



**Regular Session  
Queen Creek Town Council**

Community Chambers, 20727 E. Civic Parkway

June 3, 2020

6:30 PM

***Following the recommendations from the Center for Diseases Control and Prevention (CDC), to avoid gatherings of 10 or more people, as well as federal and state emergency declarations related to COVID-19, Queen Creek Town Council meeting physical attendance in the Council Chambers will be limited to members of the Town Council and necessary staff only. Some or all members of the Town Council and staff may attend electronically and/or by telephone.***

***Public access to the Town Council meeting is available online at [QueenCreek.org/WatchMeetings](http://QueenCreek.org/WatchMeetings). Submit Public Comments (Item 7) to the Town Council be sending an email to [PublicComment@queencreek.org](mailto:PublicComment@queencreek.org) by 6:30 p.m. on June 3, 2020; Address the Town Council on any of the items on the Public Hearing Consent Agenda (Item 10) and Public Hearing (Item 11) by sending an email to [PublicComment@queencreek.org](mailto:PublicComment@queencreek.org) (limited to 500 words – identify your name, address and whether you wish your comment to be read at the meeting or just submitted as part of the written record) or by WebEx (instructions at [QueenCreek.org/WatchMeetings](http://QueenCreek.org/WatchMeetings)). Speakers are limited to three (3) minutes each. Only one comment (either by email or by WebEx) per person per Agenda Item will be allowed and comments without identifying name and address will not be read or submitted as part of the written record.***

***Pursuant to A.R.S. §§ 38-431.02 and 38-431.03, notice is hereby given to the members of the Town Council and the general public that, at this Regular Meeting, the Town Council may vote at any time during the Council Meeting to go into Executive Session, which will not be open to the public, for legal advice and discussion with the Town Attorney(s) for legal advice on any item listed on the following agenda, pursuant to A.R.S. § 38-431.03(A)(3).***

***The Mayor or other presiding officer at the meeting may change the order of Agenda Items and/or take items on the Agenda in an order they determine is appropriate.***

- 1. Call to Order:**
- 2. Roll Call:** (Members of the Town Council may attend electronically and/or telephonically)
- 3. Pledge of Allegiance:**
- 4. Invocation/Moment of Silence:**

**Queen Creek Town Council**

**Regular Session**

**June 3, 2020**

**Page 2 of 4**

**5. Ceremonial Matters (Presentations, Proclamations, Awards, Guest Introductions and Announcements):**

- A. Proclamation: 245th Birthday of the United States Army (June 14, 2020)
- B. Proclamation: Dust Awareness Week
- C. Proclamation: Monsoon Awareness Week

**6. Committee Reports:**

- A. Council summary reports on meetings and/or conferences attended. This may include but is not limited to Phoenix-Mesa Gateway Airport; MAG; East Valley Partnership; CAG. The Council will not propose, discuss, deliberate or take legal action on any matter in the summary unless the specific matter is properly noticed for legal action.
- B. Committee and outside agency reports (only as scheduled)
  - 1. Economic Development Commission (May 27, 2020)

**7. Public Comments:** *Members of the public may address the Town Council on items not on the printed agenda and during Public Hearings. Please address the Town Council by sending an email to [PublicComment@queencreek.org](mailto:PublicComment@queencreek.org) by 6:30 p.m. on June 3, 2020 (limited to 500 words – identify your name, address and whether you wish your comment to be read at the meeting or just submitted as part of the written record). The Town Council may not discuss or take action on any issue raised during public comment until a later meeting. Speakers are limited to three (3) minutes each. Only one comment (either by email or by WebEx) per person per Agenda Item will be allowed and comments without identifying name and address will not be read or submitted as part of the written record.*

**8. Consent Agenda:** *Matters listed under the Consent Agenda are considered to be routine and will be enacted by one motion and one vote. Members of the Town Council and or staff may comment on any item without removing it from the Consent Agenda or remove any item for separate discussion and consideration.*

- A. Consideration and possible approval of the May 6, 2020 Regular Session Minutes.
- B. Consideration and possible approval of Expenditures over \$25,000. (FY20 Budgeted Items)
  - 1. East Valley Wellness Center LLC - Annual medical exams required for Fire Personnel: \$52,000 (Fire & Medical)

**Queen Creek Town Council**

**Regular Session**

**June 3, 2020**

**Page 3 of 4**

- C. Consideration and possible approval of a Cooperative Purchase Agreement with Toter, LLC using the City of Tucson contract #171717 in an amount not to exceed \$250,000 for the purchase of residential trash and recycling carts. (FY20 Budgeted Item)

**9. Items for Discussion:** *These items are for Town Council discussion only and no action will be taken. In general, no public comment will be taken.*

- A. None.

**10. Public Hearing Consent Agenda:** *Matters listed under the Public Hearing Consent Agenda are considered to be routine and will be enacted by one motion and one vote. Please address the Town Council on any of the items on the Public Hearing Consent Agenda by sending an email to [PublicComment@queencreek.org](mailto:PublicComment@queencreek.org) (limited to 500 words – identify your name, address and whether you wish your comment to be read at the meeting or just submitted as part of the written record) or by WebEx (instructions at [QueenCreek.org/WatchMeetings](http://QueenCreek.org/WatchMeetings)). Speakers are limited to three (3) minutes each. Only one comment (either by email or by WebEx) per person per Agenda Item will be allowed and comments without identifying name and address will not be read or submitted as part of the written record.*

- A. Public Hearing and Possible Action on Ordinance 731-20, Case P18-0193 Empire Point, a request from Sean Lake, Pew and Lake PLC, to Rezone from R1-43 to R1-5/PAD and C-2 for a 533 lot single-family residential subdivision on approximately 180 acres located at the northwest corner of Empire Boulevard and Gary Road.

**11. Public Hearings:** *If you wish to speak to the Town Council on any of the items listed as a Public Hearing, please address the Town Council by sending an email to [PublicComment@queencreek.org](mailto:PublicComment@queencreek.org) (limited to 500 words – identify your name, address and whether you wish your comment to be read at the meeting or just submitted as part of the written record) or by WebEx (instructions at [QueenCreek.org/WatchMeetings](http://QueenCreek.org/WatchMeetings)). Speakers are limited to three (3) minutes each. Only one comment (either by email or by WebEx) per person per Agenda Item will be allowed and comments without identifying name and address will not be read or submitted as part of the written record.*

- A. None.

**12. Final Action:** *If you wish to speak to the Town Council on any of the items listed under Final Action, please address the Town Council by sending an email to [PublicComment@queencreek.org](mailto:PublicComment@queencreek.org) (limited to 500 words – identify your name, address and whether you wish your comment to be read at the meeting or just submitted as part of the written record) or by WebEx (instructions at [QueenCreek.org/WatchMeetings](http://QueenCreek.org/WatchMeetings)). Speakers are limited to three (3) minutes each. Only one comment (either by email or by WebEx) per person*

**Queen Creek Town Council**

**Regular Session**

**June 3, 2020**

**Page 4 of 4**

*per Agenda Item will be allowed and comments without identifying name and address will not be read or submitted as part of the written record.*

- A. Consideration and possible adoption of Resolution 1352-20 authorizing the execution and delivery of a purchase agreement, a trust agreement, a continuing disclosure undertaking and an obligation purchase contract as well as agreements with a financial advisor and special counsel; approving the sale and execution and delivery of excise tax and state shared revenue obligations, Series 2020, evidencing a proportionate interest of the owners thereof in such purchase agreement; approving an official statement; adopting post-issuance continuing disclosure compliance procedures in connection with issuance of obligations of the Town; delegating the determination of certain terms of such obligations and matters related thereto to the Manager and Chief Financial Officer of the Town; authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this Resolution and declaring an emergency.
- B. Consideration and possible action on the Town's FY 2020/21 Tentative Budget of \$409.1M and request to set the Public Hearing for June 17, 2020 for both the Final Budget and the Truth-In-Taxation per requirements under Arizona State Statutes; and consideration and possible approval of Ordinance 730-20 amending the Town's Financial Policies and adding language address debt reserves.

**13. Adjournment**

Pursuant to ARS 38-431.02 notice is hereby given to the members of the Queen Creek Town Council and to general public that the Queen Creek Town Council will hold a meeting open to the public as set forth above.

I, Maria Gonzalez, do hereby certify that I caused to be posted this 26th day of May the Agenda for the June 3, 2020 Regular and Possible Executive Session of the Queen Creek Town Council in the following places: 1) Queen Creek Town Hall; 2) Queen Creek Library; 3) Queen Creek Community Center bulletin board.

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Maria E. Gonzalez, CMC

The Town of Queen Creek encourages the participation of disabled individuals in the services, activities, and programs provided by the Town. Individuals with disabilities who require reasonable accommodations in order to participate should contact the Town Clerk's office at (480) 358-3000.





Requesting Department

Town Clerk

**TO:** HONORABLE MAYOR AND TOWN COUNCIL  
**THROUGH:** JOHN KROSS, TOWN MANAGER, ICMA-CM  
**FROM:** MARIA GONZALEZ, TOWN CLERK  
**RE:** CONSIDERATION AND POSSIBLE APPROVAL OF THE MAY 6, 2020  
REGULAR SESSION MINUTES.  
**DATE:** June 3, 2020

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**Staff Recommendation:**

Approve the draft minutes as presented.

**Proposed Motion:**

To approve the draft minutes as presented.

**Alternatives:**

Council can request that revisions be made to the draft minutes and approve with revisions or continue to a future meeting.

**Attachment(s):**

1. Minutes 05-06-20
2. Committee Reports
3. PublicComments \_05-06-2020



**Regular Session Minutes  
Queen Creek Town Council**

Community Chambers, 20727 E. Civic Parkway

May 6, 2020

6:30 PM

**1. Call to Order:**

The meeting was called to order at 7:15 pm.

**2. Roll Call:** (Members of the Town Council may attend electronically and/or telephonically)

Gail Barney	Mayor	Present – WebEx
Julia Wheatley	Vice Mayor	Present
Robin Benning	Council Member	Present
Jeff Brown	Council Member	Present – WebEx
Jake Hoffman	Council Member	Present
Dawn Oliphant	Council Member	Present – WebEx
Emilena Turley	Council Member	Present

**3. Pledge of Allegiance:**

Led by Vice Mayor Wheatley.

**4. Invocation/Moment of Silence:**

A moment of silence was held for all the men and women in uniform who are making sure we have a safe place to live. This includes our own Queen Creek Fire and Medical department, local MCSO offices and all local medical staff.

**5. Ceremonial Matters (Presentations, Proclamations, Awards, Guest Introductions and Announcements):**

**A. Proclamation concerning the opening and reopening of Queen Creek Businesses.**

The proclamation was read by Council Member Hoffman and he thanked Queen Creek staff and Council for their support of local businesses. The proclamation supported the removal of the remaining business operating restrictions and the reopening of businesses in the State. The Town will take all efforts to facilitate a successful and immediate return to business in Queen Creek, complying with the guidelines issued by the Centers for Disease Control and Prevention and the Arizona Department of Health Services.

Attachment: Minutes 05-06-20 (Minutes)

**Queen Creek Town Council**  
**Regular Session Minutes**  
**May 6, 2020**  
**Page 2 of 5**

**6. Committee Reports:**

- A. Council summary reports on meetings and/or conferences attended. This may include but is not limited to Phoenix-Mesa Gateway Airport; MAG; East Valley Partnership; CAG. The Council will not propose, discuss, deliberate or take legal action on any matter in the summary unless the specific matter is properly noticed for legal action.

*See attached report.*

- A. Committee and outside agency reports (only as scheduled)

1. Economic Development Commission (April 22, 2020)

Vice Chair Shane Randall reported on new Economic Development Commission (EDC) members Marc Valenzuela from SRP and Queen Creek resident Nancy Hormann. The Commission congratulated former chair Lee Ester on his retirement from SRP and thanked him for his service on the EDC. Town staff provided information on COVID-19 assistance to local businesses; temporary signs and Planning Department projects in the pipeline.

- 7. Public Comments:** *Members of the public may address the Town Council on items not on the printed agenda and during Public Hearings. Please address the Town Council by sending an email to [PublicComment@queencreek.org](mailto:PublicComment@queencreek.org) by 6:30 p.m. on May 6, 2020 (limited to 500 words – identify your name, address and whether you wish your comment to be read at the meeting or just submitted as part of the written record). The Town Council may not discuss or take action on any issue raised during public comment until a later meeting. Speakers are limited to three (3) minutes each. Only one comment (either by email or by WebEx) per person per Agenda Item will be allowed and comments without identifying name and address will not be read or submitted as part of the written record.*

None.

- 8. Consent Agenda:** *Matters listed under the Consent Agenda are considered to be routine and will be enacted by one motion and one vote. Members of the Town Council and or staff may comment on any item without removing it from the Consent Agenda or remove any item for separate discussion and consideration.*

**Queen Creek Town Council**  
**Regular Session Minutes**  
**May 6, 2020**  
**Page 3 of 5**

<b>MOTION:</b>	<b>To approve the Consent Agenda</b>
<b>RESULT:</b>	<b>Approved unanimously (7-0)</b>
<b>MOVER:</b>	Julia Wheatley, Vice Mayor
<b>SECONDER:</b>	Robin Benning, Council Member
<b>AYES:</b>	Barney, Wheatley, Benning, Brown, Hoffman, Oliphant, Turley

- A. Consideration and possible approval of Expenditures over \$25,000. (FY20 Budgeted Items)
1. Hillyard - Consumable Supplies: \$25,000 (Public Works)
- B. Consideration and possible approval of two power distribution easements to be granted to Salt River Project on Rittenhouse Road for the Rittenhouse Road from 213th Street to Riggs Road Project (A0306).
- C. Consideration and possible approval of a First Amendment to the On-Call Project Order 27 with Sunrise Engineering for engineering services as needed increasing the total project order by \$20,000 for a total amount not to exceed \$44,999.
- D. Consideration and possible approval of contract spending authority for facility disinfecting services through Commercial Cleaning Services (CSS) Town Contract 2016-066, in an amount not to exceed \$450,000 for as needed ongoing COVID-19 virus disinfecting of Town facilities (Project IT043, and related budget adjustments).
- 9. Items for Discussion:** *These items are for Town Council discussion only and no action will be taken. In general, no public comment will be taken.*
- None.
- 10. Public Hearing Consent Agenda:** *Matters listed under the Public Hearing Consent Agenda are considered to be routine and will be enacted by one motion and one vote. Please address the Town Council on any of the items on the Public Hearing Consent Agenda by sending an email to [PublicComment@queencreek.org](mailto:PublicComment@queencreek.org) (limited to 500 words – identify your name, address and whether you wish your comment to be read at the meeting or just submitted as part of the written record) or by WebEx (instructions at [QueenCreek.org/WatchMeetings](http://QueenCreek.org/WatchMeetings)). Speakers are limited to three (3) minutes each. Only one comment (either by email or by WebEx) per person per Agenda Item will be allowed and comments without identifying name and address will not be read or submitted as part of the written record.*

**Queen Creek Town Council**  
**Regular Session Minutes**  
**May 6, 2020**  
**Page 4 of 5**

Mayor Barney opened the Public Hearing. Written comments from the following were read in favor of the AFT Brewery Series 3 In-State Microbrewery license application submitted by Bruce Frederick. *See attached comments.*

- Kent Moldovan (no address provided)
- Qui Vo, 2857 E. Detroit Street, Chandler, AZ 85225
- Sanjay Khunkhun, 378 W. Balsam Drive, Chandler AZ 85248
- Timothy Flores, 4264 E. Cherrywood Place, Chandler AZ 85249

A comment was submitted by Mike and Linda Dunn, 38141 N. Dunnbrokus Ranch Rd., San Tan Valley. The comment was received at approximately 7:21 p.m. but did not reference the specific Agenda Item and therefore it was not read out loud. Their comment is attached to the public record.

<b>MOTION:</b>	<b>To approve the Public Hearing Consent Agenda</b>
<b>RESULT:</b>	<b>Approved unanimously (7-0)</b>
<b>MOVER:</b>	Jake Hoffman, Council Member
<b>SECONDER:</b>	Emilena Turley, Council Member
<b>AYES:</b>	Barney, Wheatley, Benning, Brown, Hoffman, Oliphant, Turley

- A. Public Hearing and possible approval of a Series 3 In State Microbrewery license application submitted by Bruce Frederick on behalf of AFT Brewery LLC, 19312 E. Calle de Flores, Queen Creek, AZ 85142.
- B. Public Hearing and possible approval of a Series 12 Restaurant license application submitted by Andrea Dahlman Lewkowitz on behalf of Woodbarn BBQ, 23670 S. Power Road #101, Queen Creek, AZ 85142.
- C. Public hearing for "Empire Point," Case P18-0122, a proposed annexation of multiple parcels totaling approximately 195 acres, located at the northwest corner of Empire Boulevard and Gary Road.
- D. Public Hearing and Possible Action on Ordinance 726-20, Cases P19-0242 and P20-0040, The Academy PAD Rezone and Site Plan, request for a PAD rezone from R1-43 to Medium Density Residential (MDR)/PAD and Site Plan approval for 220 units on approximately 21.73 acres, located east of the northeast corner of Meridian and Combs Roads.

**11. Public Hearings:** *If you wish to speak to the Town Council on any of the items listed as a Public Hearing, please address the Town Council by sending an email to [PublicComment@queencreek.org](mailto:PublicComment@queencreek.org) (limited to 500 words – identify your name, address and*

**Queen Creek Town Council**  
**Regular Session Minutes**  
**May 6, 2020**  
**Page 5 of 5**

*whether you wish your comment to be read at the meeting or just submitted as part of the written record) or by WebEx (instructions at [QueenCreek.org/WatchMeetings](http://QueenCreek.org/WatchMeetings)). Speakers are limited to three (3) minutes each. Only one comment (either by email or by WebEx) per person per Agenda Item will be allowed and comments without identifying name and address will not be read or submitted as part of the written record.*

None.

