,045	7%	486,810	39%
February	748,220	717,017	-4%	598,580	20%
March	959,154	1,198,616	25%	879,630	36%
April	982,381	-	-	966,860	-
May	779,126	-	-	847,140	-
June	714,052	-	-	681,970	-
Totals	\$ 8,587,989	\$ 6,749,582	10%	\$ 8,024,990	22%



Comparison to Pre-COVID

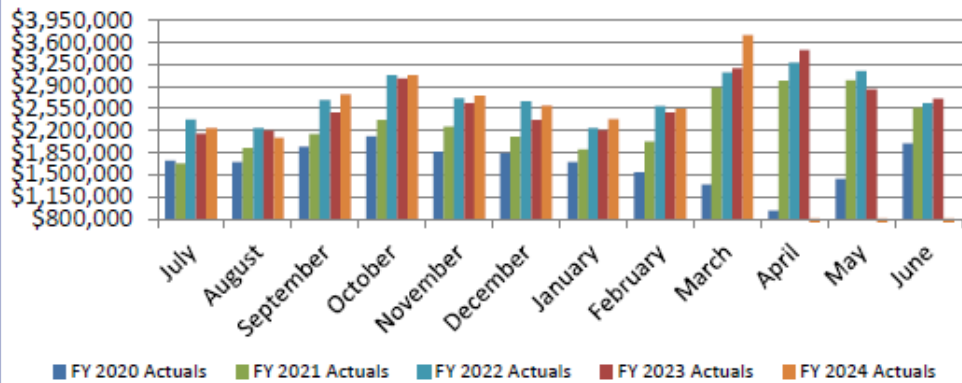
	March 2019	March 2024	% Change	FY2020 YTD	FY2024 YTD	% Change
Sales Tax	\$2,304,663	\$3,710,005	61%	\$15,288,038	\$24,161,811	58%
Bed Tax	\$569,565	\$1,198,616	110%	\$3,371,609	\$6,749,582	100%

NOTE: Western Region CPI increase from March 2019 to March 2024 was 24%.

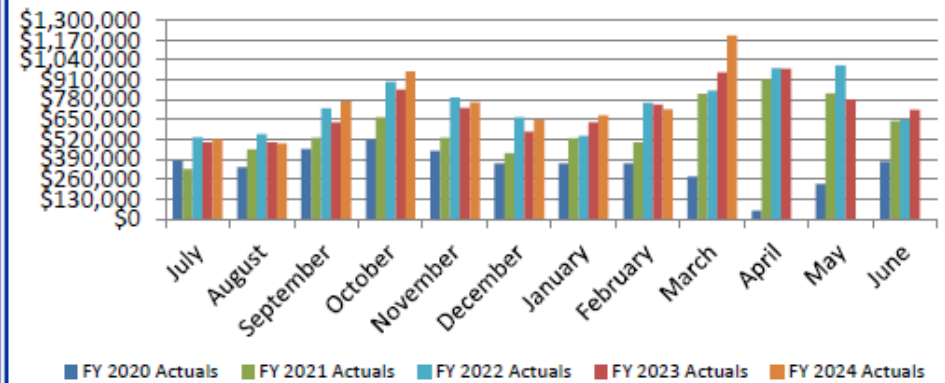


Historical Trends

City Sales Tax Revenues Historical Trends



Bed Tax Revenues Historical Trends



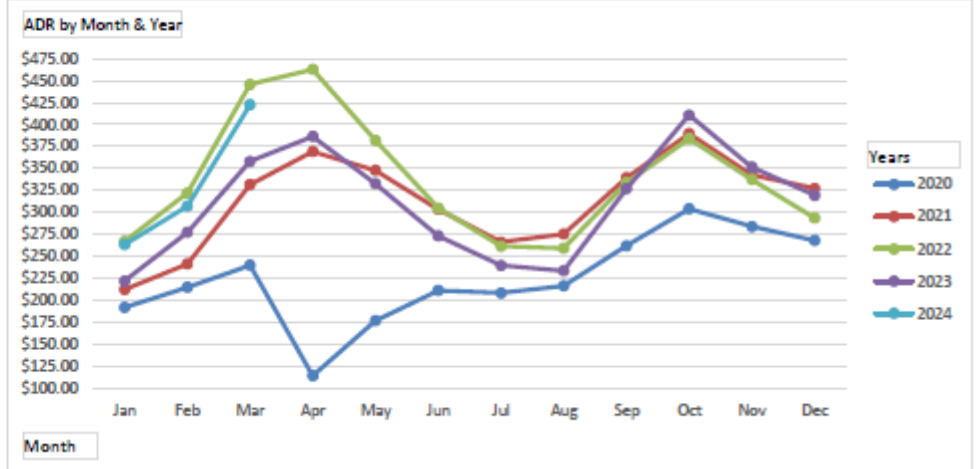
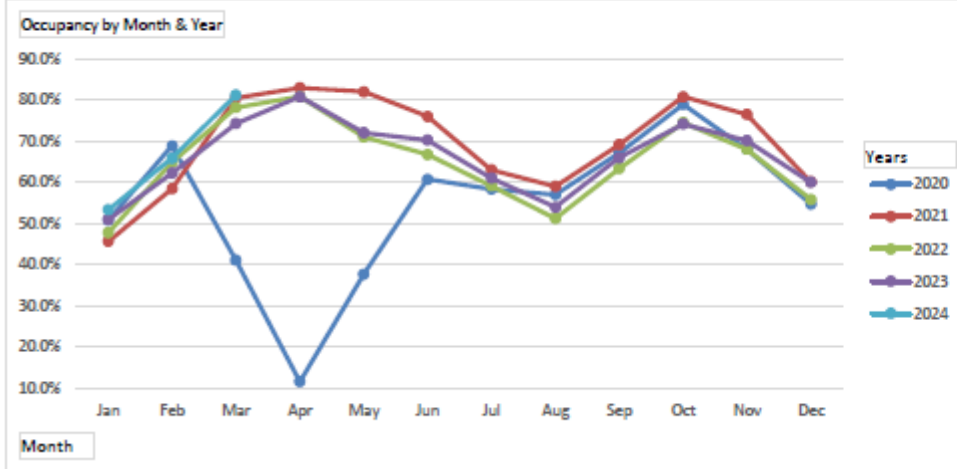
March 2024 sales tax is the highest dollar amount the city has received in a month looking back as far as 2014, the second highest was April 2023. March of 2024 exceeds April 2023 by 6.8%.

March 2024 bed tax is the highest dollar amount the city has received in a month looking back as far as 2014, the second highest was May of 2022. March of 2024 exceeds May 2022 by 19.6%



Traditional Hotel Occupancy & ADR

Monthly Hotel Occupancy & Average Daily Room Rate



SCTC Section 8-100. General Definitions.