- 12. Final Action:** *If you wish to speak to the Town Council on any of the items listed under Final Action, please address the Town Council by sending an email to [PublicComment@queencreek.org](mailto:PublicComment@queencreek.org) (limited to 500 words – identify your name, address and whether you wish your comment to be read at the meeting or just submitted as part of the written record) or by WebEx (instructions at [QueenCreek.org/WatchMeetings](http://QueenCreek.org/WatchMeetings)). Speakers are limited to three (3) minutes each. Only one comment (either by email or by WebEx) per person per Agenda Item will be allowed and comments without identifying name and address will not be read or submitted as part of the written record.*

None.

**13. Adjournment**

The meeting adjourned at 7:35p.m.

TOWN OF QUEEN CREEK

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Gail Barney, Mayor

ATTEST:

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Maria Gonzalez, Town Clerk

I, Maria Gonzalez, do hereby certify that to the best of my knowledge and belief, the foregoing Minutes are a true and correct copy of the Minutes of the May 6, 2020 Regular Session of the Queen Creek Town Council. I further certify that the meeting was duly called and that a quorum was present.

Passed and approved on June 3, 2020.

# Council Committee Reports (1)

- 04/16 – Valley Metro Board Meeting (Barney)
- 04/16 – Governor’s Office Mayors COVID-19 Update (Barney)
- 04/16 – Maricopa County Public Health COVID-19 Update Call for Municipal Leaders (Barney, Oliphant, Wheatley)
- 04/17 – Quarantine and Domestic Violence - Brain Injury Alliance of Arizona (Brown)
- 04/17 – RLG - COVID-19 and its impact on small business and real estate (Brown)
- 04/20 – Meeting with Warde Nichols (Benning)
- 04/20 – Radio interview on reopening Queen Creek parks (Hoffman)
- 04/20 – Fox 10 interview on reopening Queen Creek parks (Hoffman)
- 04/21 – AZ Commerce Authority - Surviving COVID-19: A Guide to Small Businesses (Brown)
- 04/21 – Phoenix-Mesa Gateway Board Meeting (Barney)
- 04/22 – EDC Meeting (Barney, Oliphant)
- 04/22 – National COVID-19 Briefing Call with State, Local, and Tribal Officials (Barney Hoffman, Oliphant)
- 04/22 – MAG Regional Council Meeting (Barney)
- 04/23 – Meeting with Warde Nichols (Hoffman)
- 04/23 – COVID-19 Conference Call with Senator McSally (Barney)



## Council Committee Reports (2)

- 04/23 – QCBRA & HPEC Meeting (Benning)
- 04/23 – Maricopa County Public Health COVID-19 Update Call for Municipal Leaders (Barney, Benning, Brown, Oliphant, Wheatley)
- 04/27 – CAG Regional Council Briefing (Benning)
- 04/28 – GPEC - Mayors Roundtable (Brown)
- 04/29 – Panel Discussion - Criminal Justice Reform with Maricopa County Attorney Allister Adel (Brown)
- 04/29 - CAG Regional Council Meeting (Benning)
- 04/30 – Meeting with Warde Nichols (Oliphant)
- 04/30 – Conference Call with Congressman Biggs (Barney)
- 04/30 – Maricopa County Public Health COVID-19 Update Call for Municipal Leaders (Barney, Benning, Brown, Oliphant, Wheatley)
- 05/01 – Zoom conference with senior staff on supporting immediate reopening of Queen Creek businesses (Hoffman)
- 05/02 – Conference calls with senior staff and law enforcement on ways to support reopening of businesses (Hoffman)
- 05/05 – League PSMAC Meeting (Wheatley)
- 05/05 – League TIPW Meeting (Brown)





Maria Gonzalez <maria.gonzalez@queencreek.org>

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## Brewery

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'Kent Moldovan' via publiccomment <publiccomment@queencreek.org>

Tue, May 5, 2020 at 3:49 PM

Reply-To: Kent Moldovan <kmoldo@me.com>

To: publiccomment@queencreek.org

I support local breweries. We need more in the valley, especially in Queen Creek area.

Thanks,  
Kent Moldovan

Sent from my iPhone

Attachment: Public Comments \_05-06-2020 (Minutes)



Maria Gonzalez &lt;maria.gonzalez@queencreek.org&gt;

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## Public Hearing & Possible approval of a Series 3 In state Microbrewery License for AFT Brewery LLC

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Qui Vo <quinvo@gmail.com>  
To: publiccomment@queencreek.org

Tue, May 5, 2020 at 1:50 PM

Qui Vo  
2857 E. Detroit Street  
Chandler, AZ 85225

Dear Town Council,

I have met Bruce several years ago through a mutual friend and had the pleasure of trying several of his beers. He has put in the time and effort to master what is considered one of his passions, crafting beer. Bruce has been doing this for years at home for family and friends. And takes great pride seeing someone enjoying one of his craft beers.

I am a big supporter of local businesses and the sense of community they create therefore I fully endorse a Microbrewery license for AFT Brewery, LLC.

Best Regards,

Qui Vo

\*\*This email can be read at the meeting or submitted as part of the written record.\*\*

Attachment: Public Comments\_05-06-2020 (Minutes)



Maria Gonzalez <maria.gonzalez@queencreek.org>

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## Public comment

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**Sanjay Khunkhun** <sanjay.khunkhun@gmail.com>  
To: publiccomment@queencreek.org

Tue, May 5, 2020 at 7:41 PM

To whom it may concern:

I support approval of a Series 3 In state Microbrewery license application submitted by Bruce Frederick on behalf of AFT Brewery, LLC. The company produces high quality products and will be an asset to the local market.

Sanjay Khunkhun  
378 W Balsam Dr  
Chandler, AZ 85248

Attachment: Public Comments \_05-06-2020 (Minutes)



Maria Gonzalez <maria.gonzalez@queencreek.org>

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## Re: AFT Brewery LLC hearing

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Tim Flores <tflores7007@gmail.com>  
To: PublicComment@queencreek.org

Tue, May 5, 2020 at 8:55 PM

Dear Members of the Town Council,

My name is Timothy Flores ([4264 E Cherrywood Pl, Chandler 85249](#)) and I would like to submit comments regarding application by Bruce Frederick on behalf of AFT Brewery LLC. Comments may be read in addition to being included as part of the written record.

Nothing hits the spot quite like an ice cold beer on a warm summer day in Arizona. And if it's from a local brewer? It is twice as enjoyable to have a great product *and* support local business. Having tasted samples from AFT, I can say without a doubt that this would be an exceptional addition for consumers to try. I know that I would love to be able to purchase the offerings of this local brewery at different stores or bars and restaurants. I've known Bruce for over 10 years both personally and professionally and what he has done and hopes to do with AFT Brewery is something I think Queen Creek would be proud to call their own. The combination of a great individual with a great product would represent your town very well.

Thank you for your time regarding this matter.

Sincerely,  
Timothy Flores

Attachment: Public Comments \_05-06-2020 (Minutes)



Maria Gonzalez &lt;maria.gonzalez@queencreek.org&gt;

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## Final action on AFT Brewery LLC liquor license

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**'Bruce Frederick' via publiccomment** <publiccomment@queencreek.org>

Sun, May 3, 2020 at 6:09 PM

Reply-To: Bruce Frederick &lt;morningwood@me.com&gt;

To: publiccomment@queencreek.org

Honorable Mayor and Town Council,

My name is Bruce Frederick owner of AFT Brewery, my home address is [19312 E Calle De Flores, Queen Creek, AZ. 85142](#). These comments can be submitted for written records and do not have to be read.

I would like to clarify our intentions concerning AFT Brewery. We have been residents in the town at our current address since 1986. We want to be a Queen Creek Brewery and with your help we think Queen Creek can become a destination for residents to visit breweries. Brian at Ellsworth shares our goals to have a number of breweries to visit in the Town of Queen Creek.

We are building our business organically and this is very hard in the Brewery business because of the expenses required. We are trying to follow the 12 West Brewery model which is to brew at a location that is not open to the public for consumption, but supplies our tap room and other tap houses, restaurants, as well as guest taps at other breweries. We have no intention of having customers come to the brewery to consume alcoholic beverages on premises. We will not have a patio or a tap room on premises. This is only for brewing and refining recipes for production for off sale only. We have had numerous opportunities to locate in Gilbert, and Mesa, but we want to be a part of Queen Creek and support our community. Because of the current national crisis we have not found a location for our tap room in Queen Creek but fully intend to locate here.

Our mission is to brew craft beer that anyone can enjoy no matter what your taste preference is. If you like a clean lager, english bitter, pale ale, IPA or stout, we have recipes for all. I also brew beer with the fruit from my 40 citrus trees on my property. I have been home brewing since 1993 and have won several awards in local competitions as well as national. I would appreciate the opportunity to share my beer with the community.

Thank you very much for consideration,  
Bruce Frederick

Attachment: Public Comments \_05-06-2020 (Minutes)



David De Anda <david.deanda@queencreek.org>

**Print Please**

1 message

**Terry Diamond** <terry.diamond@queencreek.org>  
To: David De Anda <david.deanda@queencreek.org>

Wed, May 6, 2020 at 7:21 PM

Mike and Linda Dunn  
38141 N. Dunnbrokus Ranch Rd.  
SanTan Valley

Opposed - didn't list what item though

We do not have a microphone or we would speak. In Sun Valley 4 CCR's we have specific easements, one of which this project is encroaching in from the west. This is not legal according to our CC'R. Please look into this! Thank you, The Dunn's

**Terry Diamond**  
IT Program Manager  
p: (480) 358-3269  
m:(480) 276-3475  
e: [terry.diamond@queencreek.org](mailto:terry.diamond@queencreek.org)  
22358 S Ellsworth Road, Queen Creek, AZ 85142  
Office hours: Monday – Thursday, 7 a.m. – 6 p.m., closed on Fridays



E-mails generated by council members, members of Town commissions and committees and by staff and that pertain to Town business are public records. These e-mails are preserved as required by law and generally are available for public inspection. E-mail correspondence is regularly reviewed by members of the public, media outlets and reporters. To ensure compliance with the Open Meeting Law, members of the Town Council, Commissions and Committees should not forward or copy e-mail correspondence to other members of the Council, boards or commissions and should not use reply all when responding to this message. Any questions should be directed to the Town Attorney: (602) 285-5000.

Attachment: Public Comments\_05-06-2020 (Minutes)



Requesting Department

Finance

**TO:** HONORABLE MAYOR AND TOWN COUNCIL  
**THROUGH:** JOHN KROSS, TOWN MANAGER, ICMA-CM  
**FROM:** MELISSA BAUER, PROCUREMENT MANAGER  
**RE:** CONSIDERATION AND POSSIBLE APPROVAL OF EXPENDITURES OVER \$25,000. (FY20 BUDGETED ITEMS)  
**DATE:** June 3, 2020

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**Staff Recommendation:**

Staff recommends approval of expenditures \$25,000 and over.

**Relevant Council Goal(s):**

N/A

**Proposed Motion:**

Move to approve Town expenditures \$25,000 and over, pursuant to Town Purchasing Policy.

**Discussion:**

The following item being requested is:

1. Annual medical exams required for fire personnel.

**Fiscal Impact:**

The fiscal impact of the requested spending authority for the above expenditure is \$52,000 (Revised Amount). Funds have been identified within the line item budget as approved in the FY 2020 budget or subsequently approved by Council.

**Attachment(s):**

1. Attachment June 03, 2020 Expenditures over \$25k

**Attachment: Expenditures \$25,000 and Over  
Budgeted in Fiscal Year 2019-20  
June 3, 2020**

Item #	Vendor(s)	Description	Purpose	Requesting Dept(s)	Fiscal Impact \$	Procurement Method	Alternative
1	East Valley Wellness Center LLC	Annual medical exams required for fire personnel.	Spending authority to cover additional testing needed in association with the medical exams required for fire personnel. On April 15, 2020, Council approved spending authority for annual physicals in the amount of \$40,000. The amount did not include the additional testing recommended by the departments mental wellness doctor bringing the revised total to \$52,000 (FY20 budgeted item).	Fire & Medical	\$52,000 (Revised Amount)	Exempt Procurement	It is recommended by the National Fire Protection Association that firefighters receive an annual physical in order to maintain good health and to preempt any medical conditions that could arise as a result of job-related hazards. While continuing with annual physicals is recommended, the only alternative could be to research other providers to determine the best price.

Attachment: Attachment June 03, 2020 Expenditures over \$25k (Expenditures Over \$25,000)





Requesting Department

Public Works

**TO:** HONORABLE MAYOR AND TOWN COUNCIL  
**THROUGH:** JOHN KROSS, TOWN MANAGER, ICMA-CM  
**FROM:** TROY WHITE, PUBLIC WORKS DIRECTOR  
**RE:** CONSIDERATION AND POSSIBLE APPROVAL OF A COOPERATIVE PURCHASE AGREEMENT WITH TOTER, LLC USING THE CITY OF TUCSON CONTRACT #171717 IN AN AMOUNT NOT TO EXCEED \$250,000 FOR THE PURCHASE OF RESIDENTIAL TRASH AND RECYCLING CARTS. (FY20 BUDGETED ITEM)  
**DATE:** June 3, 2020

---

**Staff Recommendation:**

Staff recommends approval of a Cooperative Purchase Agreement with Toter, LLC using the City of Tucson contract #171717 in an amount not to exceed \$250,000 for the purchase of residential trash and recycling carts. (FY20 budgeted item)

**Relevant Council Goal(s):****Effective Government****Proposed Motion:**

Motion to approve Cooperative Purchase Agreement with Toter, LLC using the City of Tucson contract #171717 in an amount not to exceed \$250,000 for the purchase of residential trash and recycling carts. (FY20 budgeted item)

**Discussion:**

The Town of Queen Creek currently utilizes the Town of Gilbert's Contract #2015-4105-0589 for trash and recycling cart purchases; however, the contract will expire at the end of June 2020.

The Town has utilized Toter carts since the inception of the solid waste and recycling program in 2010. Toter carts have a 12-year warranty and an established record of reliability and longevity. Additionally, because the carts have an expected life of 15-18 years, the Town has been able to realize considerable savings in terms of cart replacements and decreased customer service complaints. Therefore, staff is recommending continuing with Toter carts and

utilizing the Cooperative Contract from the City of Tucson.

**Fiscal Impact:**

Funding for the \$250,000 purchase of residential trash and recycling carts is available within the Solid Waste Enterprise Fund, cart inventory account #215-000-0000-00000-155000.

**Alternatives:**

Council could choose to not enter into this agreement with Toter, LLC and could direct staff to begin our own competitive bid process; however, because the Town does not purchase a significant number of carts annually, we would be unlikely to secure pricing lower than what is available under the City of Tucson contract.

**Attachment(s):**

1. a. Cooperative Purchase Agreement

## COOPERATIVE PURCHASE AGREEMENT

THIS AGREEMENT (The “Agreement”) is made and entered into effective as of \_\_\_\_\_, 2020 (the “Effective Date”), by and between the Town of Queen Creek, Arizona, an Arizona municipal corporation (“Town”), and Toter, LLC a North Carolina Limited Liability corporation (“Contractor”). The Town and the Contractor are sometimes referred to in this Agreement collectively as the “Parties” and each individually as a “Party.”

### RECITALS:

WHEREAS, the Town requires refuse and recycling container solutions and related products, equipment, and services; and

WHEREAS, refuse and recycling container solutions and related products, equipment, and services is available through a cooperative contract with City of Tucson, Arizona and National Intergovernmental Purchasing Alliance (National IPA); and

WHEREAS, The Parties wish to enter into an Agreement pursuant to the terms and conditions of that outside contract number 171717 and all subsequent revisions, between City of Tucson, Arizona and National IPA and the Contractor (the “Original Contract”) Such action is authorized under A.R.S. §41-2632 and is pursuant to the terms of the Maricopa County multi-agency purchasing cooperative. All capitalized terms used without definition in this Agreement shall have the definitions ascribed to them in the Original Contract.

### AGREEMENTS:

NOW, THEREFORE, for and in consideration of the foregoing Recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the terms of the Original Contract as follows:

1. Reaffirmation of Original Contract. The Original Contract shall remain in full force and effect, and all terms and conditions of the Original Contract are hereby incorporated by reference into this Agreement, creating an agreement identical in terms between the Town and the Contractor. In the event of any conflict between this Agreement and the Original Contract, the terms of this Agreement shall prevail. In the Original Contract, the terms “City of Tucson, Arizona and National IPA” or “City/National IPA” shall be deemed to be and refer to the Town, and the term “Contractor” shall be deemed to be and refer to the Contractor under this Agreement. The amount paid under this Agreement shall be on an as needed basis and any purchases will follow the Town’s Procurement Policy and Procedures.

2. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, binding on all of the Parties. The Parties agree that this Agreement may be transmitted between them via facsimile. The Parties intend that the faxed signatures constitute original signatures and that a faxed agreement containing the signatures (original or faxed) of all the Parties is binding upon the Parties.

3. Compliance with Federal and State Laws.

3.1 The Contractor understands and acknowledges the applicability to it of the American with Disabilities Act, the Immigration Reform and Control Act of 1986 and the Drug Free Workplace Act of 1989.

3.2 Pursuant to the provisions of A.R.S. §41-4401, the Contractor warrants to the Town that the Contractor and all its subcontractors are in compliance with all Federal Immigration laws and regulations that relate to their employees and with the E-Verify Program under A.R.S. §23-214(A).

A breach of this warranty by the Contractor or any of its subcontractors will be deemed a material breach of this Contract and may subject the Contractor or subcontractor to penalties up to and including termination of this Contract or any subcontract.

The Town retains the legal right to inspect the papers of any employee of the Contractor or any subcontractor who works on this Contract to ensure that the Contractor or any subcontractor is complying with the warranty given above.

The Town may conduct random verification of the employment records of the Contractor and any of its subcontractors to ensure compliance with this warranty.

The Town will not consider the Contractor or any of its subcontractors in material breach of this Contract if the Contractor and its subcontractors establish that they have complied with the employment verification provisions prescribed by 8 USCA §1324(a) and (b) of the Federal Immigration and Nationality Act and the E-Verify requirements prescribed by A.R.S. §23-214(A). The “E-Verify Program” means the employment verification pilot program as jointly administered by the United States Department of Homeland Security and the Social Security Administration or any of its successor programs.

The provisions of this Article must be included in any contract the Contractor enters into with any and all of its subcontractors who provide services under this Contract or any subcontract. “Services” are defined as furnishing labor, time or effort in the State of Arizona by a contractor of subcontractor. Services include construction or maintenance of any structure, building or transportation facility or improvement to real property.

3.3 This Agreement is subject to cancellation for conflicts of interest pursuant to A.R.S. § 38-511.

3.4 Israel Boycott Provision. To the extent applicable Contractor certifies to Town that it is not currently engaged in and agrees for the duration of the contract not to engage in a boycott of Israel as defined in A.R.S. § 35-393.

4. All warranties, representations and indemnifications by Contractor shall survive the completion or termination of this Agreement.

5. The Contractor shall provide the Services described in Exhibit A attached hereto and incorporated herein. Unless expressly excluded, in writing, in the Agreement, the Services

Attachment: a. Cooperative Purchase Agreement (Toter Cooperative)

shall include any and all services reasonably contemplated, normally included, and necessary to complete the Services set forth in the Scope of Services described in Exhibit A in a good and workmanlike manner with due diligence and, at a minimum, in conformance with generally accepted industry standards and standard of care for like professionals in the same geographic area.

**THE REST OF THIS PAGE INTENTIONALLY LEFT BLANK**

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the Effective Date set forth above.

Town of Queen Creek, an Arizona municipal corporation

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Mayor Gail Barney

By: \_\_\_\_\_  
Town Manager John Kross

Attest: \_\_\_\_\_  
Town Clerk Jennifer Robinson

Approved as to form:

By: \_\_\_\_\_  
Dickinson Wright PLLC  
Town Attorneys

Toter, LLC

Date: May 11, 2020

By: *Laura P. Hubbard*

Its: Laura P. Hubbard, Director of Municipal Sales

Attachment: a. Cooperative Purchase Agreement (Toter Cooperative)



CITY OF  
TUCSON

DEPARTMENT OF  
PROCUREMENT

## NOTICE OF INTENT TO AWARD

October 17, 2017

Henry Retamal, President  
Toter, LLC  
841 Meacham Road  
Statesville, NC 28677  
[kclark@toter.com](mailto:kclark@toter.com)

**Reference: Request for Proposal No. 171717  
Refuse and Recycling Container Solutions and Related  
Products, Equipment and Services**

Dear Mr. Retamal:

It is the City's intent to accept your proposal for the above referenced solicitation.

It shall be your responsibility to forward to this department, **within ten (10) days of the date of this letter**, the items noted on the attached document.

This Notice of Intent to Award is not a contract and does not establish any contractual relationship. The provision of those items indicated on the attached check sheet is one condition precedent to contract execution. The contract is not deemed to be executed until it is signed by the City's Director of Procurement and approved as to form by the City Attorney.

Should you have any questions regarding this letter, please me at (520) 837-4123.

Sincerely,

Jeffrey Whiting  
Senior Contract Officer

JW/lr

Cc: File

Attachments

ADMINISTRATION • DESIGN AND CONSTRUCTION SERVICES • GOODS AND SERVICES  
MAIL SERVICES • S.A.M.M. (SURPLUS AUCTION MATERIALS MANAGEMENT)  
CITY HALL • 255 W. ALAMEDA • P.O. BOX 27210 • TUCSON, AZ 85726-7210  
(520) 791-4217 • FAX (520) 791-4735 • TTY (520) 791-2639  
[www.tucsonprocurement.com](http://www.tucsonprocurement.com)

Attachment: a. Cooperative Purchase Agreement (Toter Cooperative)

### CITY OF TUCSON INSURANCE REQUIREMENTS

In conjunction with any work or services performed for the City of Tucson, the Contractor must furnish evidence of insurance in limits and coverage as follows:

COVERAGE	LIMITS OF LIABILITY
<b>I. Commercial General Liability:</b>	
Policy shall include Bodily Injury, Property Damage, Personal Injury and Broad Form Contractual Liability	
Each Occurrence	\$1,000,000
General Aggregate	\$2,000,000
Products & Completed Operations Aggregate	\$2,000,000
Personal and Advertising Injury	\$1,000,000
Blanket Contractual Liability	\$1,000,000
<b>II. Commercial Automobile Liability</b>	
Policy shall include Bodily Injury and Property Damage, for any owned, Hired, and/or Non-owned vehicles used in the operation, installation and maintenance of facilities under this agreement.	
Combined Single Limit	\$1,000,000
<b>III. Workers' Compensation (applicable to the State of Arizona)*1</b>	
Per Occurrence	Statutory
Employer's Liability	\$1,000,000
Disease Each Employee	\$1,000,000
Disease Policy Limit	\$1,000,000

\*1 Sole Proprietor/Independent Contractor designation is given to those who desire to waive their rights for workers' compensation coverage and benefits as outlined in ARS§ 23-901 and specifically ARS § 23-961 (O). If applicable, please request the Sole Proprietor/Independent Contractor form from the Contract Officer listed in the solicitation.

- A. ADDITIONAL INSURANCE REQUIREMENTS:** Policies shall be endorsed to include the following provisions:
  1. A waiver of subrogation endorsement in favor of the City of Tucson, for losses arising from work performed by or on behalf of the Contractor (including Worker's Compensation).
  2. The insurance afforded the contractor shall be primary insurance and that any insurance carried by the City of Tucson and its agents, officials or employees shall be excess and not contributory.
  3. Coverage provided by the Contractor shall not be limited to the liability assumed under the indemnification provisions of this Contract.
- B. NOTICE OF COVERAGE MODIFICATIONS:** Any changes material to compliance with this contract in the insurance policies above shall require 10 days written notice from the Contractor to the City of Tucson. Such notice shall be sent directly to the Department of Procurement.
- C. ACCEPTABILITY OF INSURERS:** Contractors insurance shall have an "A.M. Best" rating of not less than A:VII. The City of Tucson in no way warrants that the required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.
- D. VERIFICATION OF COVERAGE:** Contractor shall furnish the City of Tucson with certificates of insurance (ACORD form or equivalent approved by the City of Tucson) as required by this Contract. The certificates for each insurance policy are to be signed by an authorized representative.

Attachment: a. Cooperative Purchase Agreement (Toter Cooperative)



All certificates and endorsements are to be received and approved by the City of Tucson before work commences. Each insurance policy required by this Contract must be in effect at or prior to commencement of work and remain in effect for the duration of the contract and two (2) years after completion. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal upon the City's request, is a material breach of contract.

All certificates required by this Contract shall be sent directly to the Department of Procurement.

The City of Tucson project/contract number and project description shall be noted on the certificate of insurance. The City of Tucson reserves the right to require complete copies of all insurance policies required by this Contract at any time.

- E. **SUBCONTRACTORS:** Contractors' certificate(s) shall include all subcontractors as insureds under its policies **or** Contractor shall furnish to the City of Tucson separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum requirements identified above.
- F. **EXCEPTIONS:** In the event the Contractor or sub-contractor(s) is/are a public entity, then the Insurance Requirements shall not apply. Such public entity shall provide a Certificate of Self- Insurance.

**SPECIAL CONDITIONS:**

1. ***The Comprehensive General Liability and Automotive Insurance will include the City of Tucson as an additional insured with respect to liability arising out of the performance of this Contract.***
2. Policies will not be cancelled or reduced in coverage without ten (10) days written notice to the City of Tucson, Procurement Department/Contract Services Division, P.O. Box 27210, Tucson, AZ 85726-7210.
3. Deductibles will be stated on the certificate of insurance and are subject to the review and approval of the City.

THE CITY RESERVES THE RIGHT TO CHANGE OR MODIFY LIMITS OF LIABILITY OR COVERAGES FOR CONTRACTS ON AN UNUSUAL SIZE OR RISK.

Attachment: a. Cooperative Purchase Agreement (Toter Cooperative)

CITY OF TUCSON DEPARTMENT OF PROCUREMENT  
255 W. ALAMEDA, 6TH FLOOR, TUCSON, AZ 85701

REQUEST FOR PROPOSAL NO.171717  
PAGE 32 OF 33  
CONTRACT OFFICER: Jeffrey Whiting  
PH: (520) 837-4123 / FAX: (520) 791-4735

### OFFER AND ACCEPTANCE

#### OFFER

**TO THE CITY OF TUCSON:**

The Undersigned hereby offers and shall furnish the material or service in compliance with all terms, scope of work, conditions, specifications, and amendments in the Request for Proposal which is incorporated by reference as if fully set forth herein.

For clarification of this offer, contact:

Toter, LLC  
Company Name

841 Meacham Road  
Address

Statesville      NC      28677  
City                      State                      Zip

  
Signature of Person Authorized to Sign

Henry Retamal  
Printed Name

President  
Title

Name: Kellie Clark

Title: Sr. Manager, Bids/Contracts

Phone: 800-424-0422, Ext 257

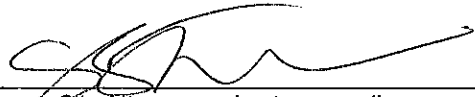
Fax: 704-878-0734

E-mail: kclark@toter.com

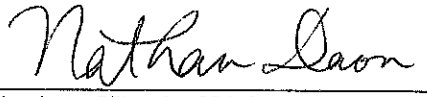
#### ACCEPTANCE OF OFFER

The Offer is hereby accepted. The Contractor is now bound to sell the materials or services specified in the Contract. This Contract shall be referred to as Contract No. 171717-01.

Approved as to form this 31<sup>st</sup> day of Oct, 2017.

  
As Tucson City Attorney and not personally

CITY OF TUCSON, a municipal corporation  
Awarded this 30<sup>th</sup> day of October, 2017.

  
for Marcheta Gillespie, CPPO, C.P.M., CPPB, CPM  
As Director of Procurement and not personally

Attachment: a. Cooperative Purchase Agreement (Toter Cooperative)



**CITY OF  
TUCSON**

DEPARTMENT OF  
PROCUREMENT

November 15, 2017

*Sent via electronic mail, this day*

Henry Retamal, President  
Toter, LLC  
841 Meacham Road  
Statesville, NC 28677  
[kclark@toter.com](mailto:kclark@toter.com)

Re: Contract No.: **171717-01**  
Contract Title: **Refuse and Recycling Container Solutions and  
Related Products, Equipment and Services**

Dear Mr. Retamal:

The City of Tucson has awarded your firm the contract for furnishing the City's requirements for **Refuse and Recycling Container Solutions and Related Products, Equipment and Services** during the time period of February 1, 2018 through January 31, 2019.

Please find attached your pdf copy of the contract, purchase order and the Designation of Contract Representative Memorandum outlining the duties and responsibilities of the representative as they relate to this contract. If you have any questions concerning this award, please contact me at (520) 837-4123.

The City wishes to thank you for your interest and proposal.


Sincerely,

Jeffrey Whiting  
Senior Contract Officer

JW/lr

Attachments

Cc: File 171717

<b>Purchase Order</b>	PO Printed Date: 10/31/2017
	City of Tucson Procurement Department 255 W Alameda P.O. Box 27210 Tucson, 85726 USA

V E N D O R	Vendor Number: 0763040  <b>TOTER INC</b> KELLIE CLARK 841 MEACHAM RD PO BOX 5338 STATESVILLE, NC 28687 Email: ckitts@toter.com Phone: (704)872-8171 Website: www.toter.com Id: 16856
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PO Date: 10/31/2017 Buyer: Jeffrey Whiting Phone #: (520)837-4123 FOB: Terms: Net 30	<b>Purchase Order Number 40582 : 0</b>  <b>ALL PACKING SLIPS, INVOICES AND CORRESPONDENCE MUST REFERENCE THIS NUMBER.</b>
--	---

S H I P T O	ENVIR - Environmental Services PARK - Environmental Services-Park Environmental Services 4004 S Park, Bldg 1 Tucson, AZ 85714
----------------------------	---

I N V O I C E	ENVIR - Environmental Services Finance/Accounts Payable PO Box 27450 Tucson, AZ 85726-7450 USA
---------------------------------	--

Department	Bid Number	Requisition Number	Delivery Date
ENVIR - Environmental Services		1744745	0 Days ARO

Item	Class Item	Bid Item #	Req Line Item #	Quantity	Unit	Unit Price	Total
1	TO ISSUE AN ANNUAL REQUIREMENTS CONTRACT FOR THE PURCHASE OF NATIONAL APC CONTAINERS BEGINING FEBRUARY 1, 2018 AND ENDING JANUARY 31, 2019 pCard Manadatory		1744745- 1	0.0	EA - Each	\$0.00	\$0.00
<b>Subtotal</b>							\$0.00

Attachment: a. Cooperative Purchase Agreement (Toter Cooperative)

	<b>Tax</b>	\$0.00
	<b>Freight</b>	\$0.00
	<b>Discount</b>	\$0.00
	<b>Total</b>	\$0.00

<b>DIRECTOR OF PURCHASER/BUYER</b>		
<b>FINANCE APPROVED</b>	<b>DATE</b>	<b>ENCUMBERED</b>

Attachment: a. Cooperative Purchase Agreement (Toter Cooperative)



# MEMORANDUM

DATE: June 26, 2017

TO: Lisa Rotello  
Environmental Services

FROM: Jeffrey Whiting  
Department of Procurement

SUBJECT: DESIGNATION OF CONTRACT REPRESENTATIVE

You have been designated the City's Contract Representative for City of Tucson **CONTRACT NO. 171717 – Refuse & Recycling Container Solutions and Related Products, Equipment & Services**. As Contract Representative, you will interact directly with the Contractor to ensure compliance with the contract terms and provisions.

In order to fulfill your duties and responsibilities on behalf of the City, you must:

1. Be thoroughly familiar with the terms and provisions of the contract;
2. If applicable, after award of the contract issue a written notice to proceed ("NTP") to the Contractor with a copy of the NTP to Procurement for inclusion in the official contract file;
3. Advise the contractor in writing, with copy to Procurement, of any violation of the contract terms and provisions, and in the event significant violations occur, contact the City Department of Procurement for direction;
4. Review any proposed or suggested changes (i.e. amendments) to the contract, and furnish your recommendations for Procurement's authorization prior to proceeding;
5. Promptly accept delivered goods or services, which are satisfactory, and reject those, which are not;
6. Review Contractor invoices thoroughly. Where inaccuracies are found, ensure correction by the Contractor before approval is provided for payment. Invoices must be submitted in accordance with the contract terms;
7. Ensure that a copy of any final reports generated by the Contractor, if required under the contract, are forwarded to Procurement for inclusion in the contract file.

You are **not** authorized to take the following actions:

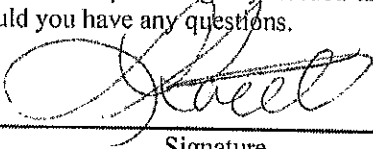
1. Amend the contract or enter into supplemental verbal or written agreements;
2. Grant time extensions or otherwise modify the terms and provisions of the contract;
3. Commit the City of Tucson in any manner except as allowed under the contract.

Compliance with these policies will, among other things, provide a clear audit trail of City contracts and, most importantly, help prevent potential legal entanglements. Additionally, in accordance with Chapter XV of the Tucson City Charter, any officer or employee of the city, who intentionally or knowingly contracts for or purchases any material services or construction in a manner contrary to the requirements of the Charter or the Tucson Procurement Code may be deemed guilty of a misdemeanor and may be removed from office or terminated from employment.

Please indicate your understanding of and concurrence with the provisions of this document, applicable language in the Charter and the Tucson Procurement Code by signing below and returning the original to Procurement. Completion of this form is required prior to authorizing any work under the contract. Your responsibilities cannot be delegated without proper written notification to the City's Department of Procurement.

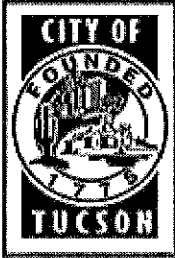
This department looks forward to providing any needed assistance throughout the term of the contract. Please do not hesitate to contact us should you have any questions.