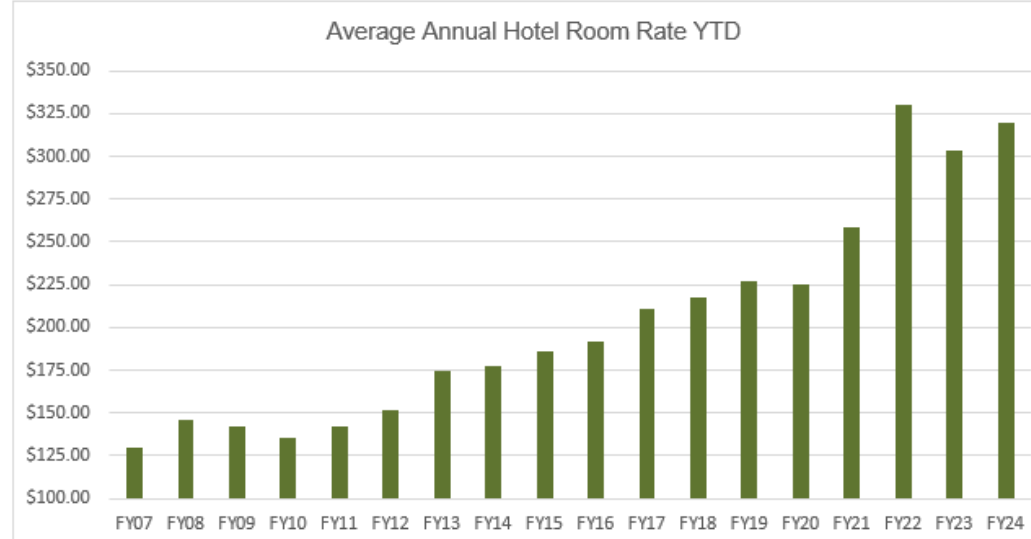
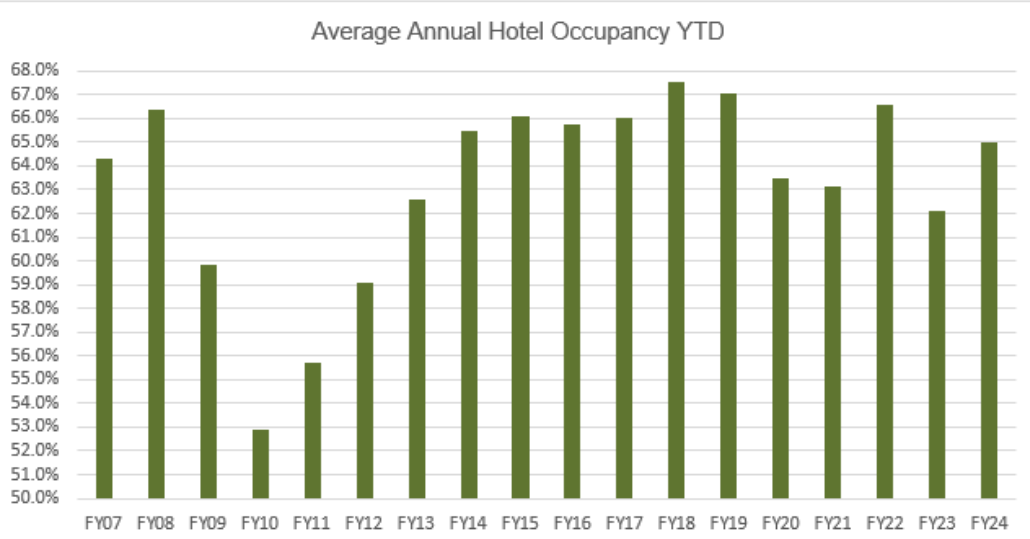
"Hotel" means any public or private hotel, inn, hostelry, tourist home, house, motel, rooming house, apartment house, trailer, or other lodging place within the City offering lodging, wherein the owner thereof, for compensation, furnishes lodging to any transient, except foster homes, rest homes, sheltered care homes, nursing homes, or primary health care facilities.

"Lodging (Lodging Space)" means any room or apartment in a hotel or any other provider of rooms, trailer spaces, or other residential dwelling spaces; or the furnishings or services and accommodations accompanying the use and possession of said dwelling space, including storage or parking space for the property of said tenant.



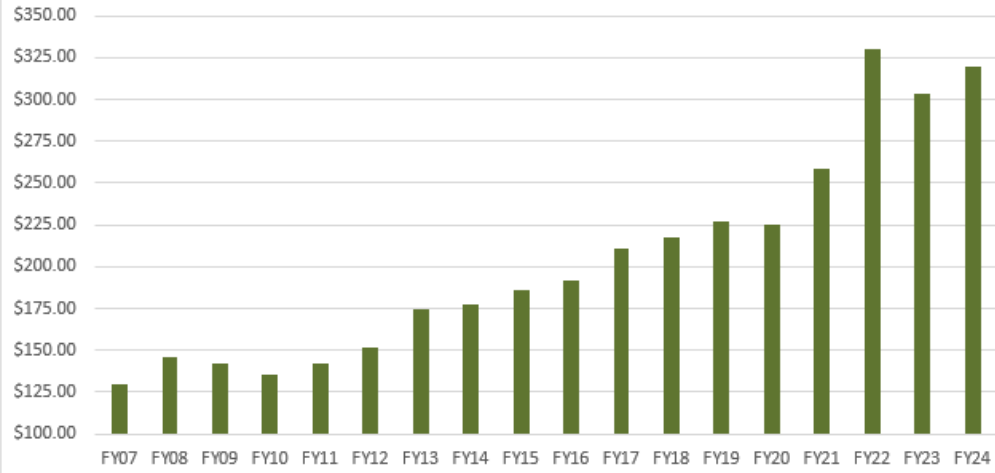
Average Annual Traditional Hotel Occupancy & ADR

Average Annual Hotel Occupancy & Average Annual Room Rate as of March

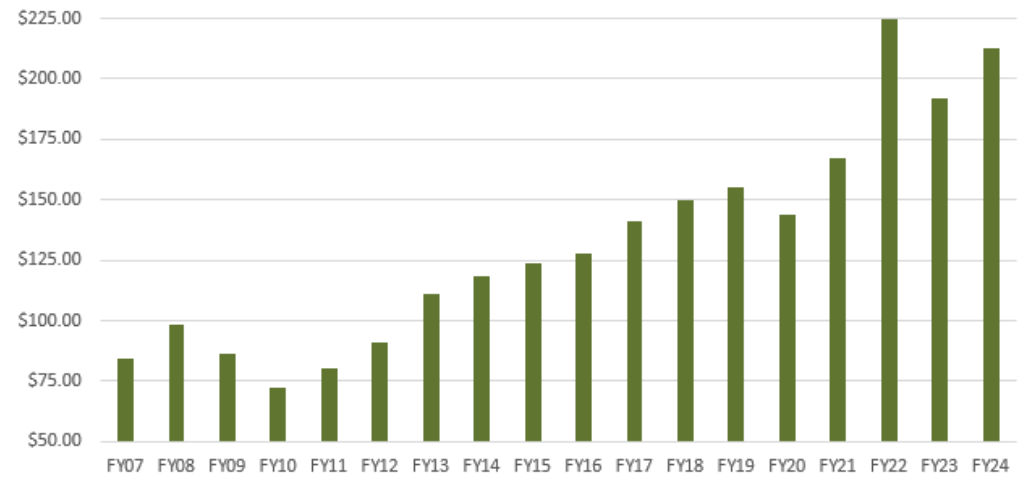


Average Annual Traditional Hotel ADR & RevPAR

Average Annual Hotel Room Rate YTD


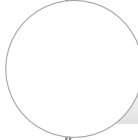



Average Annual Hotel RevPAR YTD



March 2024 Revenues by Period End Date

Period End Date	Amount	Period End Date	Amount
1990	(0.21)	2022	11,162.75
2005	0.28	2023	32,619.52
2007	0.93	2024	4,848,827.19
2009	0.05	Jan	8,137.38
2010	28.99	Feb	281,649.03
2016	4,731.19	Mar	4,541,298.70
2017	(199.46)	Apr	4,772.49
2018	(1,683.55)	May	11.03
2019	(2,688.20)	Jun	24.22
2020	6,602.56	Jul	2.00
2021	9,218.29	Dec	12,932.34
		Grand Total	4,908,620.33