Lisa Rotello  
Printed Name

  
Signature

  
Date

Attachment: a. Cooperative Purchase Agreement (Toter Cooperative)

<b>Purchase Order</b>	PO Printed Date: 10/31/2017
	City of Tucson Procurement Department 255 W Alameda P.O. Box 27210 Tucson, 85726 USA

V E N D O R	Vendor Number: 0763040  TOTER INC KELLIE CLARK 841 MEACHAM RD PO BOX 5338 STATESVILLE, NC 28687 Email: ckitts@toter.com Phone: (704)872-8171 Website: www.toter.com Id: 16856
----------------------------	---

PO Date: 10/31/2017 Buyer: Jeffrey Whiting Phone #: (520)837-4123 FOB: Terms: Net 30	<b>Purchase Order Number 40582 : 0</b>  ALL PACKING SLIPS, INVOICES AND CORRESPONDENCE MUST REFERENCE THIS NUMBER.
--	--

S H I P T O	ENVIR - Environmental Services PARK - Environmental Services-Park Environmental Services 4004 S Park, Bldg 1 Tucson, AZ 85714
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I N V O I C E	ENVIR - Environmental Services Finance/Accounts Payable PO Box 27450 Tucson, AZ 85726-7450 USA
---------------------------------	--

Department	Bid Number	Requisition Number	Delivery Date
ENVIR - Environmental Services		1744745	0 Days ARO

Item	Class Item	Bid Item #	Req Line Item #	Quantity	Unit	Unit Price	Total
1	TO ISSUE AN ANNUAL REQUIREMENTS CONTRACT FOR THE PURCHASE OF NATIONAL APC CONTAINERS BEGINING FEBRUARY 1, 2018 AND ENDING JANUARY 31, 2019 pCard Manadatory		1744745- 1	0.0	EA - Each	\$0.00	\$0.00
<b>Subtotal</b>							\$0.00

Attachment: a. Cooperative Purchase Agreement (Toter Cooperative)

	<b>Tax</b>	\$0.00
	<b>Freight</b>	\$0.00
	<b>Discount</b>	\$0.00
	<b>Total</b>	\$0.00

<b>DIRECTOR OF PURCHASER/BUYER</b>		
<b>FINANCE APPROVED</b>	<b>DATE</b>	<b>ENCUMBERED</b>

Attachment: a. Cooperative Purchase Agreement (Toter Cooperative)



**TOWN OF QUEEN CREEK  
SCOPE OF WORK**

**SUPPLIES AND PRICING LIST**

FOB Destination: The supplies shall be FOB destination and delivery to:

Right Away Disposal / Town of Queen Creek, 3755 S Royal Palm Rd, Apache Junction, 85119

- Any Bill of Lading documentation (BOL) that is not presented at the destination upon delivery, the delivery will not be accepted until a BOL is obtained.
- The BOL will be detailed providing the following information: Component Description, Quantity of Component(s), Body Color(s), Lid color(s), serial number range(s), and the quantities and components of the 1% spare parts.
- The confirmation of the delivery date of the components will be provided to the delivery contact that is notated on the customer order confirmation providing at least 72 hours of the delivery. This will provide ample time for staffing and equipment availability.

95 gallon refuse / recycling containers per specifications

EVR11 Series Nestable Carts, Mfg Model Toter LLC, Model 79296

Unit Price per NIPA Contract

64 gallon refuse / recycling containers per specifications

EVR11 Series Nestable Carts, Mfg Model Toter LLC, Model 79264

**RFID Tag** (Price per container) \$0.75

- Toter shall provide fully encapsulated RFID tag in the container. The RFID tag must have minimal operations temperature rating of -35 degrees F to 185 degrees F (-35-85C) and a minimum read distance of ten (10) feet at an operating frequency of 860-960 Mhz. Device must be Ultra High Frequency (UHF) Electronic Product Code (EPC) Class 1 Generation 2.

Unit prices shall include all freight (FOB destination), insurance, warranty costs, and any other applicable cost excluding taxes.

**SPECIAL TERMS AND CONDITIONS**

**Warranty Coverage**

Toter warrants the cart bodies to be free of operational defects in material and workmanship under normal use and service for a period of 12 years which is the standard manufacturer warranty and container components (lids, wheels, axles and fasteners) are warranted for 10 years.

- **WARRANTY.** A container is defined as a complete unit including hardware, wheels, and a full lid assembly. All containers bodies delivered shall be warrantied for a minimum period of twelve (12) years from the date of acceptance against any and all defects in material and workmanship. Defects include, but not limited to, cracking, chipping, peeling, distortion, failures at attachment, weathering degradation, defective or insufficient material, poor manufacturing, and low ultraviolet resistance.

- Any component failure during the warranty period shall require part for part replacement warranty at no cost to the Town of Queen Creek.
- Toter shall not be responsible for damage or loss caused by fire, vandalism or theft, occurring after delivery, distribution, and acceptance.
- Toter expressly warrants all items to be new, free from defects in design, material and workmanship, and to be fit and sufficient for their intended purpose.
- The warranty terms set forth herein shall be applied in full to Toter.
- Toter's Regional Sales Manager will coordinate with the Town's designated staff member quarterly to complete an on-site visit of cart review to identify and photograph the trends in cart failures and any challenges that arise with delivery and storage of the cart process.

### **Spare Parts**

Toter to furnish 1% spare parts with each shipment which consist of handle assemblies, wheels and assemblies, lid and hinge assemblies, plus all associated fasteners and brackets, per pricing as listed on City/National IPA Price Listing.

### **Delivery Requirements**

Toter will meet the Town's delivery requirements of new orders 30 to 45 days after Toter's receipt of Purchase Order, Order Confirmation, and Markings Approvals Terms.

To ensure the Town's roll cart needs are met with prompt delivery timeframes, Toter will set a production reserves system for the Town's annually anticipated cart needs. In the production reserves system, in advance of orders, Toter will enter the Town's anticipated orders into our actual company production schedule at the timeframe that Toter would need to produce the order to meet the Town's delivery requirements. Toter and the Town will communicate on an annual and quarterly basis to establish, review and adjust any plans for future orders. Production reserves does not replace the provision of purchase orders for those reserved carts. Purchase orders are required 30-45 calendar days prior to the Town's required delivery date.



Requesting Department

Development Services

**TO:** HONORABLE MAYOR AND TOWN COUNCIL

**THROUGH:** JOHN KROSS, TOWN MANAGER, ICMA-CM

**FROM:** BRETT BURNINGHAM, DEVELOPMENT SERVICES DIRECTOR ERIK SWANSON, INTERIM PLANNING ADMINISTRATOR

**RE:** PUBLIC HEARING AND POSSIBLE ACTION ON ORDINANCE 731-20, CASE P18-0193 EMPIRE POINT, A REQUEST FROM SEAN LAKE, PEW AND LAKE PLC, TO REZONE FROM R1-43 TO R1-5/PAD AND C-2 FOR A 533 LOT SINGLE-FAMILY RESIDENTIAL SUBDIVISION ON APPROXIMATELY 180 ACRES LOCATED AT THE NORTHWEST CORNER OF EMPIRE BOULEVARD AND GARY ROAD.

**DATE:** June 3, 2020

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**Planning Commission Recommendation:**

The Planning Commission recommended approval of P18-0193 Empire Point, subject to the Conditions of Approval outlined in this report with a vote of 7-0 at their regularly scheduled May 13, 2020 meeting.

**Relevant Council Goal(s):**



Secure Future

**Proposed Motion:**

Move to approve Ordinance 731-20, P18-0193 Empire Point, subject to the Conditions of Approval included in this report.

**Summary:**

This proposal consists of a request to rezone approximately 180 acres from R1-43 to R1-5/PAD and C-2. The property is located at the northwest corner of Empire Boulevard and Gary Road, with the arterial streets serving as the dividing line between Maricopa and Pinal counties. Three vacant properties that are not a part of this rezoning request are located at the site's southwest corner. The future Signal Butte Road alignment runs the length of the property at the northwest corner, with the Sonoqui Wash and the Harvest at Queen Creek master-planned community along the site's northern boundary.

The request includes rezoning and proposed development of a 533 lot community, proposed in

three phases. Three lot sizes are provided throughout the community with 50’x115’ (5,750 sq. ft.), 55’x120’ (6,600 sq. ft.), and 65’x125’ (8,125 sq. ft.) lots with an overall density of 2.95 du/net acre.

**History:**

May 6, 2020: Annexation Public Hearing was heard before the Town Council.

May 13, 2020: Planning Commission approves Rezoning request 7-0.

**Project Information:**

Project Name	Empire Point
Site Location	NWC of Empire Boulevard and Gary Road
Current Zoning	R1-43 (Rural Estate District – upon annexation)
Proposed Zoning	R1-5/PAD and C-2
General Plan Designation	Neighborhood
Surrounding Zoning Designations:	
North	R1-5 Harvest at Queen Creek
South	Morning Sun Farms SFR – Pinal County
East	Circle Cross Ranch SFR – Pinal County
West	Jorde Farms RU-43 (County)
Gross Acreage	180 acres
Total Lots/Units	533
Proposed Density	3.49 dwelling units/net acre 2.95 dwelling units/gross acre
Open Space Acreage:	
Provided	43.45 acres (29%)
Required	30.50 acres (20%)

**Discussion:**

The subject property is currently zoned R1-43 and recently completed the annexation process. The request is to rezone the subject site to R1-5/PAD and C-2. The request for the PAD designation is to provide the Town with a level of expectation for the proposed project, ensuring that development will be consistent with the proposed development plan. The C-2 zoning designation is requested for an approximately 15-acre parcel located at the immediate northwest corner of Empire Boulevard and Gary Road. The rezoning request meets all requirements as outlined in the Zoning Ordinance.

Four access points are provided for the subdivision with access provided along each arterial street. The Sonoqui Wash bisects the western third of the development from the eastern two-thirds. A long tree-lined boulevard entry is provided off of Empire Boulevard terminating at the development's primary outdoor amenity area. Landscaping with pedestrian paths run the length of the development along an east/west axis providing connections to the future Sonoqui Wash. Phasing of the subdivision will be conducted in three phases, with phase 1 including 204 lots, offsite improvements for Empire Boulevard and Gary Road and Sonoqui Wash, phase 2 consisting of 216 lots, and phase 3 consisting of 113 lots and the Signal Butte Road improvements.

The proposed development plan at 3.49 du/acre complies with the current density allowed in the Neighborhood designation (0-20 du/ac) of the General Plan, as well as maintains consistency with the adjacent Harvest at Queen Creek (3.39 du/ac) master-planned community located directly north and adjacent to the subject site. The areas north and west of the subject site are also designated as Neighborhood in the General Plan. South of Empire Boulevard is the Morning Sun Farms master-planned community, and east of Gary Road is the Circle Cross Ranch master-planned community. Both communities are within the jurisdiction of Pinal County and provide a density range between 4.8-5.0 du/ac.

#### **Analysis:**

**General Plan Review:** The current General Plan designates the subject site as Neighborhood with a density range of 0-20 du/ac. Overall density for a site is based on the surrounding context and development in the area. Directly north is the Harvest at Queen Creek master-planned community with an overall density of 3.39 du/ac. The Morning Sun Farms and Circle Cross Ranch single-family residential subdivisions south and east of the subject site within the jurisdiction of Pinal County range in density for 4.8-5.0 du/ac. The request is consistent with the General Plan.

**Zoning Review:** The zoning designation of the property will become R1-43 (Rural Estate District) upon annexation (currently completing the process). The applicant is requesting R1-5/PAD and C-2 zoning designations as provided in the development plan. The request for the PAD designation is to provide the Town with a level of expectation for the proposed project, ensuring that development will be consistent with the proposed development plan. The rezoning request and development plan maintain consistency with the Zoning Ordinance in regards to development standards.

**Adequate Public Facilities:** In accordance with Article 5.1 (Adequate Public Facilities) provision of the Zoning Ordinance, the applicant has provided information regarding the project's potential impact on public facilities. Staff's review of those reports indicates that adequate public facilities will be provided by the project. A Condition of Approval has been added to require the applicant to provide a signed agreement with the School District prior to approval

of the Final Plat.

**Engineering, Utilities and Transportation Review:** The project has been reviewed by the Engineering, Utilities and Transportation departments. Conditions of Approval have been added to address Engineering and Utilities requirements for this project.

**Landscape / Open Space Review:** A total of 43.45 acres of open space is provided, which includes both the common and active open space area. For the R1-5 zoning district a total of 20% (30.5 acres) of open space is required, 29% (43.45 acres) is provided. The amenities provided within the main amenity area include a basketball court, pickle ball court, bocce ball court, playground equipment, and ramada areas.

**Wall/Fencing Plan:** Five wall designs are provided depending on the purpose of the wall. Two theme wall styles are provided incorporating tiled or stucco columns. Where adjacent to trails and open space areas view fencing is provided. Rail fencing is provided adjacent to the main amenity area. Accordingly, the walls, fences and entry features meet the Zoning Ordinance and Design Standards requirements.

**Public Notification/Participation:** The applicant held one (1) neighborhood meeting on September 26, 2019 with 3 residents, the development team, and Town staff present. General comments were asked regarding the project and process. Notification of the meeting was mailed to property owners within 1,200 feet of the project, as required by the Zoning Ordinance. No additional public input has been received. Staff is unaware of any opposition to the request.

**Planning Commission Meeting:** Staff presented this item at the regularly scheduled May 13, 2020 meeting. There were no members from the public in attendance on the online WebEx meeting. Planning Commission recommended approval of this item with a vote of 7-0.

**Conditions of Approval:**

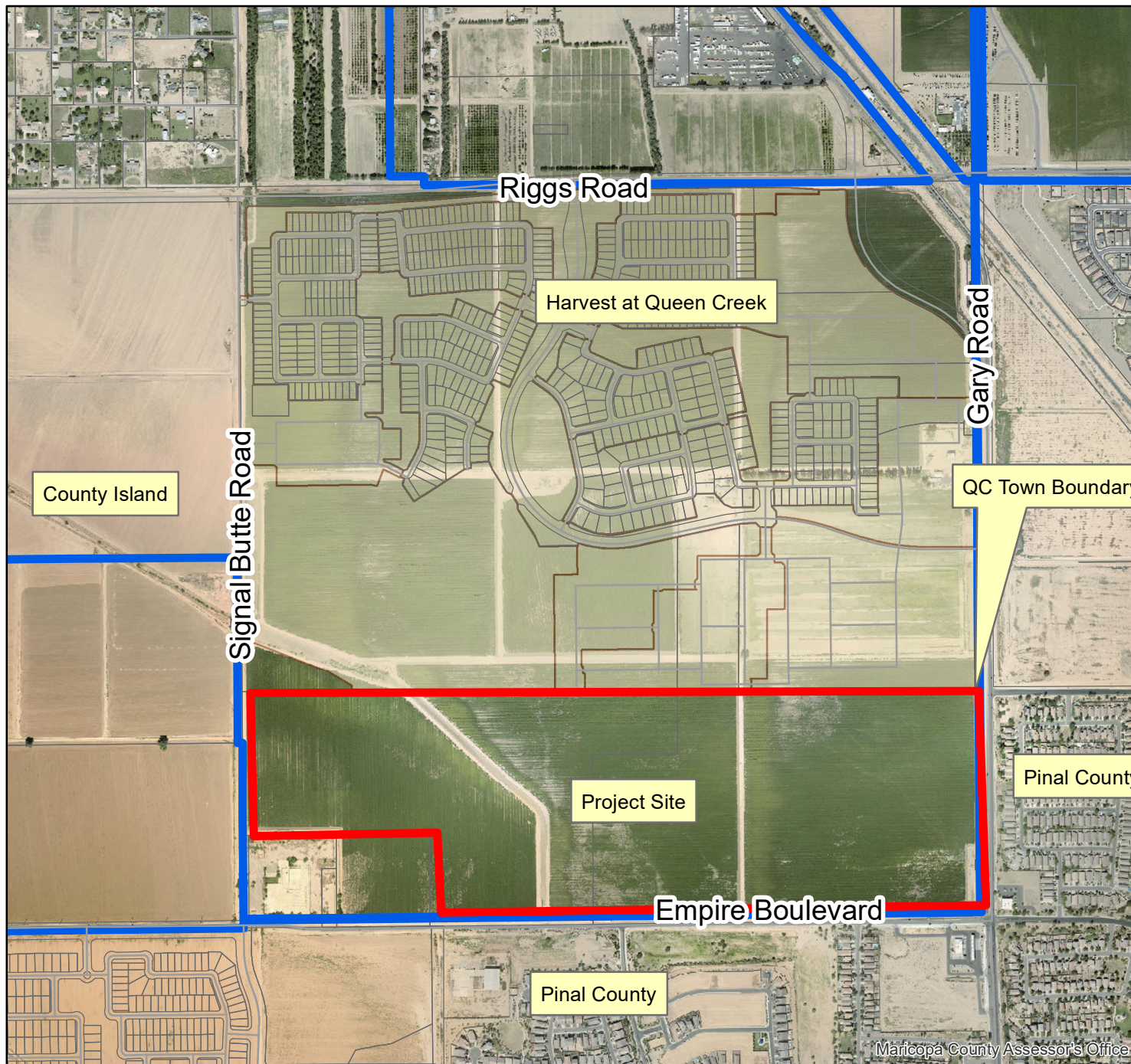
1. This project shall be developed in accordance with the plans attached to this case and all the provisions of the Zoning Ordinance applicable to this case.
2. For the onsite improvements the Town requires cash, irrevocable letter of credit (IRLOC), bond, or a signed certificate of occupancy hold agreement to cover the costs for construction assurance. The IRLOC and bond are required to be approved by the Town Attorney. The assurance amount will be determined by an engineer's estimate during the Final Plat review. Construction assurance shall be deposited with the Town prior recording of the Final Plat.