-  Taxes due by 20th of following month
-  ADOR closes month by early to middle of following month
-  Data based on how taxpayer reported



Month	Retail	Restaurant & Bar	Hotel/Motel	Construction	Leasing	Communications & Utilities	Amusements & Other	Totals
City Sales Tax Revenues by Category and by Month								
July 2022	759,167	\$ 406,269	\$ 517,128	\$ 139,987	\$ 155,542	\$ 48,705	\$ 122,342	\$ 2,149,140
August 2022	797,223	369,186	502,766	195,095	156,688	96,617	80,318	2,197,893
September 2022	874,790	486,767	650,976	131,089	173,564	69,253	105,658	2,492,097
October 2022	1,053,822	582,764	868,383	161,238	177,348	39,266	139,165	3,021,986
November 2022	914,839	492,347	744,020	138,314	152,930	83,081	106,366	2,631,897
December 2022	896,682	424,843	586,451	134,064	168,411	67,347	83,243	2,361,041
January 2023	764,648	378,813	644,950	124,431	149,910	70,888	72,280	2,205,920
February 2023	792,929	463,351	765,546	138,808	163,484	68,826	97,392	2,490,336
March 2023	990,262	595,699	984,599	200,709	175,427	75,155	169,033	3,190,884
April 2023	1,113,347	691,082	1,011,113	216,734	174,942	58,701	207,381	3,473,300
May 2023	966,539	592,166	803,577	130,357	172,080	61,165	128,187	2,854,071
June 2023	881,068	534,000	730,408	183,666	166,143	76,532	131,490	2,703,307
Total FY 2023	\$ 10,805,316	\$ 6,017,287	\$ 8,809,917	\$ 1,894,492	\$ 1,986,469	\$ 815,536	\$ 1,442,855	\$ 31,771,872
July 2023	\$ 778,962	\$ 461,212	\$ 540,153	\$ 134,293	\$ 151,190	\$ 79,464	\$ 102,741	\$ 2,248,015
August 2023	752,174	374,561	504,575	141,699	150,880	78,798	85,823	2,088,510
September 2023	901,032	526,505	784,683	171,326	205,232	76,586	110,416	2,775,780
October 2023	942,031	620,926	990,233	144,570	186,966	66,800	126,256	3,077,782
November 2023	897,812	540,928	782,416	154,516	182,257	64,037	125,745	2,747,711
December 2023	929,241	473,635	666,630	186,078	183,248	55,747	100,634	2,595,213
January 2024	772,100	398,805	689,451	180,144	176,437	70,217	91,205	2,378,359
February 2024	802,888	478,664	738,064	191,262	154,968	68,021	106,571	2,540,438
March 2024	1,095,361	731,974	1,232,111	198,595	199,169	66,899	185,896	3,710,005
April 2024	-	-	-	-	-	-	-	-
May 2024	-	-	-	-	-	-	-	-
June 2024	-	-	-	-	-	-	-	-
Total Year-to-Date FY 2024	\$ 7,871,601	\$ 4,607,210	\$ 6,928,316	\$ 1,502,483	\$ 1,590,347	\$ 626,569	\$ 1,035,287	\$ 24,161,813
Current Month Comparison to Same Month Last Year								
March 2023 vs. March 2024	\$ 105,099	\$ 136,275	\$ 247,512	\$ (2,114)	\$ 23,742	\$ (8,256)	\$ 16,863	\$ 519,121
Change from March to March	11%	23%	25%	-1%	14%	-11%	10%	16%
Year-to-Date Comparison to Year-to-Date Last Year								
Difference in YTD	\$ 27,239	\$ 407,171	\$ 663,497	\$ 138,748	\$ 117,043	\$ 7,431	\$ 59,490	\$ 1,420,619
% Change from Prior YTD	0%	10%	11%	10%	8%	1%	6%	6%



Comparison to Pre-COVID by Category

	March 2024	March 2019	% Change
Retail	\$1,095,361	\$710,090	54%
Restaurant & Bar	\$731,974	\$492,066	49%
Hotel/Motel	\$1,232,111	\$579,585	113%
Construction	\$198,595	\$128,608	54%
Leasing	\$199,169	\$161,264	24%
Communications & Utilities	\$66,899	\$56,678	18%
Amusements & Other	\$185,896	\$176,372	5%



Increase/(Decrease) in Revenues

	Over (Under) Prior Year	Over (Under) Budget ⁽¹⁾
Sales Tax	\$ 1,420,617	\$2,605,741
Bed Tax	637,152	1,220,562
Total	\$2,057,769	\$3,826,303

⁽¹⁾ FY2024 sales and bed tax projections were based on conservative estimates in case of a recession occurring during the fiscal year. While the occurrence of a potential recession remains to be seen, current estimated General Fund surplus for FY2024 is \$10M.



Questions?





**CITY COUNCIL
AGENDA BILL**

**AB 3074
June 11, 2024
Regular Business**

Agenda Item: 8f
Proposed Action & Subject: Discussion/possible direction regarding transportation projects to be submitted to NACOG for funding opportunities.

Department	CM
Time to Present	10 min
Total Time for Item	30 min
Other Council Meetings	N/A
Exhibits	A. Draft FY25 CIP Summary

Finance Approval	Reviewed RMS 6/4/24	
City Attorney Approval	Reviewed 6/4/24 KWC	Expenditure Required
		\$ N/A
City Manager's Recommendation	Discussion and direction ABS 6/4/24	Amount Budgeted
		\$ N/A
		Account No. (Description)

SUMMARY STATEMENT

Northern Arizona Council of Governments (NACOG) has announced the release of its Call for Projects for the *2024 Regional Priority Projects List (RPPL)*. Now in its fourth year, the Regional Priority Projects List demonstrates the extensive need for roadway funding in NACOG communities and highlights the most essential roadway infrastructure projects in the region. The RPPL is NACOG's primary tool for advocating for increased state and federal funding for transportation projects in northern Arizona.

Background:

This year, the RPPL will include both the prioritized list of projects and a gross amount of transportation funding needs based on existing local Capital Improvement Programs. NACOG has asked that each jurisdiction submit their most recent Capital Improvement Program (CIP), with supporting documents to help calculate the total need for the region. The project list and total funding needs amount will be used to educate state legislators about the extent of the unmet funding needs for transportation infrastructure in northern Arizona and to advocate for increased funding.

The focus of this specific need is for roadway projects. Considering this, the list of projects recommended for Sedona focuses on those originally developed from the strategies in the 2018 Transportation Master Plan (TMP). The TMP evaluated Citywide transportation needs and concluded with a set of recommended strategies to address the congestion and mobility

needs of residents, visitors, and commuters. These strategies have been developed into a system of capital improvement projects that collectively have been identified and promoted as the Sedona In Motion (SIM) program. The SIM program is a multi-modal transportation initiative embracing Sedona's community values for improved traffic flow, community connections, business and tourism connections, economic vitality and diversity, environmental stewardship, walkability, and a sense of place.

Exhibit A provides a list of projects staff expects to provide to NACOG for the RPPL request. This list is the latest version generated for the FY25 budget preparation. A copy of the final CIP will be provided by the June 21st deadline. These are projects in the following categories:

- PT – Public Transit
- PW – Public Works
- SIM – Sedona In Motion
- ST – Streets
- SUS - Sustainability

Note: An additional project will be requested to be added through Yavapai County. This is SIM-13, Red Rock Crossing. This is recommended to the county rather than being included in the city CIP due to the project location being outside city limits.

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

Strategies such as Transit and ST&PS aim to remove vehicles from our roadways and reduce vehicle emissions. Various other strategies reduce travel times which minimizes wasteful vehicle operations.

Board/Commission Recommendation: Applicable - Not Applicable

Alternative(s):

MOTION

I move to: For discussion and direction only.

SUMMARY OF CAPITAL PROJECTS

continued

FY 2025 - FY 2034 Master Summary Project List by Major Program

Project dollar amounts in grey and italics are unfunded.

(Click on a Project Page # to navigate to that page)

Project Name	Funding Sources Type	Priority	Project #	Prior Years Estimate	FY2025	FY2026	FY2027	Future Years	Totals (excluding Prior Years Estimate)
AC - Arts & Culture									
Art in the Roundabouts	Restricted	Important (Could-Do)	AC-02	\$248,675	\$119,000	\$0	\$0	\$0	\$119,000
IT - Information Technology									
Citywide Business Software	Capital Reserves	Imperative (Must-Do)	IT-01	\$50,000	\$1,150,000	\$1,150,000	\$0	\$0	\$2,300,000
PR - Parks & Recreation									
Concession Stand/Restrooms Building - Renovation and Redesign	Restricted	Important (Could-Do)	PR-01	\$0	\$0	\$0	\$90,000	\$982,000	\$1,072,000
Improvements at Ranger Station / Interior Restoration of House and Barn	Restricted & Capital Reserves	Important (Could-Do)	PR-03B	\$94,166	\$1,063,660	\$0	\$0	\$0	\$1,063,660
Build-Out of Ranger Station Park	Restricted & Capital Reserves	Essential (Should-Do)	PR-03C	\$1,542,652	\$754,770	\$0	\$0	\$0	\$754,770
Posse Grounds Park Pickleball Courts	Restricted	Essential (Should-Do)	PR-09	\$394,085	\$1,205,000	\$0	\$0	\$0	\$1,205,000
Creekside Preservation/Walking Path (ESP)	Restricted & Capital Reserves	Important (Could-Do)	PR-10	\$0	\$0	\$0	\$0	\$5,553,170	\$5,553,170
Sunset Park Playground Structure	Capital Reserves	Important (Could-Do)	PR-11	\$0	\$0	\$285,000	\$0	\$0	\$285,000
PR - Parks & Recreation Subtotal				\$2,030,903	\$3,023,430	\$285,000	\$90,000	\$6,535,170	\$9,933,600
PD - Police									
Radio Infrastructure	Capital Reserves	Imperative (Must-Do)	PD-02	\$286,755	\$100,000	\$150,000	\$500,000	\$0	\$750,000
Body-Worn Camera Upgrade	Capital Reserves	Imperative (Must-Do)	PD-07	\$0	\$500,000	\$125,000	\$125,000	\$250,000	\$1,000,000
PD - Police Subtotal				\$286,755	\$600,000	\$275,000	\$625,000	\$250,000	\$1,750,000
PT - Public Transit (SIM subcategory)									
Transit Maintenance/Operations Center (ESP)	Restricted	Essential (Should-Do)	PT-01	\$286,576	\$520,000	\$600,000	\$10,090,000	\$13,860,000	\$25,070,000
Transit RIDE Exchange (ESP)	Restricted	Essential (Should-Do)	PT-02	\$1,057,881	\$0	\$0	\$0	\$3,430,000	\$3,430,000
Transit Bus Acquisition - Grant-Funded (ESP)	Restricted	Essential (Should-Do)	PT-03	\$417,500	\$236,000	\$0	\$829,000	\$5,700,000	\$6,765,000
Bus Stop Improvements (ESP)	Restricted	Essential (Should-Do)	PT-04	\$14,927	\$75,000	\$225,000	\$175,000	\$400,000	\$875,000
The Y Property Development (ESP)	Restricted	Essential (Should-Do)	PT-04a	\$194,500	\$20,000	\$0	\$0	\$330,000	\$350,000
North SR 179 Park and Ride (ESP)	Restricted	Essential (Should-Do)	PT-04b	\$1,918,524	\$1,350,000	\$0	\$0	\$0	\$1,350,000
West Sedona Intercept Lot (ESP)	Unidentified	Essential (Should-Do)	PT-05	\$2,338,822	\$0	\$0	\$0	\$2,700,000	\$2,700,000
South SR 179 Park and Ride (ESP)	Restricted	Essential (Should-Do)	PT-06	\$0	\$0	\$0	\$0	\$300,000	\$300,000
Intersection Improvements - 7500 West SR 89A	Restricted & Capital Reserves	Essential (Should-Do)	PT-08	\$0	\$100,000	\$300,000	\$5,050,000	\$0	\$5,450,000
PT - Public Transit (SIM subcategory) Subtotal				\$6,228,730	\$2,301,000	\$1,125,000	\$16,144,000	\$24,020,000	\$43,590,000
Projects Not Funded				\$0	\$0	\$0	\$0	\$20,700,000	\$20,700,000
PW - Public Works									
Uptown Enhancements	Restricted & Unidentified	Important (Could-Do)	PW-01	\$195,856	\$0	\$0	\$0	\$645,000	\$645,000
Facilities Study	Capital Reserves	Desirable (Other Year)	PW-04	\$0	\$0	\$0	\$0	\$50,000	\$50,000
Real Estate/Land Acquisition	Unidentified	Essential (Should-Do)	PW-05	\$20,017,663	\$0	\$0	\$0	\$8,000,000	\$8,000,000
City Hall Window and Door Replacement (ESP)	Capital Reserves	Important (Could-Do)	PW-06	\$0	\$252,500	\$252,500	\$454,500	\$454,500	\$1,414,000
Cultural Park Improvements	Capital Reserves	Important (Could-Do)	PW-08	\$0	\$0	\$0	\$2,000,000	\$2,000,000	\$4,000,000
Solar PV and Battery Storage at City Hall and Contractors Road (Decarbonization) (ESP)	Capital Reserves	Essential (Should-Do)	PW-09	\$0	\$0	\$181,800	\$303,000	\$303,000	\$787,800
PW - Public Works Subtotal				\$20,213,519	\$252,500	\$434,300	\$2,757,500	\$2,807,500	\$6,251,800
Projects Not Funded								\$8,645,000	\$8,645,000

ESP = Environmental Sustainability Project

SUMMARY OF CAPITAL PROJECTS

continued

FY 2025 - FY 2034 Master Summary Project List by Major Program

Project dollar amounts in grey and italics are unfunded.