3. For the offsite public improvements the Town requires cash, irrevocable letter of credit (IRLOC), or bond, to cover the costs for construction assurance. The IRLOC and bond are required to be approved by the Town Attorney. The assurance amount will be determined by an engineer's estimate during the Final Plat review. Construction assurance shall be deposited with the Town prior recording of the Final Plat.
4. Development of this property will require an Arizona Department of Water Resources (ADWR) Certificate of Assured Water Supply (CAWS). Obtaining a CAWS may be accomplished by transferring a current CAWS, converting an existing Analysis of Assured Water Supply associated with the proposed development, or by applying for a new CAWS.
5. In conjunction with obtaining a CAWS, the development will also need to be enrolled as a member in the Central Arizona Groundwater Replenishment District ("CAGR") program with ADWR.
6. 55' of half street of Right-of-Way for Signal Butte Road and Empire Road shall be dedicated on the Final Plat.
7. Full ½ street improvements shall be required to be designed and constructed for Signal Butte Road and Empire Road for all portions of the Right-of-Way adjacent to the property frontage.
8. The Developer shall provide a roadway connection from Empire Road to the project's Signal Butte Road entry location.
9. All improvements and Right-of-Way requirements for Empire Boulevard and Gary Road shall be coordinated with Pinal County.
10. The Developer shall design and construct a box culvert at the Sonoqui Wash crossing of Empire Road. The box culvert shall be the type and size that was agreed upon with Town Staff.
11. When warranted, the developer shall provide 1/2 cost share (\$200,000.00) for the traffic signal at Empire Road and North Village Lane intersection.
12. When warranted, the developer shall provide 1/2 cost share (\$200,000.00) for the traffic signal at Gary Road and Belmont Red Trail intersection.
13. The Sonoqui Wash shall be channelized and improved for all portions adjacent to the project. The Developer's Engineer shall perform a detailed hydraulic analysis of the wash as part of the improvement plan submittal.

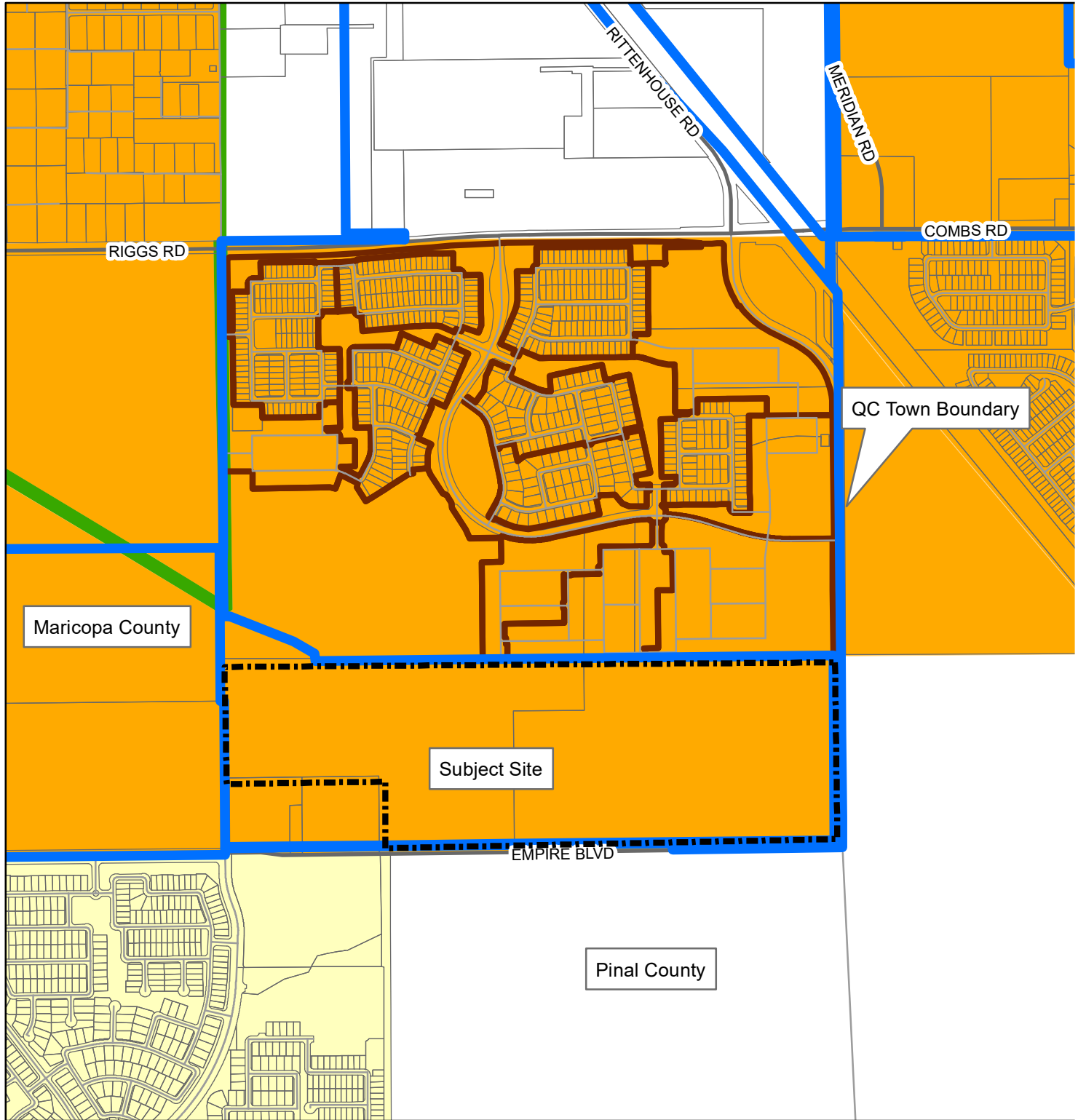
**Attachment(s):**

1. 1. Aerial
2. 2. General Plan
3. 3. Zoning Map Exhibit
4. 4. Proposed Zoning Exhibit
5. 6. Landscape Plan
6. 5. Development Plan
7. 7. Project Description Narrative
8. Ord 731-20





Attachment: 1. Aerial (Empire Point)

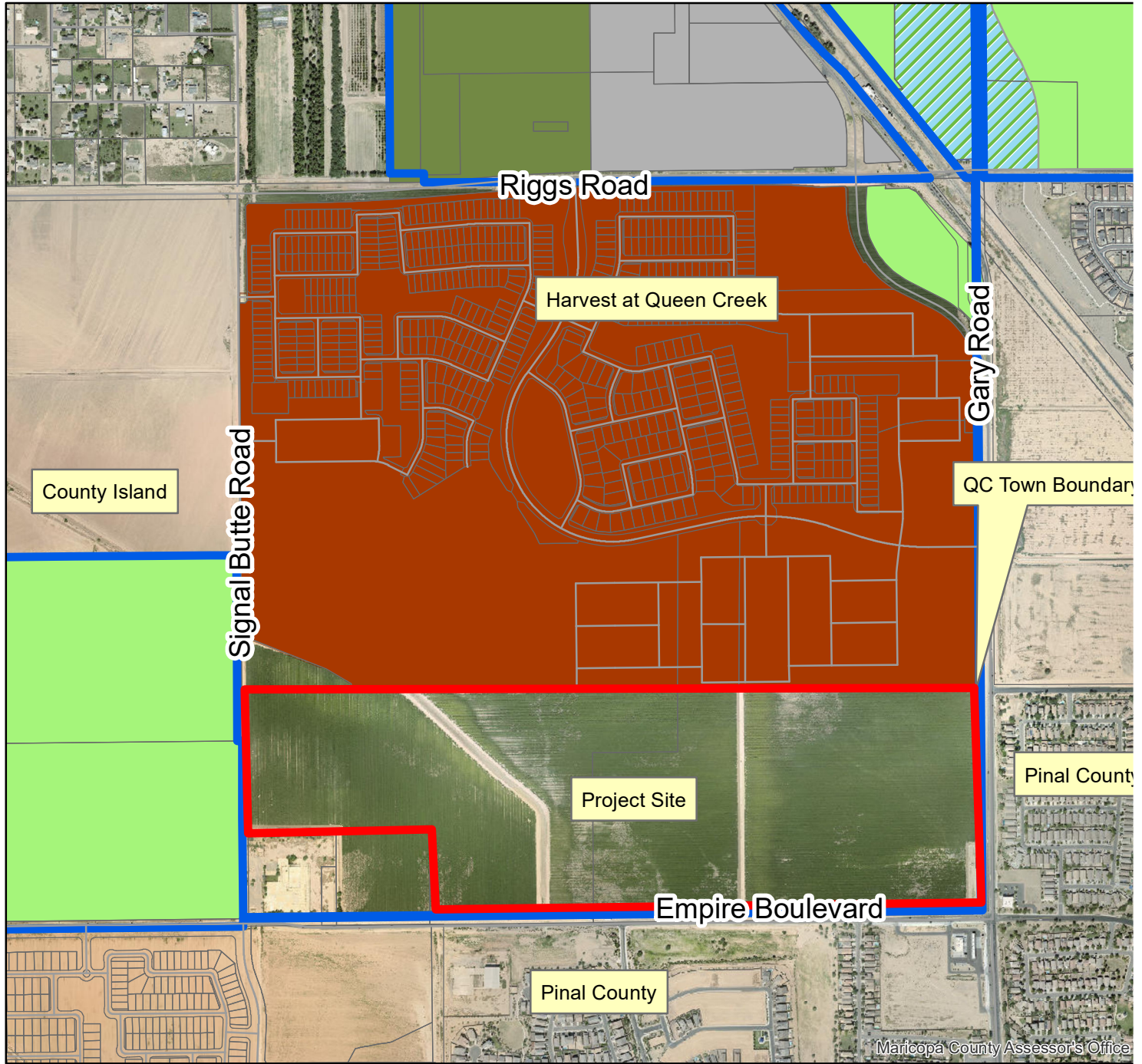


Attachment: 2. General Plan (Empire Point)

**General Plan Land Use**

- Rural
- Commercial
- Special District 1
- Special District 4
- Neighborhood
- Industrial
- Special District 2
- Special District 3
- Urban
- Open Space

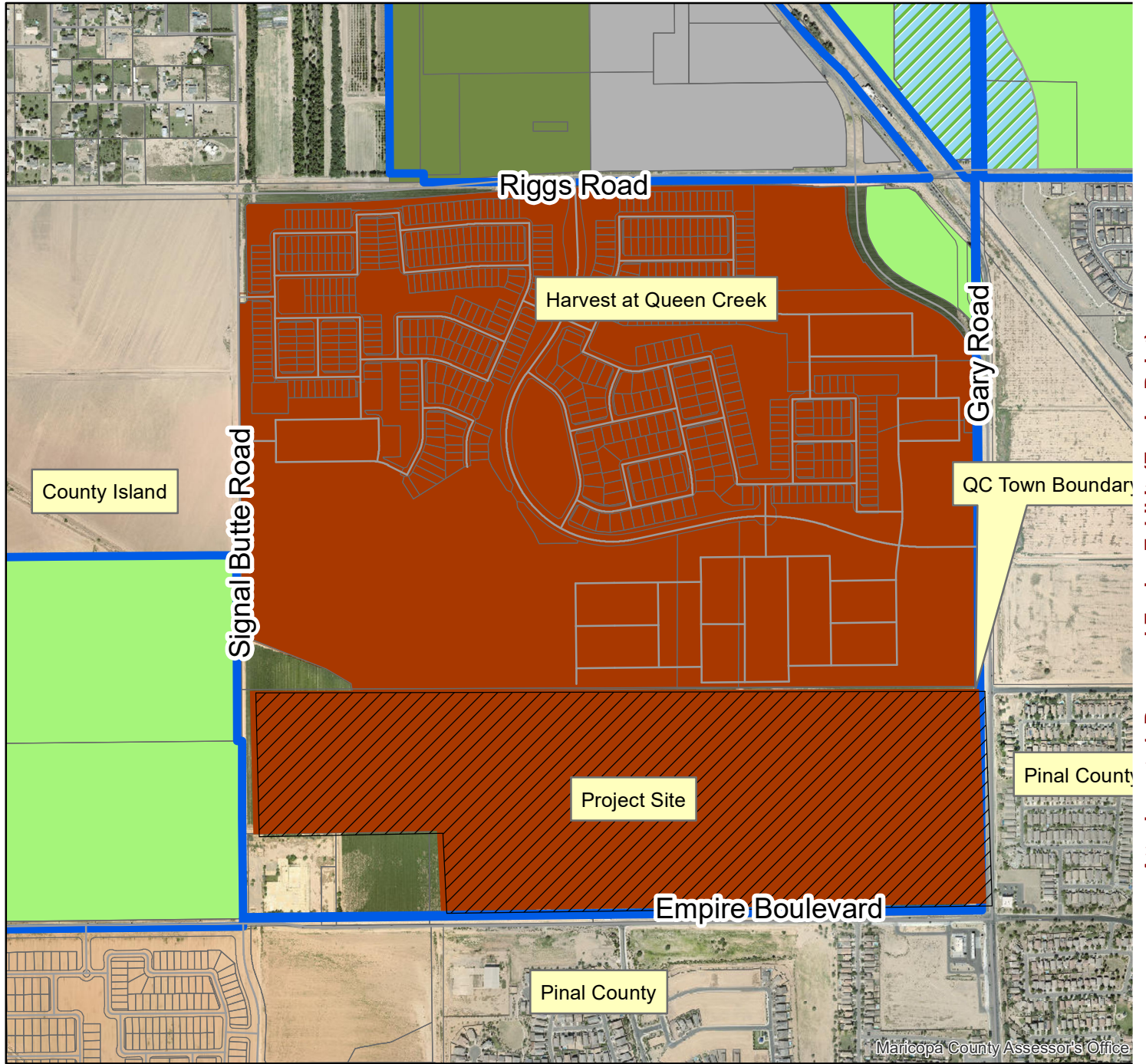




Attachment: 3. Zoning Map Exhibit (Empire Point)

**Zoning Districts**

C-1 - Commercial	PQP - Public/Quasi-Public	R1-7 - Residential	R1-35 - Residential
C-2 - Commercial	RC - Recreation/Conservation	R1-8 - Residential	R1-43 - Residential
C-3 - Commercial	MDR - Residential	R1-9 - Residential	R1-54 - Residential
TC - Commercial	R1-4 - Residential	R1-12 - Residential	R1-190 - Residential
EMP A - Office/Industrial Park	R1-5 - Residential	R1-15 - Residential	PCD - Planned Community
EMP B - General Industrial	R1-6 - Residential	R1-18 - Residential	A



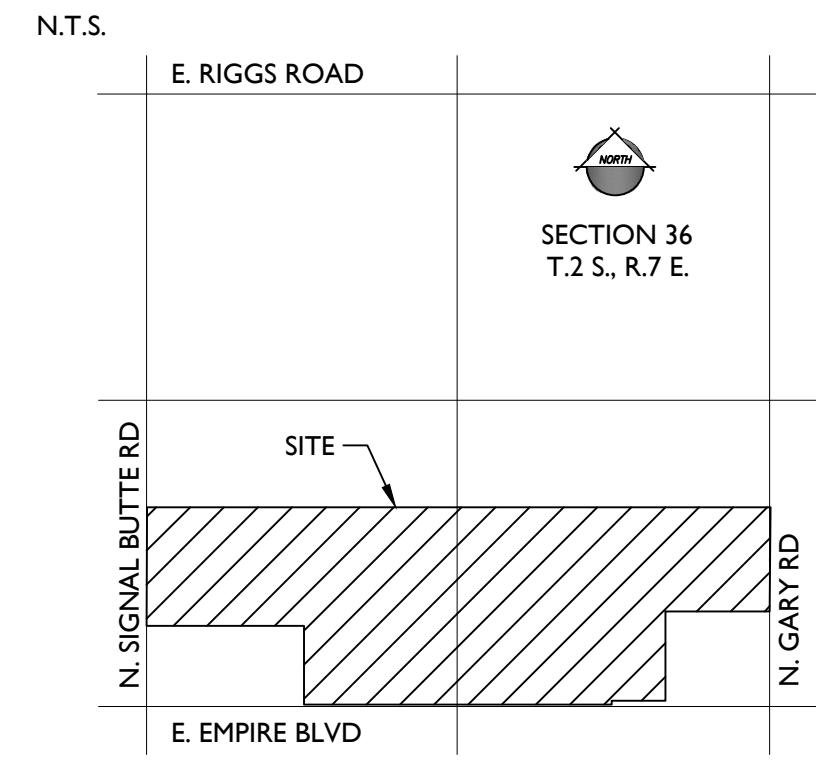
Attachment: 4. Proposed Zoning Exhibit (Empire Point)

**Zoning Districts**

C-1 - Commercial	PQP - Public/Quasi-Public	R1-7 - Residential	R1-35 - Residential
C-2 - Commercial	RC - Recreation/Conservation	R1-8 - Residential	R1-43 - Residential
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TC - Commercial	R1-4 - Residential	R1-12 - Residential	R1-190 - Residential
EMP A - Office/Industrial Park	R1-5 - Residential	R1-15 - Residential	PCD - Planned Community
EMP B - General Industrial	R1-6 - Residential	R1-18 - Residential	PCD - Planned Community



VICINITY MAP



PROJECT DATA

APN	304-92-026; 027; 028; 029A; 030A; 033A; 039	
EXISTING GENERAL PLAN:	NEIGHBORHOOD	
EXISTING ZONING:	RU-43	
PROPOSED ZONING:	R1-5 PAD	
GROSS AREA:	(A)	+/- 180.16 AC
ARTERIAL & COLLECTOR RW:	(a)	+/- 13.06 AC
COMMERCIAL:	(c)	+/- 14.61 AC
TOTAL NET AREA:	(NET)	+/- 152.49 AC (EXCLUDING ARTERIAL & COLLECTOR ARTERIAL & COMMERCIAL)
LOT COLOR	LOT SIZE	
	50'x115'	178 33%
	55'x120'	235 44%
	65'x125'	120 23%
TOTAL		533 100%
DENSITY:		3.49 DU/AC