(Click on a Project Page # to navigate to that page)

Project Name	Funding Sources Type	Priority	Project #	Prior Years Estimate	FY2025	FY2026	FY2027	Future Years	Totals (excluding Prior Years Estimate)
SIM - Sedona in Motion									
Uptown Northbound Improvements (ESP)	Restricted	Essential (Should-Do)	SIM-01b	\$4,814,667	\$250,000	\$0	\$0	\$0	\$250,000
Uptown Pedestrian Improvements (ESP)	Restricted & Unidentified	Desirable (Other Year)	SIM-02	\$0	\$0	\$0	\$0	\$6,250,000	\$6,250,000
Uptown Parking Garage	Restricted	Imperative (Must-Do)	SIM-03a	\$3,406,058	\$13,893,610	\$8,700,000	\$0	\$0	\$22,593,610
Uptown Residential Parking Improvements	Restricted	Essential (Should-Do)	SIM-03b	\$0	\$15,000	\$130,000	\$0	\$0	\$145,000
Forest Rd Improvements associated with new Parking Garage	Restricted & Capital Reserves	Essential (Should-Do)	SIM-03d	\$0	\$80,000	\$1,010,000	\$0	\$0	\$1,090,000
Parking Management System (ESP)	Restricted & Capital Reserves	Essential (Should-Do)	SIM-03e	\$0	\$1,000,000	\$0	\$0	\$0	\$1,000,000
Schnebly Hill Roundabout Expansion	Unidentified	Desirable (Other Year)	SIM-04a	\$0	\$0	\$0	\$0	\$5,447,990	\$5,447,990
SR 179 Lane Expansion from Schnebly Hill Roundabout to Y	Unidentified	Desirable (Other Year)	SIM-04b	\$0	\$0	\$0	\$0	\$111,000	\$111,000
Pedestrian Crossing at Oak Creek (ESP)	Restricted & Capital Reserves	Imperative (Must-Do)	SIM-04c	\$4,844,937	\$300,000	\$1,313,000	\$0	\$0	\$1,613,000
Ranger/SR 179 Intersection Improvements (ESP)	Restricted & Capital Reserves	Essential (Should-Do)	SIM-04e	\$0	\$0	\$97,500	\$984,170	\$0	\$1,081,670
Y Roundabout Adaptive Signals	Restricted	Important (Could-Do)	SIM-04f	\$0	\$0	\$30,000	\$50,000	\$350,000	\$430,000
Portal Lane to Brewer Road Connection	Restricted & Capital Reserves	Essential (Should-Do)	SIM-05a	\$75,977	\$516,200	\$1,508,310	\$0	\$0	\$2,024,510
Forest Road Connection	Restricted	Imperative (Must-Do)	SIM-05b	\$12,787,561	\$8,215,340	\$0	\$0	\$0	\$8,215,340
Ranger Road / Brewer Road RAB Intersection & Ranger Ext Improvements (ESP)	Restricted & Capital Reserves	Imperative (Must-Do)	SIM-05d	\$974,993	\$2,594,160	\$2,755,660	\$0	\$0	\$5,349,820
Forest/Ranger/SR 89A Intersection Improvements	Restricted & Capital Reserves	Essential (Should-Do)	SIM-05e	\$325,258	\$105,000	\$0	\$4,915,000	\$0	\$5,020,000
Neighborhood Street Connections	Restricted & Unidentified	Desirable (Other Year)	SIM-06	\$0	\$0	\$0	\$0	\$1,166,420	\$1,166,420
West SR 89A Access Improvements and Adaptive Signal Control	Unidentified	Desirable (Other Year)	SIM-10	\$0	\$0	\$0	\$0	\$3,320,000	\$3,320,000
Traffic Calming and SUP - White Bear Rd to Pinon Dr (ESP)	Restricted	Essential (Should-Do)	SIM-10a	\$0	\$370,000	\$0	\$0	\$0	\$370,000
Rodeo Road to Dry Creek Road - Shared-Use Path (ESP)	Restricted	Essential (Should-Do)	SIM-11a	\$0	\$0	\$200,000	\$400,000	\$600,000	\$1,200,000
Dry Creek Road Pathway, White Bear to Two Fences (ESP)	Restricted	Essential (Should-Do)	SIM-11m	\$1,009,410	\$1,370,000	\$0	\$0	\$0	\$1,370,000
Andante Shared-Use Path and Drainage Improvements (ESP)	Restricted & Capital Reserves	Essential (Should-Do)	SIM-11n	\$185,547	\$1,545,400	\$1,515,000	\$0	\$0	\$3,060,400
Brewer Road Shared-Use Path (ESP)	Restricted	Important (Could-Do)	SIM-11p	\$167,190	\$750,000	\$200,000	\$0	\$0	\$950,000
Shelby II Shared-Use Path (ESP)	Restricted	Essential (Should-Do)	SIM-11q	\$100,000	\$675,000	\$725,000	\$0	\$0	\$1,400,000
Rodeo Shared-Use Path (ESP)	Restricted	Essential (Should-Do)	SIM-11r	\$0	\$0	\$70,000	\$300,000	\$0	\$370,000
Little Horse Shared-Use Path (ESP)	Restricted	Important (Could-Do)	SIM-11s	\$0	\$115,000	\$0	\$0	\$0	\$115,000
Coffee Pot Shared-Use Path (ESP)	Restricted	Essential (Should-Do)	SIM-11t	\$0	\$100,000	\$600,000	\$0	\$0	\$700,000
Navoti Dr to Upper Red Rock Loop Rd Shared-Use Path (ESP)	Restricted & Capital Reserves	Essential (Should-Do)	SIM-11v	\$0	\$120,000	\$808,000	\$707,000	\$0	\$1,635,000
Tranquil-Madole Shared-Use Path (ESP)	Restricted & Capital Reserves	Important (Could-Do)	SIM-11w	\$0	\$0	\$120,000	\$707,000	\$0	\$827,000
Zane Grey Shared-Use Path (ESP)	Restricted & Capital Reserves	Important (Could-Do)	SIM-11x	\$0	\$0	\$75,000	\$606,000	\$0	\$681,000
Thunder Mountain II Shared-Use Path (ESP)	Restricted	Important (Could-Do)	SIM-11y	\$0	\$0	\$0	\$150,000	\$800,000	\$950,000
Gun Fury Shared-Use Path (ESP)	Restricted & Capital Reserves	Essential (Should-Do)	SIM-11z	\$0	\$0	\$100,000	\$707,000	\$0	\$807,000
Travel Information System	Restricted & Unidentified	Important (Could-Do)	SIM-12a	\$99,301	\$0	\$0	\$0	\$312,500	\$312,500
Traffic Video Cameras	Restricted	Important (Could-Do)	SIM-12b	\$71,492	\$50,000	\$0	\$0	\$0	\$50,000
SIM - Sedona in Motion Subtotal (excluding projects not funded)				\$28,862,391	\$32,064,710	\$19,957,470	\$9,526,170	\$1,750,000	\$63,298,350
Projects Not Funded				\$0	\$0	\$0	\$0	\$16,607,910	\$16,607,910

ESP = Environmental Sustainability Project

SUMMARY OF CAPITAL PROJECTS

continued

FY 2025 - FY 2034 Master Summary Project List by Major Program

Project dollar amounts in grey and italics are unfunded.