OPEN SPACE SUMMARY

OPEN SPACE AREA	33.00 ACRES (21.6% OF NET)
WASH AREA	10.76 ACRES (7.1% OF NET)
OPEN SPACE & WASH AREA	43.76 ACRES (28.7% OF NET)
OPEN SPACE REQUIRED (%)	20% OF NET AREA
PROVIDED (%)	29% OF NET AREA
REQUIRED (AC.)	30.50 ACRES
PROVIDED (AC.)	43.45 ACRES
ACTIVE OPEN SPACE REQUIRED (%)	30% OF REQUIRED O/S
PROVIDED (%)	48% OF REQUIRED O/S
REQUIRED (AC.)	9.15 ACRES
PROVIDED (AC.)	14.65 ACRES
PASSIVE OPEN SPACE	29.11 ACRES

KEYNOTES

- 1 ENTRY MONUMENT
- 2 2 FT. EQUESTRIAN TRAIL
- 3 10 FT. ASPHALT TRAIL
- 4 ACTIVE OPEN SPACE
- 5 DRAINAGE CHANNEL
- 6 10 FT. SIGNAL BUTTE TRAIL
- 7 PEDESTRIAN PATH

PLANT LEGEND

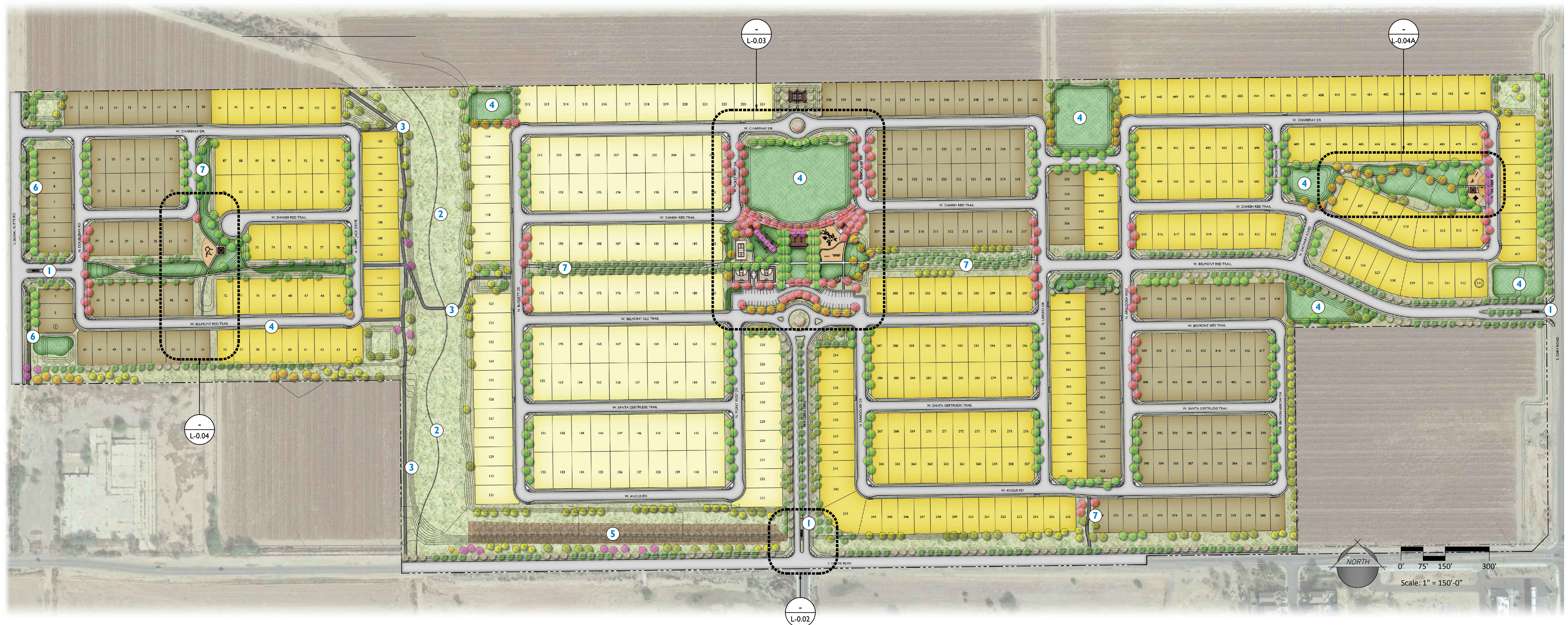
SYMBOL	SCIENTIFIC NAME	COMMON NAME	SIZE
<b>TREES</b>			
	Acacia salicina	Willow Acacia	24" Box
	Chitalpa tashkentensis 'Pink Dawn'	Chitalpa	24" Box
	Eucalyptus Papuana	Ghost Gum	24" Box
	Fraxinus velutina 'Fan West'	Fan West Ash	24" Box
	Olea europaea 'Swan Hill'	'Swan Hill' Olive	24" Box
	Olneya tesota	Ironwood	24" Box
	Parkinsonia x 'Sonoran Emerald'	Sonoran Emerald Palo Verde	24" Box
	Pinus eldarica	Mondel Pine	24" Box
	Pistacia X 'Red Push'	Red Push Pistacia	24" Box
	Platanus wrightii	Arizona Sycamore	24" Box
	Prosopis hybrid 'Phoenix'	Thornless Mesquite	24" Box
	Quercus virginiana	Live Oak	24" Box
	Ulmus parvifolia	Chinese Evergreen Elm	24" Box

TURF & INERT MATERIALS

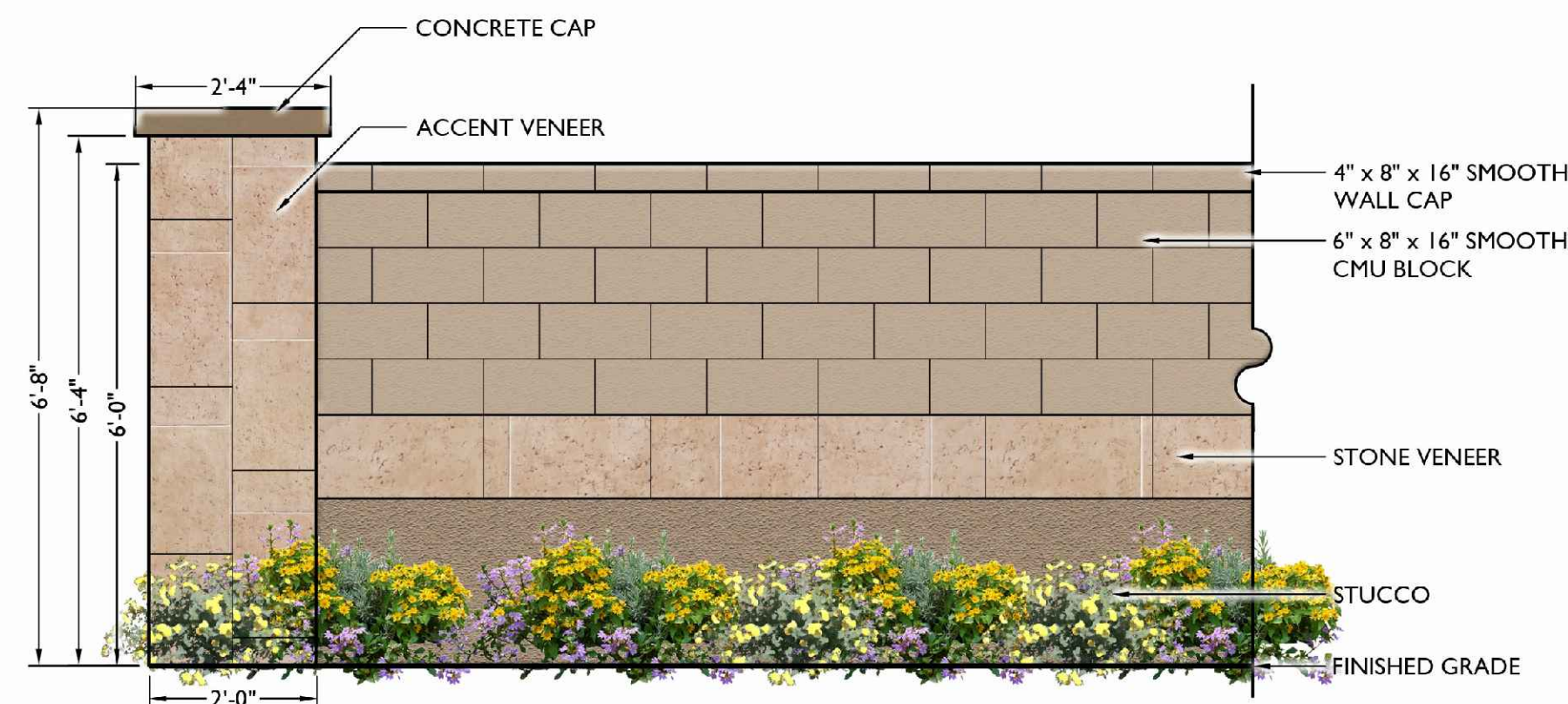
	Cynodon dactylon 'Midiron'	Midiron Bermuda	Hysoeed
	3/4" Screened Decomposed Granite, in all planting areas. Apache Brown or Equal, 2" Depth Min.		
	Stabilized Decomposed Granite Apache Brown or Equal		

NOTE:

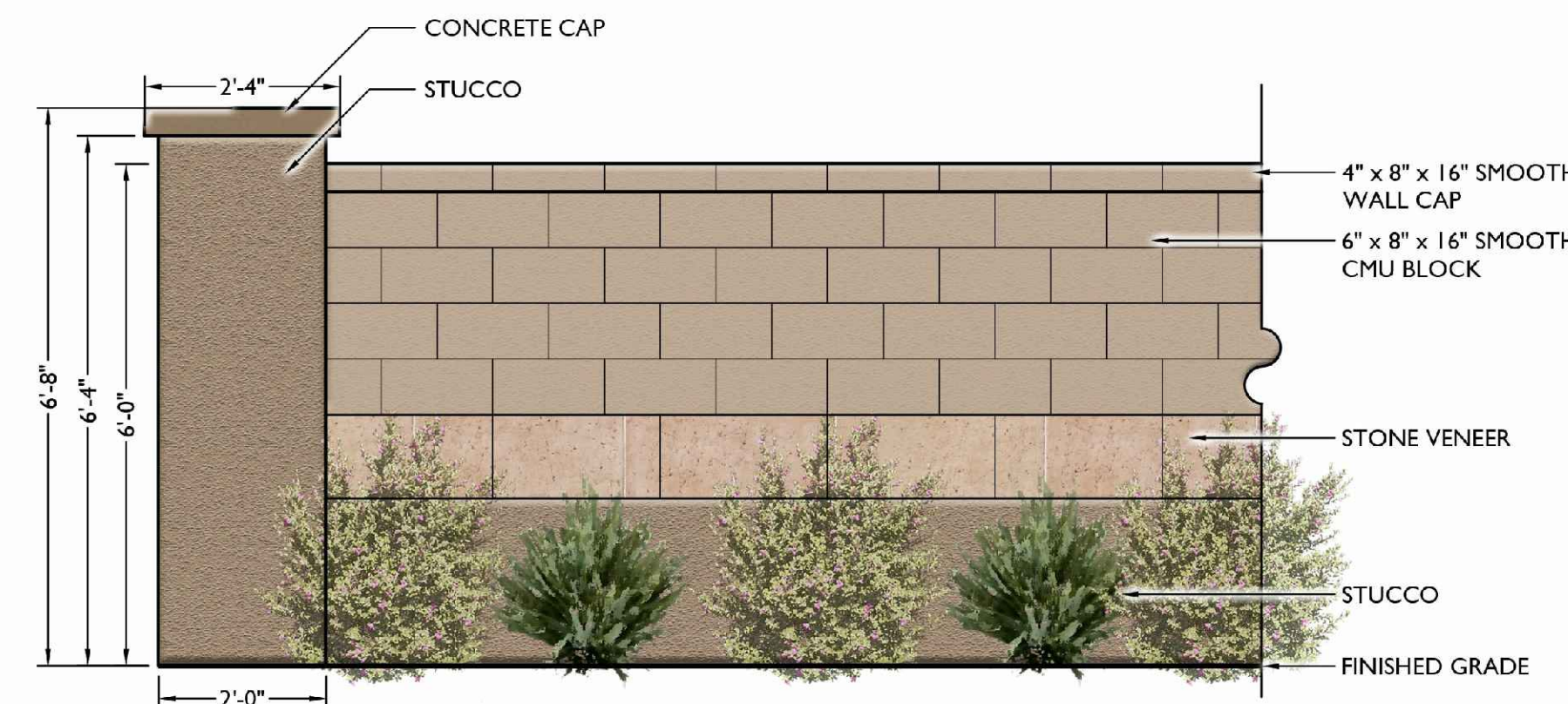
ALL SITE FURNISHINGS INCLUDING RAMADAS, PLAYGROUND, SPORT AREAS, ETC. SHALL BE OF EARTHTONE COLORS.



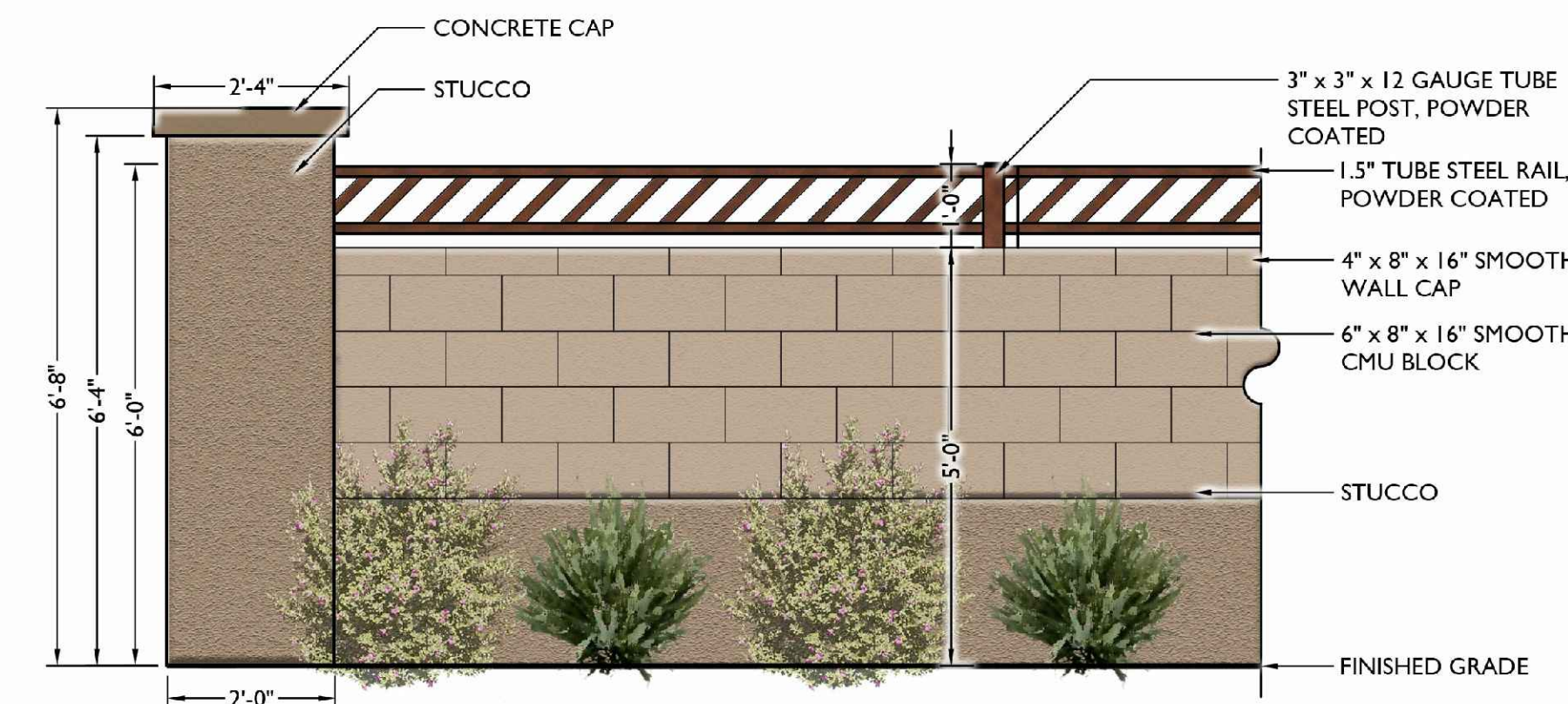




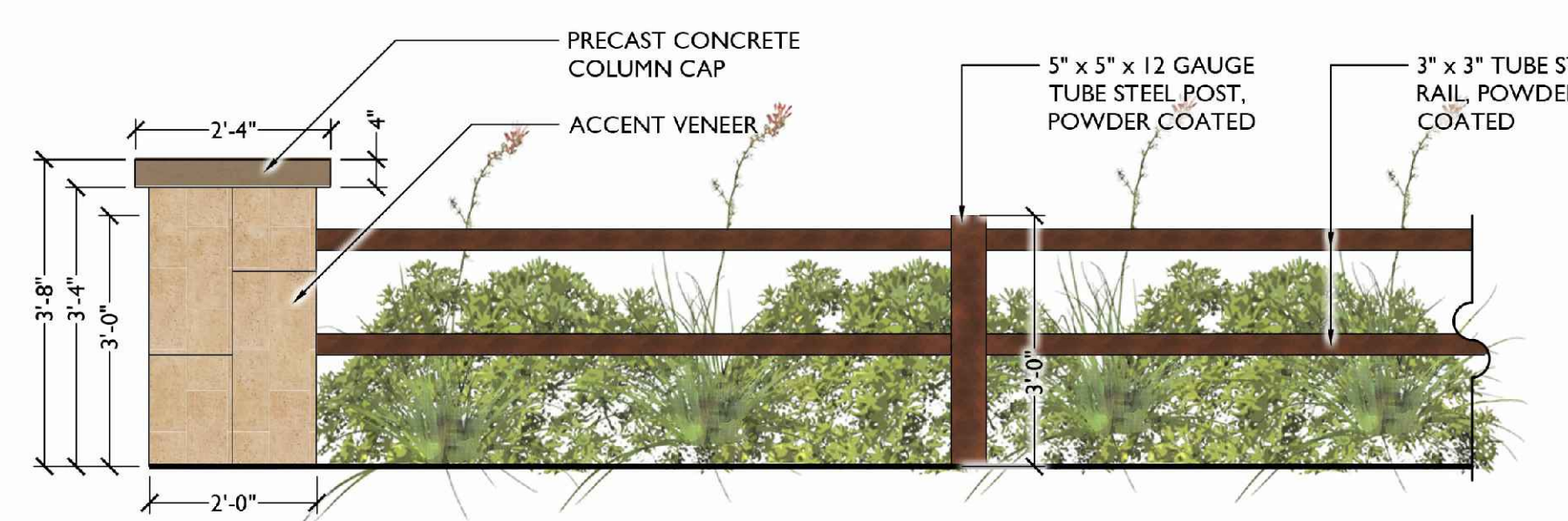
**1** THEME WALL WITH COLUMN TYPE A  
Scale: 1/2" = 1'-0"