(Click on a Project Page # to navigate to that page)

Project Name	Funding Sources Type	Priority	Project #	Prior Years Estimate	FY2025	FY2026	FY2027	Future Years	Totals (excluding Prior Years Estimate)
SD - Storm Drainage									
View Drive Area Drainage Improvements (Yavapai County) (ESP)	Restricted & Capital Reserves	Important (Could-Do)	SD-04	\$0	\$0	\$0	\$150,000	\$1,461,500	\$1,611,500
Saddlerock Area Drainage Improvements (Yavapai County) (ESP)	Restricted & Capital Reserves	Important (Could-Do)	SD-05	\$0	\$150,000	\$503,500	\$0	\$0	\$653,500
Mystic Hills Lift Station Access Improvements (Coconino County) (ESP)	Restricted & Capital Reserves	Important (Could-Do)	SD-08	\$0	\$0	\$40,000	\$402,000	\$0	\$442,000
SD - Storm Drainage Subtotal (excluding projects not funded)				\$0	\$150,000	\$543,500	\$552,000	\$0	\$1,245,500
Projects Not Funded				\$0	\$0	\$0	\$0	\$1,461,500	\$1,461,500
ST - Streets & Transportation									
Back O' Beyond Road & Trailhead Safety Improvements	Restricted & Capital Reserves	Essential (Should-Do)	ST-07	\$0	\$0	\$121,200	\$3,006,000	\$0	\$3,127,200
Citywide Safety Analysis Corridor Studies	Restricted & Capital Reserves	Essential (Should-Do)	ST-11	\$0	\$0	\$250,000	\$0	\$0	\$250,000
ST - Streets & Transportation Subtotal				\$0	\$0	\$371,200	\$3,006,000	\$0	\$3,377,200
SUS - Sustainability									
Streetlights LED Retrofit (ESP)	Capital Reserves	Essential (Should-Do)	SUS-05	\$120,000	\$80,800	\$0	\$0	\$0	\$80,800
DC Fast EV Chargers (Decarbonization) (ESP)	Capital Reserves	Essential (Should-Do)	SUS-06	\$0	\$0	\$0	\$404,000	\$0	\$404,000
Building Retrofit of Natural Gas Systems (Decarbonization) (ESP)	Capital Reserves	Essential (Should-Do)	SUS-07	\$0	\$0	\$0	\$0	\$505,000	\$505,000
Decarbonization Roadmap Projects	Capital Reserves	Essential (Should-Do)	SUS-09	\$0	\$353,500	\$757,500	\$707,000	\$1,565,500	\$3,383,500
SUS - Sustainability Subtotal				\$120,000	\$434,300	\$757,500	\$1,111,000	\$2,070,500	\$4,373,300
Subtotal Non-Wastewater Projects (excluding projects not funded)				\$58,331,323	\$40,094,940	\$24,898,970	\$33,811,670	\$37,433,170	\$136,238,750

SUMMARY OF CAPITAL PROJECTS

continued

FY 2025 - FY 2034 Master Summary Project List by Major Program

Project dollar amounts in grey and italics are unfunded.

(Click on a Project Page # to navigate to that page)

Project Name	Funding Sources Type	Priority	Project #	Prior Years Estimate	FY2025	FY2026	FY2027	Future Years	Totals (excluding Prior Years Estimate)
WW - Wastewater									
WW Collection System Improvements - Misc. Rehabs/Replacements (ESP)	WW Revenues	Essential (Should-Do)	WW-01D	\$240,000	\$401,000	\$0	\$0	\$0	\$401,000
WW Collection System Improvements - Future Collections Projects (ESP)	WW Revenues	Important (Could-Do)	WW-01E	\$0	\$0	\$50,000	\$500,000	\$1,360,000	\$1,910,000
WW Collection System Improvements - Major Lift Station Upgrades (ESP)	Restricted & WW Revenues	Imperative (Must-Do)	WW-01F	\$3,736,240	\$3,460,620	\$0	\$0	\$0	\$3,460,620
SCADA System Master Plan	WW Revenues	Important (Could-Do)	WW-04	\$0	\$0	\$0	\$310,000	\$0	\$310,000
WWRP Odor Control Upgrades	WW Revenues	Important (Could-Do)	WW-05	\$24,660	\$0	\$0	\$0	\$335,000	\$335,000
WWRP Recharge Wells (ESP)	WW Revenues	Essential (Should-Do)	WW-06	\$5,477,699	\$0	\$971,820	\$4,621,780	\$15,600,000	\$21,193,600
WWRP Area 4 Irrigation Improvements	WW Revenues	Important (Could-Do)	WW-06A	\$0	\$0	\$0	\$0	\$0	\$0
WWRP Reservoir Liner Replacement	WW Revenues	Important (Could-Do)	WW-07	\$0	\$0	\$0	\$0	\$0	\$0
WWRP Drying Beds Replacement (ESP)	WW Revenues	Important (Could-Do)	WW-08	\$0	\$0	\$150,000	\$1,500,000	\$0	\$1,650,000
WWRP Treatment Process Upgrades (ESP)	WW Revenues	Essential (Should-Do)	WW-09	\$219,500	\$3,515,500	\$0	\$50,000	\$1,820,000	\$5,385,500
Wastewater Master Plan Update	WW Revenues	Important (Could-Do)	WW-10	\$0	\$0	\$100,000	\$0	\$100,000	\$200,000
WWRP Paving	WW Revenues	Desirable (Other Year)	WW-11	\$0	\$0	\$0	\$0	\$420,000	\$420,000
WWRP Area 4 Pump Station Valve Upgrade	WW Revenues	Essential (Should-Do)	WW-14	\$0	\$0	\$0	\$0	\$0	\$0
WWRP Secondary Clarifier Rehabilitation (ESP)	WW Revenues	Imperative (Must-Do)	WW-16	\$0	\$310,000	\$0	\$0	\$255,000	\$565,000
WWRP Laboratory Remodel	WW Revenues	Desirable (Other Year)	WW-17	\$0	\$0	\$0	\$0	\$500,000	\$500,000
WWRP Recharge Well Filter Backwash System (ESP)	WW Revenues	Essential (Should-Do)	WW-18	\$83,000	\$300,000	\$0	\$0	\$0	\$300,000
WWRP Facility Plan	WW Revenues	Essential (Should-Do)	WW-19	\$0	\$250,000	\$0	\$0	\$0	\$250,000
WW - Wastewater Subtotal				\$9,781,099	\$8,237,120	\$1,271,820	\$6,981,780	\$20,390,000	\$36,880,720
TOTAL ALL PROJECTS (excluding projects not funded)				\$68,112,422	\$48,332,060	\$26,170,790	\$40,793,450	\$57,823,170	\$173,119,470
Total Projects Not Funded				\$0	\$0	\$0	\$0	\$47,414,410	\$47,414,410
Grand Totals Funded and Unfunded				\$68,112,422	\$48,332,060	\$26,170,790	\$40,793,450	\$105,237,580	\$220,533,880
Funding Sources Summary									
1% for Arts					\$119,000	\$0	\$115,000	\$50,000	\$284,000
Capital Reserves					\$7,400,760	\$11,503,250	\$9,914,170	\$9,490,860	\$38,309,040
Coconino County Flood Control					\$0	\$40,000	\$200,000	\$0	\$240,000
Debt Financing					\$16,936,410	\$10,127,820	\$6,135,280	\$18,508,000	\$51,707,510
Development Impact Fees - Post 7/2014					\$3,409,590	\$839,070	\$58,500	\$2,888,240	\$7,195,400
Development Impact Fees - Pre 8/2014					\$1,205,000	\$150,000	\$240,000	\$120,000	\$1,715,000
Equipment Replacement Reserve					\$421,020	\$0	\$0	\$0	\$421,020
Fairfield CFD					\$65,000	\$0	\$90,000	\$522,000	\$677,000
Grant					\$2,736,460	\$873,000	\$20,751,150	\$20,091,000	\$44,451,610
Outside Participation					\$0	\$0	\$0	\$1,250,000	\$1,250,000
Summit CFD					\$60,000	\$0	\$0	\$460,000	\$520,000
Transportation Sales Tax					\$9,607,580	\$2,187,650	\$779,350	\$2,651,000	\$15,225,580
Unidentified					\$0	\$0	\$0	\$44,116,480	\$44,116,480
Wastewater Revenues					\$6,221,240	\$3,495,000	\$2,360,000	\$4,790,000	\$16,866,240
Yavapai County Flood Control					\$150,000	\$150,000	\$150,000	\$300,000	\$750,000
TOTAL FUNDING SOURCES					\$48,332,060	\$29,365,790	\$40,793,450	\$105,237,580	\$223,728,880