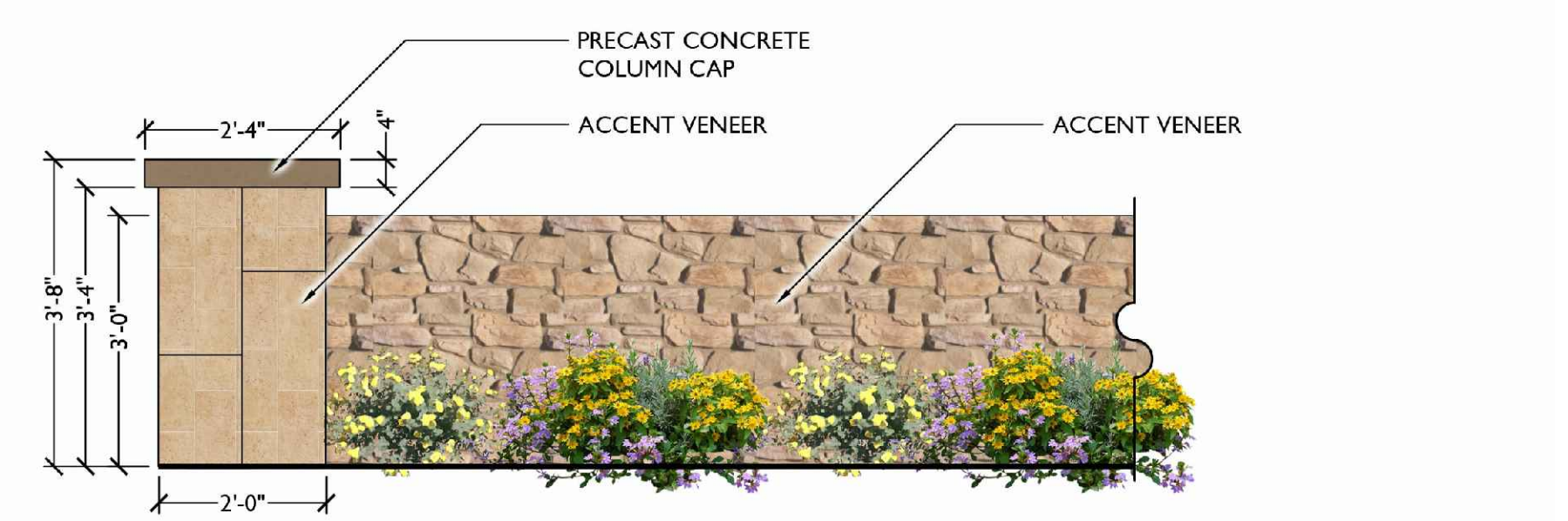
**2** THEME WALL WITH COLUMN TYPE B  
Scale: 1/2" = 1'-0"



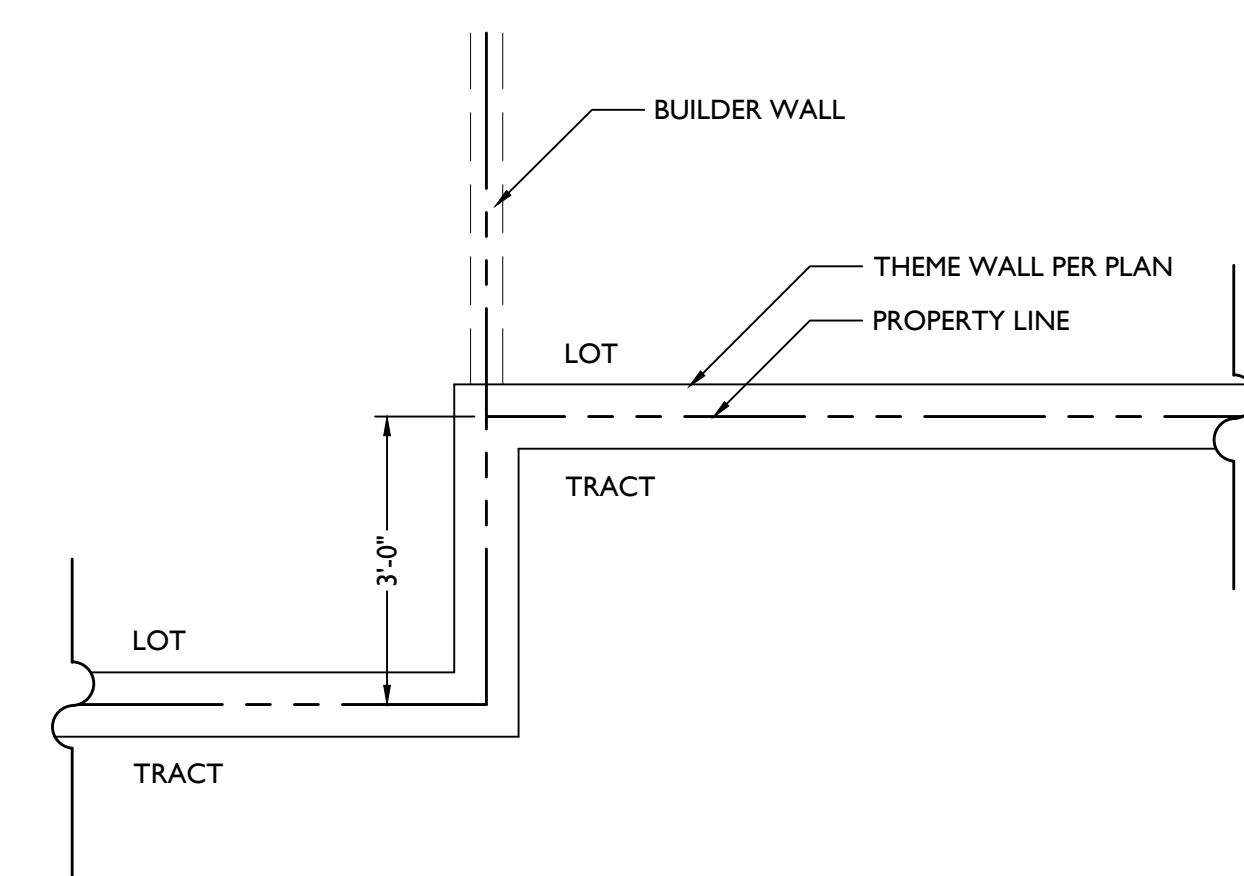
**3** PARTIAL VIEW WALL  
Scale: 1/2" = 1'-0"



**4** RAIL FENCE  
Scale: 1/2" = 1'-0"



**5** DECORATIVE LOW WALL  
Scale: 1/2" = 1'-0"



**6** 3' WALL OFFSET ENLARGEMENT  
Scale: 1/2" = 1'-0"





**PAD REZONING  
DEVELOPMENT NARRATIVE**

**EMPIRE POINTE**

**NWC | EMPIRE AND GARY ROADS  
QUEEN CREEK, ARIZONA**

Submitted to:  
**TOWN OF QUEEN CREEK  
PLANNING DEPARTMENT**  
22358 South Ellsworth Road  
Queen Creek, AZ 85242  
480-358-3003

Submitted on Behalf of:  
**ARIZONA THOROUGHBRED TRAINING CENTERS INC.**  
701 S. 7<sup>th</sup> Street  
Phoenix, AZ 85034



Prepared by:  
**IPLAN CONSULTING**  
3317 S. Higley Road, Suite 114-622  
Gilbert, AZ 85297  
480-227-9850

Prepared: August 2019

Attachment: 7. Project Description Narrative (Empire Point)



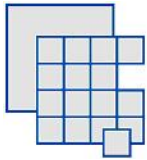
# DEVELOPMENT ADVISORS



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**EPS GROUP, INC.**  
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**Pew & Lake, P.L.C.**  
Real Estate and Land Use Attorneys

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## PREPARED FOR:

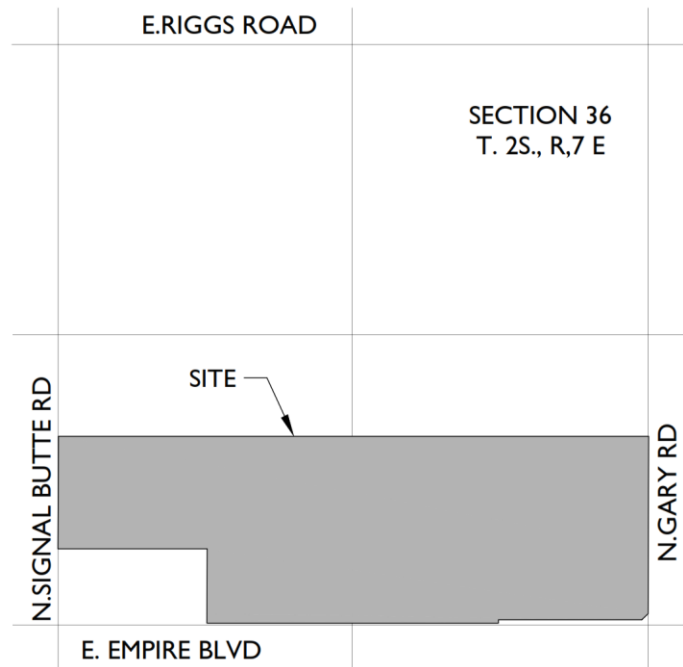
**ARIZONA THOROUGHbred  
TRAINING CENTERS INC.**

701 South 7<sup>th</sup> Street  
Phoenix, AZ 85034

Attachment: 7. Project Description Narrative (Empire Point)

## REQUEST

Iplan Consulting, on behalf of Arizona Thoroughbred Training Centers Inc. is pleased to submit for your consideration a Planned Area Development (PAD) Rezoning request concerning an approximate 180 gross acre property known as Empire Point. Empire Point is located at the northwest corner of Empire Road and Gary Road (Meridian Road alignment) in southeast Queen Creek. Empire Point is currently under Maricopa County jurisdiction with a zoning category of Rural-43. It is our intent to annex the property into the Town of Queen Creek concurrent with this zoning request. The Town’s newly adopted General Plan identifies the site as Neighborhood which is consistent with the proposed zoning categories of R1-5 and C-2.



## OVERVIEW

Empire Point has a very unique location at the far southeast corner of Maricopa County, bordering Pinal County to the south and east. The project benefits from its proximity to Queen Creek’s “agritainment” center at Riggs and Rittenhouse, but it also is on the far edge of the Town’s boundary and is adjacent to many higher density Pinal County communities. As such, we are designing the residential portion of this project to provide a smooth density transition from the adjacent Pinal County developments (4.0-5.0 DU/acre) to the approved Harvest Queen Creek project to our north. While providing this transition, Empire Point will exhibit the character, theming, and design quality that has come to define desirable Queen Creek neighborhoods.

The land use planning concept for Empire Point centers on *five primary elements*: transitional and appropriate residential densities, open space use and connections, appropriate commercial development, implementation of the General Plan vision, and facilitation of key infrastructure improvements for the contiguous arterial level streets: Signal Butte, Gary and Empire Roads.

This land use concept is implemented by strategically transitioning intensity and balancing complementary land uses – commercial and residential -- to provide for a successful and sustainable project for the Town of Queen Creek and the region as a whole. Implementation of these elements is further accomplished through the provision of quality open space linkages to memorable active and passive open space and connections to a planned regional trail system.

Implementation of the proposed PAD zoning will set forth the necessary framework for expediting the major transportation corridor improvements for the contiguous arterial level streets as desired by the Town to address current traffic volumes as well as serve as a catalyst for future development.

**EXISTING CONDITIONS | RELATIONSHIP TO SURROUNDING PROPERTIES**

The project area is bound on the north by the recently approved Meridian Crossing / Harvest Queen Creek project. Gary Road lies contiguous to the eastern project boundary, with the unincorporated and higher density Circle Cross Ranch Planned Area Development further east and within the jurisdictional boundaries of Pinal County. Empire Road comprises the southern boundary of the project, again with an unincorporated and higher density residential project on the south side of Empire Road. To the west is the Signal Butte Road alignment (no road currently exists) with vacant farm land beyond. There are two parcels along our south and west boundary that are not a part of this project and are vacant.

The General Plan land use classifications, along with the existing zoning and uses for the adjacent parcels, are listed below:

DIRECTION	GENERAL PLAN LAND USE CLASSIFICATION	EXISTING ZONING	EXISTING USE
<i>On-Site</i>	Neighborhood	Rural-43 (Maricopa County)	Agriculture
<i>North</i>	Neighborhood	PAD: R1-5	Agriculture
<i>East</i>	Circle Cross Ranch Medium Density Residential (0 – 5 DU/AC) (Pinal County)	CR-3 (Pinal County)	Single family residential
<i>South</i>	Morning Sun Farms Medium Density Residential (0 – 5 DU/AC) (Pinal County)	CR-3 (Pinal County)	Single family residential
	General Commercial (Pinal County designation)	C-2 (Pinal County)	Gas Station / Vacant
<i>West</i>	Neighborhood	Rural-43 (Maricopa County)	Agriculture
	Neighborhood	Rural-43 (Maricopa County)	Vacant
	Neighborhood	Rural-43 (Maricopa County)	Vacant

Attachment: 7. Project Description Narrative (Empire Point)

## GENERAL PLAN COMPLIANCE

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Queen Creek's current General Plan Land Use Map classifies the entire property as Neighborhood, which land use classification is intended to serve as a primarily residential area with a range of densities and an allowance for commercial land uses where appropriate. We believe the proposed PAD zoning request contains several notable features that respond to the 2018 General Plan vision through:

### ***LAND USE ELEMENT GOAL 1: Maintaining the Town's unique community character by:***

- Protecting the Town's development potential and enhancing economic sustainability by providing a commercial parcel and residential lots sizes that reduce the ratio of public service costs to revenue generation as compared to existing zoning (Strategy 1.A);
- Incorporating access from the project into the Sonoqui Wash (Action 1.A.3);
- Ensuring compatibility between this project and existing/approved projects adjacent to the site (Action 1.A.4);
- Implementing the Town's high-quality design standards throughout the project (Action 1.C.1).

### ***LAND USE ELEMENT GOAL 2: Effectively managing the Town's growth by:***

- Providing both commercial and residential in the project which maximize the land use opportunities (Strategy 2.A);
- Proposing a mix of residential lot sizes and densities in the project which is classified as Neighborhood in the Town's 2018 General Plan (Action 2.A.2).

### ***LAND USE ELEMENT GOAL 3: Ensure long-term employment diversity and economic stability by:***

- Including a commercial parcel in the project will help develop a diversified and robust economic development base to ensure the Town's long-term economic stability (Strategy 3.A).

### ***LAND USE ELEMENT GOAL 4: Promote seamless development between the Town and adjacent jurisdictions by:***

- Planning a project that serves as an effective transition between the development requirements of the Town and the existing development conditions of the Pinal County projects that border this site on the east and south sides (Strategy 4.A).

### ***HOUSING ELEMENT GOAL 1: Provide a diverse range of quality housing options for current & future residents by:***

- Designing a neighborhood project that meets and/or exceeds the Town's design standards and regulations, resulting in a healthy, safe, and attractive place to live (Strategy 1.A).

- Providing a variety of housing options that meet the socioeconomic needs of people who live and work in Queen Creek (Strategy 1.C).
- Providing a portion of the project that will offer entry-level housing opportunities for Queen Creek's work force.

***CIRCULATION ELEMENT GOAL 1: Develop a multi-modal transportation system for all users by:***

- Providing the impetus and funding for the continued development of the Town's Arterial road system as per the Town's 2025 and 2035 transportation plan (Action 1.A.2).
- Using a hierarchy of streets to promote safe and efficient circulation for current and future residents that include local, collector, and arterial level streets (Action 1.B.2).
- Exploring the use of a Development Agreement to facilitate a public/private partnership in solving the regional road crossing of the Sonoqui wash corridor along Empire Road (Action 1.B.7).
- Providing a Traffic Impact Analysis to help Town officials assess both existing and future traffic needs in this area (Action 1B.9).
- Incorporating sidewalks and bicycle lanes that meet or exceed the Town standards within and adjacent to our project (Action 1.C.2).