ESP = Environmental Sustainability Project

SUMMARY OF CAPITAL PROJECTS

continued

FY 2025 - FY 2034 Master Summary Project List by Major Program

Project dollar amounts in grey and italics are unfunded.

(Click on a Project Page # to navigate to that page)

Project Name	Funding Sources Type	Priority	Project #	Prior Years Estimate	FY2025	FY2026	FY2027	Future Years	Totals (excluding Prior Years Estimate)
Project Funding Status Summary									
Carry Over					\$36,938,266	\$12,687,477	\$22,586,852	\$14,456,918	\$86,669,513
New Appropriation					\$11,393,794	\$10,212,113	\$7,105,688	\$5,233,082	\$33,944,677
Future Estimate					\$0	\$3,271,200	\$11,100,910	\$64,087,840	\$78,459,950
Unfunded					\$0	\$0	\$0	\$21,459,740	\$21,459,740
TOTALS BY FUNDING STATUS					\$48,332,060	\$26,170,790	\$40,793,450	\$105,237,580	\$220,533,880
Category Summary									
Arts Transfer					\$42,900	\$96,470	\$112,670	\$99,080	\$351,120
Construction - Contracted					\$40,816,550	\$21,175,000	\$35,095,720	\$53,517,100	\$150,604,370
Construction - In-House					\$75,000	\$0	\$0	\$500,000	\$575,000
Contingency					\$680,000	\$0	\$1,116,060	\$600,000	\$2,396,060
Design - Contracted					\$2,905,590	\$2,936,320	\$590,000	\$3,741,400	\$10,173,310
Environmental					\$40,000	\$138,000	\$0	\$250,000	\$428,000
Equipment Purchase					\$1,321,020	\$0	\$0	\$3,320,000	\$4,641,020
Future Estimate Placeholder					\$0	\$275,000	\$2,625,000	\$31,350,000	\$34,250,000
Land Acquisition					\$650,000	\$50,000	\$0	\$6,060,000	\$6,760,000
Master Plan					\$0	\$100,000	\$310,000	\$0	\$410,000
Project Management - Contracted					\$150,000	\$150,000	\$0	\$0	\$300,000
Public Art Purchase					\$65,000	\$0	\$115,000	\$50,000	\$230,000
Study					\$350,000	\$250,000	\$0	\$50,000	\$650,000
Technology					\$1,000,000	\$1,000,000	\$0	\$0	\$2,000,000
Vehicle Purchase					\$236,000	\$0	\$829,000	\$5,700,000	\$6,765,000
TOTALS BY CATEGORY					\$48,332,060	\$26,170,790	\$40,793,450	\$105,237,580	\$220,533,880
Summary of Project Costs Managed by Public Works PMs									
Total Project Costs					\$48,332,060	\$26,170,790	\$40,793,450		
Projects not managed by Public Works project managers:									
AC-02 Art in Roundabouts					(\$119,000)	\$0	\$0		
IT-01 ERP System					(\$1,150,000)	(\$1,150,000)	\$0		
PD-02 Radio Infrastructure					(\$100,000)	(\$150,000)	(\$500,000)		
PD-07 Body Worn Camera System					(\$500,000)	(\$125,000)	(\$125,000)		
PT-03 Transit Bus Acquisition					(\$236,000)	\$0	(\$829,000)		
All Land Acquisitions					(\$650,000)	(\$50,000)	\$0		
All Sustainability Projects (managed by Bryce)					(\$434,300)	(\$757,500)	(\$1,111,000)		
All Wastewater Projects (managed by Roxanne)					(\$8,237,120)	(\$1,271,820)	(\$6,981,780)		
Net Project Costs Manager by Public Works PMs					\$36,905,640	\$22,666,470	\$31,246,670		



**CITY COUNCIL
AGENDA BILL**

**AB 3027
June 11, 2024
Regular Business**

Agenda Item: 8g
Proposed Action & Subject: Discussion/possible direction/action regarding proposed State legislation, short-term rental legislation and State budget and their potential impact on the City of Sedona.

Department	City Manager
Time to Present	15 Minutes
Total Time for Item	30 Minutes
Other Council Meetings	Jan. 23, 2024; Feb. 13, 2024; Feb. 28, 2024; Mar. 12, 2024 Mar. 26, 2024; April 9, 2024; April 28, 2024; May 14, 2024; May 28, 2024
Exhibits	None

Finance Approval	Reviewed RMS 6/3/24	Expenditure Required	
City Attorney Approval	Reviewed 6/4/24 KWC		\$ N/A
City Manager's Recommendation	For discussion and direction only. ABS 6/3/24		Amount Budgeted
		\$ N/A	
		Account No. N/A (Description)	

SUMMARY STATEMENT

Background: During the course of the State Legislative Session, many bills are introduced that have a potential impact on the City of Sedona. The League of Arizona Cities and Towns, the City's legislative advocate and City staff routinely monitor bills of interest as they progress through the legislative process.

This item is scheduled to provide a summary update on relevant bills and the proposed State budget, to answer questions that the City Council may have regarding any individual bill or the budget, and to consider the need for the City Council to take a formal position in support or opposition of any particular bill.

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 only.



**CITY COUNCIL
AGENDA BILL**

**AB 3066
June 11, 2024
Regular Business**

Agenda Item: 8h
Proposed Action & Subject: Discussion/possible direction regarding future agenda items.

Department	City Manager
Time to Present	2 Minutes
Total Time for Item	5 Minutes
Other Council Meetings	Included in City Council regular meeting agenda packets as of May 14, 2024
Exhibits	Exh A. Future Agenda Items

Finance Approval	Reviewed RMS 6/3/24	<table border="1"> <tr> <td colspan="2">Expenditure Required</td> </tr> <tr> <td>\$</td> <td>N/A</td> </tr> <tr> <td colspan="2">Amount Budgeted</td> </tr> <tr> <td>\$</td> <td>N/A</td> </tr> <tr> <td>Account No.</td> <td>N/A</td> </tr> <tr> <td>(Description)</td> <td></td> </tr> </table>	Expenditure Required		\$	N/A	Amount Budgeted		\$	N/A	Account No.	N/A	(Description)	
Expenditure Required														
\$	N/A													
Amount Budgeted														
\$	N/A													
Account No.	N/A													
(Description)														
City Attorney Approval	Reviewed 6/4/24 KWC													
City Manager's Recommendation	For discussion and direction only.													

SUMMARY STATEMENT

Background: Council requested a document showing future agenda items be added to the Council packet going forward. Attached as Exh. A is the Future Agenda Items document for review and discussion, and possible direction purposes.

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 only.

Date	Day	Time	Type	Topic	Agenda Section	Requestor	Estimated Total Time
PENDING ITEMS							
06/25/24	Tuesday	4:00 p.m.	Special Meeting				
				SS II & Fairfield Community CFDs Budget Adoption	Special	Cook	10 min
06/25/24	Tuesday	4:15 p.m.	Special Meeting				
				AB 3065 Public hearing/discussion/possible action regarding approval of a Resolution adopting the City of Sedona's Budget for Fiscal Year 2024-25.	Special	Stanley/McGann	15 min
06/25/24	Tuesday	4:30	Regular Meeting				
				AB 3061 Public hearing/discussion/possible action regarding an appeal of the Planning and Zoning Commission's April 16, 2024, approval of a development review application for the Oak Creek Heritage Lodge located at 65-195 Schnebly Hill Road & 20 Bear Wallow Lane. PZ23-00004 (DEV), APPE24-00001, APPE24-00002	Regular	Meyer	2 hours
				AB 3073 Discussion/Possible Action regarding approval of an Agreement for Sharing of Information Regarding Water Consumption and Water Service Disconnection with Arizona Water Company.	Regular	Christianson	15 min
				AB 3027 Discussion/possible direction/action regarding proposed State legislation, short-term rental legislation and State budget and their potential impact on the City of Sedona	Regular	Christianson	30 min
				AB 3066 Discussion/possible action regarding future meeting and agenda items.	Regular	Spickard	5 min
06/26/24	Wednesday	3:00 p.m.	Special Meeting				
07/09/24	Tuesday	4:30	Regular Meeting				

				AB 3054 Discussion/possible action regarding the approval of a revised Development Agreement with MK Company, Inc. including a long-term land lease and gap financing of \$7.75 million for the development of the Sunset Lofts.	Regular	Boone	40 min
				AB 3066 Discussion/possible action regarding future meeting and agenda items.	Regular	Spickard	5 min
07/10/24	Wednesday	3:00 p.m.	Special Meeting				
				HOLD - Traffic Update	Special	PD/PW	1 hour
				AB 3077 Discussion/possible action regarding the use of 401 Jordan for Housing	Special	Boone	1 hour
7/23/2024	Tuesday	4:30 p.m.	Regular Meeting	Council Recess, No Council Meeting	Regular		
7/24/2024	Wednesday	4:30 p.m.	Special Meeting	Council Recess, No Council Meeting	Special		
8/13/2024	Tuesday	4:30	Regular Meeting				
				AB 3071 Public Hearing #1 on draft Development Impact Fees Land Use Assumptions (LUA) and Infrastructure Improvement Plan (IIP).	Regular	Spickard	
				AB 3072 Public Hearing regarding a 3.6% Wastewater rate increase.	Regular	Stanley/McGann	
				AB 3075 Discussion/possible action regarding the Small Grant Evaluation Citizen Work Group recommendations for Fiscal Year 2025 Small Grants Program in the amount of \$xxx.	Regular	Spickard	1.5 hour
				Tentative Canvass Election	Regular	Cook	
				AB 3066 Discussion/possible action regarding future meeting and agenda items.	Regular	Spickard	5 min
08/14/24	Wednesday	3:00 p.m.	Special Meeting				
				AB 3076 Presentation/discussion regarding tourism visitor data.	Special	Browne	1 hour
				AB 3025 Presentation/discussion regarding the findings and recommendations of the Airport Assessment.	Special	Dickey	1 hour
08/27/24	Tuesday	4:30	Regular Meeting	No Council Meetings, Council at LACT Conference			

8/28/2024	Wednesday	3:00 p.m.	Special Meeting	No Council Meetings, Council at LACT Conference			
09/10/24	Tuesday	4:30	Regular Meeting				
				AB 3066 Discussion/possible action regarding future meeting and agenda items.	Regular	Spickard	5 min
09/11/24	Wednesday	3:00 p.m.	Special Meeting				
9/24/2024	Tuesday	4:30	Regular Meeting				
				AB 3035 Public Hearing/discussion/possible action regarding a request for approval of a Zone Change (ZC) to allow for development of a 110-room hotel and 40-unit multifamily housing project (Village at Saddlerock Crossing) at 1259 & 1335 W State Route 89A; 82 & 86 Saddlerock Circle; and 105 Elk Road. The property is within the Soldiers Pass Community Focus Area, is ±6.3 acres, and is located south of the intersection of W State Route 89A and Soldiers Pass Road between Saddlerock Circle and Elk Road. APN: 408-26-004B, 408-26-004C, 408-26-009C, 408-26-009C, 408-26-010, 408-26-011, 408-26-012, 408-26-013, 408-26-014, 408-26-086A, 408-26-088. The requested Zone Change is from CO (Commercial) and RM-2 (Medium-High Density Multifamily) to L (Lodging). Case Number: PZ19-00005 (ZC, DEV) Owner/Applicant: The Baney Corporation (Curt Baney) Authorized Representative: Withey Morris Baugh, PLC (Jason Morris and Benjamin Tate).			
					Regular	Meyer	2 hour
				AB 3071 Adopt draft Development Impact Fees LUA and IIP.	Regular	Spickard	1 hour
				AB 3066 Discussion/possible action regarding future meeting and agenda items.	Regular	Spickard	5 min