***OPEN SPACE ELEMENT GOAL 1: Develop a comprehensive park system to provide open spaces and recreation opportunities appropriate to a community the size of Queen Creek by:***

- Including both park and trail elements in the project that will be able to connect to the Town wide trail and open space plan (Strategy 1.A.2).
- Installing a section of the Sonoqui Wash trail as identified in the Town's Parks, Trails, and Open Space Plan (1.B.3).

***OPEN SPACE ELEMENT GOAL 4: Coordinate with other jurisdictions and public and private entities to expand recreation opportunities for Queen Creek residents and visitors by:***

- Designing the project's primary park to feature larger amenities such as turf fields and sport courts (Action 4.A.3).
- Incorporation of both private parks and trail connectivity to the Town's existing and planned regional open space system (Action 4.A.7).

***OPEN SPACE ELEMENT GOAL 5: Design Parks and trails that are safe by:***

- Designing all access to parks and trails to be safe for pedestrians and bicyclists Action 5.A.2)

## ZONING

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Implementation of the General Plan is based on fostering the overall vision, specific goals, objectives and policies adopted by the community. Zoning of real property is the legal tool frequently used to implement the General Plan vision. To successfully and sustainably facilitate the ownership's vision for this property, PAD zoning is proposed. We are using the PAD overlay solely to illustrate the unique qualities of the project that include the treatment of the Sonoqui Wash as it moves through the project, the integration of the commercial parcel into the proposed neighborhood, and the mix of single-family residential lot sizes. We are currently not proposing any deviations to the Town's Zoning Code. Even so, Section 4.10 of the Town's Zoning Code describes the purpose and intent of the PAD overlay and below is a summary of how we believe we meet the PAD criteria.

***Promote the most appropriate use of parcels:***

- Single family residential with a small commercial corner is the most appropriate use for this property.

***Allow diversification of use:***

- With a mix of residential lot sizes and the commercial corner land use, the project exhibits a diversification of uses.

***Facilitate the adequate and economical provision of streets, parks, open space, schools, storm drainage, and sewer and water utilities.***

- Although this property is on the edge of the Town, transportation and utilities exist in the area and the development of this property will improve the Town infrastructure systems.

***Preserve and utilize open space.***

- This project will have two types of open space. The 11 acres of the Sonoqui Wash which will be preserved in its natural state; and 33 acres of active and passive open space for the use and benefit of the residents.

***Offer recreational opportunities close to residential uses.***

- We have designed the project to offer recreational opportunities within the 880-feet as required by the Town Code.

***Enhance the neighborhood's appearance.***

- Enhanced park amenities, landscaping, and perimeter theme walls will ensure the project is attractive.

***Counteract adverse effects of urbanization.***

- By developing this project, we are infilling part of the region that was leapfrogged by the growth in San Tan Valley, thus reversing the negative impacts of that those actions.

***Provide for the unified control of land development.***

- With development already existing to the south, east and soon to the north (Harvest Queen Creek project), the development of this land will be more uniform with the adjacent properties.

In addition to the PAD criteria, the Town's Zoning Code requires that each PAD rezoning request meet the Findings of Fact. These findings are an important tool that the Town can use to assess the tenants of the proposal and ultimately recommend support because of them. Below are how we believe this proposal meets the PAD Findings of Fact:

1. *That the requested modifications to the requirements of the Zoning Ordinance and the underlying Zoning Districts are in the best interests of the Town and are beneficial to the Town in that a higher quality or more appropriate design, or economic benefits (such as employment) can be achieved by not requiring strict adherence to the terms and regulations of the zoning ordinance;*

At this time, we are not proposing any deviations to the Town's Zoning Code and strongly believe the project is of a higher quality than other projects in this area and thus is in the best interest of the Town to support.

2. *That strict adherence to the requirements of the Zoning Ordinance is not required in order to ensure the health, safety and welfare of the future occupants of the proposed development;*

Since we comply with the requirements of the Zoning Code, the project does not jeopardize the health, safety, and welfare of the future residents of this neighborhood.

3. *That strict adherence to the requirements of the Zoning Ordinance is not required in order to ensure that property values of adjacent properties will not be reduced;*

Property values will not be detrimentally affected as this project is complimentary to the existing adjacent neighborhoods.

4. *That the proposed development is consistent with the goals, objectives and policies of the General Plan.*

With a proposed density of 3.49 DU/acre, and the inclusion of a small commercial parcel we believe the project is consistent with the General Plan's vision for this property.

**PAD Site Data Table**

DESCRIPTION		ACREAGE (AC.)	PERCENTAGE OF GROSS AREA
Total Area (gross):		+/- 180.16	100%
Arterial & Collector Roadways:		+/- 13.06	7%
Commercial Parcel Area (net):		+/- 14.61	8%
Total Area (net):		+/- 152.49	85%
OPEN SPACE SUMMARY		ACREAGE (AC.)	PERCENTAGE OF NET AREA
Total Area - Open Space REQUIRED:		+/- 30.04	20%
Total Area - Open Space PROVIDED:		+/- 43.76	29%
Total Area – Active Open Space Required:		+/- 9.15	30%
Total Area – Active Open Space Provided:		+/- 14.65	48%
Total Number of Lots/Dwelling Units:	+/- 533	100%	
Overall Density (net) <sup>1</sup> :	3.49DU/AC		

<sup>1</sup> – Density is calculated using Queen Creek’s net density formula for PAD projects which is detailed below for both Empire Pointe and Meridian Crossing / Harvest.

PAD Density formula:

$$\text{Density} = \frac{\text{Number of units}}{\text{Gross Area} - (\text{R/W} + \text{Non-Residential land area})}$$

**Empire Pointe (Proposed):**

$$\text{PAD Density} = \frac{533}{180.16 - (13.08 + 14.61)} = 3.49 \text{ DU/acre}$$

**Meridian Crossing / Harvest (2016 PAD Approval):**

$$\text{PAD Density} = \frac{1,245}{414.27 - (46.02 + 1.44)} = 3.39 \text{ DU/acre}$$

The above calculations compare the proposed Empire Pointe net density with that of the adjacent Meridian Crossing/Harvest project as originally approved in 2016. The density map exhibit on the next page reflects the approved NET densities of all of the neighborhoods adjacent to Empire



Pointe. When the project is viewed in this existing context, it becomes obvious that Empire Pointe only being 0.1 DU/acre higher than the Meridian Crossing / Harvest development but still 1.2 – 1.5 DU/acre lower than the other surrounding adjacent developments, provides a very *reasonable* and *compatible* transition between these existing neighborhoods.

**Density Map Exhibit**



Attachment: 7. Project Description Narrative (Empire Point)

The General Plan category for the site is Neighborhood which allows for a great range of development opportunities. This property’s location on Gary Road and near the higher density communities of north Pinal County make it a great location for commercial land uses. Our proposal includes a 15-acre (gross) commercial parcel at the intersection of Gary Road and Empire Road just for that reason. The proposed zoning is C-2 and the parcel is designed to accommodate a range of users including retail anchors, shop space and pad users, and office employers. To help determine the impacts of a commercial parcel on the Town, an economic study has been prepared and accompanies this proposal. The economic study found that the inclusion of a commercial

parcel in the proposal results in a net fiscal benefit to the Town of approximately \$226,000 on an annual basis. This fiscal benefit, combined with the convenient provision of goods and services for the area residents, validates the inclusion of the commercial component to the overall development.

The residential portion of the project is proposed to be zoned R1-5 PAD, incorporating a mix of residential lot sizes accommodating a range of housing and lifestyle options is an important component to create sustainable and desirable neighborhoods. To this end, the project will offer three different single-family typical lot sizes ranging from 5,750 sq. ft. to 8,125 sq. ft. in area. All combined, the Development Plan proposes 533 units and a net project density of 3.49 dwelling units per acre (du/ac) which is in substantial conformance with proposed densities afforded by the Neighborhood General Plan land use classification and is consistent, and significantly lower, than the adjacent neighborhoods to the south and east making this an appropriate transitional land use proposal. At this time, no deviations from the Zoning Code are proposed.

**Zoning Standards Table**

<i>STANDARD</i>	<i>R1-5 CODE</i>	<i>C-2 CODE</i>
Minimum Lot Area (sq. ft.):	5,000 <sup>1</sup>	-
Minimum Lot Width (ft.):	50	50
Minimum Lot Depth (ft.):	100 <sup>1</sup>	100
Maximum Height (ft.)	30	48
Minimum Building Setbacks (ft.)		
Front:	20 <sup>2</sup>	-
Side:	5 <sup>3</sup>	0
Rear (Dwelling/Building):	15 <sup>5</sup>	15
Rear (Covered Patio):	10	-
Maximum Lot Coverage:		
1-Story (%):	55	60
2-Story (%):	50	60

1. Except to accommodate cul-de-sacs, knuckles, and other street designs that encroach into the typical lot depth.
2. 20-feet to front of garage (front entry)/10-feet to garage (side entry) and living area/10-feet to covered front porch.
3. Side yard setbacks may be 0-feet for attached housing products
4. 15-feet for two-story homes/10-feet for single-story homes and / or covered patios.
5. 20-feet for two-story homes/15-feet for Single-story homes and / or covered patios.

Attachment: 7. Project Description Narrative (Empire Point)

## DEVELOPMENT PLAN

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The Development Plan acts as the site plan for the PAD Zoning. The design philosophy and intent are shown on the Development Plan for Empire Pointe to ensure that the Town and the Developer have a mutual understanding of how the project is proposed to be built. In addition to project conceptual layout, the Development Plan includes important site data including the underlying zoning districts, the proposed typical lots sizes, and of course the number of lots and resulting density. Estimated open space data is also included on the Development Plan to demonstrate compliance with the Towns requirements.

### LAYOUT:

The land use planning concept for Empire Pointe centers on the neo-traditional philosophy by centralizing the primary open space area and having a grid road system with detached sidewalks provide efficient access connecting the primary park to the homes. This design philosophy fits the long linear shape of the property as well as the agriculturally influenced design tenants of the projects to the north (i.e. Harvest Queen Creek, Schnepf Farms, The Olive Mill, etc.).

The resulting layout provides for the central amenity area to be surrounded by smaller neighborhood groupings that are intermixed with the three proposed typical lot sizes proposed for the project. These typical lot sizes are 50' x 115', 55' x 120', and 65' x 115'. Each neighborhood has close proximity to an amenitized park area and is connected via the aforementioned detached sidewalks to the centralized primary amenity area .

The proposed commercial parcel is strategically placed at the intersection of Empire Road and Gary Road to provide maximum exposure to by-passing traffic as well as focus the more intense commercial traffic away from the residential development. That said, it is important for us to allow both vehicular and pedestrian connection between the commercial and residential portions of the project so the project functions as one cohesive neighborhood.

### ACCESS AND CIRCULATION:

The perimeter arterial roadways of Gary Road and Empire Road share jurisdiction with Maricopa County and Pinal County but once the project is annexed, it is expected the Town of Queen Creek will have jurisdiction to improve and maintain both roadways. Gary Road and Empire Road have limited existing improvements and as part of this project, it is expected that the frontages of both roads will be improved to better accommodate the existing traffic as well as the additional traffic produced by this project. The Signal Butte Alignment is along the west boundary of the project and is unimproved to date.

Gary Road is currently the larger traffic carrier of the adjacent arterials and is proposed to have one of the two primary entrances to the eastern portion of the project. The Gary Road entrance will provide ingress and egress to both the residential and commercial portions of the project as we anticipate this access to be the only full-motion intersection for the project along that frontage. To accommodate the mixed traffic for this access road, we have designed a wider road section with a raised center median that stretches from Gary Road to the access drive for the commercial parcel. Once passed the commercial parcel access point, the raised center median goes away and the road section reduces to the typical residential collector street section.

Empire Road is quickly becoming a major traffic corridor as one of the only east-west alignments that runs from one end of town to the other. We have positioned our second point of primary access about midway along our Empire Road frontage. This access road serves only the residential portion of the project and will ultimately be the marketing window for the project. As such, we have designed the access road with a raised center median that will feature a soldier line of theme trees. This colonnade focuses the driver's attention to the round-about and primary park area which is the terminus of the road.

The western portion of the project, which is all residential, fronts onto Signal Butte Road. Since Signal Butte does not currently exist, we are proposing to improve our half-street along our frontage which will connect to a half-street that the Town will construct south to Empire Boulevard. Signal Butte will eventually connect north to Riggs road but until it does, we are proposing an emergency access easement that connects to Empire on the west side of the Sonoqui Wash. This emergency access will meet the Fire Code's requirements for access and will allow this parcel of the project to be built in our third phase.

The proposed internal public street layout uses a hierarchy of collector streets and local streets to facilitate both vehicular and pedestrian circulation throughout the site. We have purposely directed all three of the collector level streets into the middle portion of the project where the primary amenity area is located as these streets and their detached sidewalks will serve as the direct path for the residents to connect to the central open space. The detached sidewalks along the collector and local streets will also provide pedestrians safe and efficient access to the project's commercial parcel.

#### **OPEN SPACE:**

At 29% (of the net area), the project easily exceeds both the minimum amount of total open space required for the project as well as the minimum amount of active open space required. The large amount of open space is enhanced by a uniquely designed plan that offers three parks with three different themes and amenity packages. The centralized primary amenity area is the largest of the three parks and will be a highly active game center for kids and adults of all ages as well as a gathering space for the whole neighborhood. The amenities include a half basketball court, a pickle ball court, a bocce ball court, multi-purpose turf area, playground equipment, and a large and small ramada area. Just north of the turf field area is a more secluded area with tree shaded game tables. The easternmost park features a set of swings, climbing boulders, and a smaller turf area for recreational use. The westernmost park features a children's tot lot, a ramada, tree-shaded seating, and another turf play area.

Another important aspect of the open space plan is the trail system. The Sonoqui wash bifurcates the property running in the northwesterly direction. Because the Sonoqui Wash is also a regional trail corridor, the Town of Queen Creek has identified the need for a 2-foot wide soft material trail running along or near the bottom of the wash channel. This trail can accommodate a range of non-motorized users and facilitates regional travel as it runs throughout the Town. In addition to this regional trail, Empire Point is proposing a paved trail system throughout the project that provides trail connections to the wash trail corridor, to all three amenity areas, and to the commercial parcel.



## PUBLIC UTILITIES AND SERVICES

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Utilities and services will be provided as follows:

- Water: Town of Queen Creek
- Sewer: Town of Queen Creek
- Electric: Salt River Project
- Gas: City of Mesa
- Telecommunications: Cox Communications; CenturyLink
- Police: Maricopa County Sheriff
- Fire: Town of Queen Creek
- School: Queen Creek Unified School District

### WATER

Potable water is to be provided by future Town of Queen Creek facilities, which a portion of these facilities were designed and installed along Signal Butte and Empire Roads as part of a 2017 Capital Improvement Project within the Town.

Discussions with the Town indicate that existing water lines near the project boundaries can be extended with the development to serve the project's requirements adequately. The proposed water system improvements will be designed and developed in accordance with Town of Queen Creek and Maricopa County Environmental Services Department requirements.

The water demand for Empire Pointe has been calculated per Town of Queen Creek Design and Construction Standards Manual for Water, Wastewater, and Irrigation Systems, December 2013. Section 2.1, Table 2.1.1. Calculations assume:

- 533 single family units
- 475 Average Day Demand per Person (GPD)
- 3.1 Persons Per Dwelling Unit

Based on the above stated assumptions the water demand for Empire Pointe is as follows:

- Average Day Demand: 784,843 GPD
- Average Year Demand: 880 acre-feet / year
- Max Day Demand: 1.26 MGD
- Peak Hour Demand: 2.19 MGD

### WASTEWATER

Wastewater from Empire Pointe will be serviced by future Town of Queen Creek facilities. Empire Pointe is currently within the Town of Queen Creek Sewer Service Area, per map dated November 01, 2016. The project area is illustrated as "Developable Area" in the current Town of Queen Creek Sewer Master Plan, which Plan also indicates a future 12-inch sewer line along the project's western boundary and a 12-inch sewer line along the E. Riggs Road.

The project will install utility improvements to adequately connect to existing infrastructure improvements. Empire Pointe is committed to working with the Town of Queen Creek to determine the overall system needs to provide sewer service for this proposed PAD.

The Wastewater demand for Empire Pointe has been calculated per Town of Queen Creek Design and Construction Standards Manual for Water, Wastewater, and Irrigation Systems, December 2013. Section 5.1, Table 5.1.1. Calculations assume:

- 533 single family units
- 54.4 Gallons per Day per Capita
- 3.1 Persons Per Dwelling Unit

Based on the above stated assumptions the wastewater demand for Empire Pointe is as follows:

- Cumulative Day Flow: 89,885 GPD

## **PUBLIC PARTICIPATION**

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A neighborhood meeting will be held prior to the project being scheduled for a Planning and Zoning Commission hearing in accordance with the Town of Queen Creek Public Participation requirements.

## **CONCLUSION**

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Given the marketing challenges that come with being on the “edge” of Town, the Development Plan for Empire Pointe successfully finds a balance between the density driven market of the Pinal County properties to the east and south, and the elevated design that is expected of all Queen Creek neighborhoods. The neo-traditional design philosophy has resulted in a very efficient and free-flowing land plan that incorporates the linear shape of the property while complimenting the agrarian heritage of the greater area. We expect this project will be highly sought after by families wanting to locate in this area of Town as not only do you have the agritainment attractions nearby, but the project itself is designed to promote an outdoor active lifestyle through its numerous amenity areas, neighborhood trails, and of course, connection to the Town’s regional trail network. Lastly, the ability to have retail services that are within walking distance is not something most neighborhoods in this part of the valley have and will be a welcome asset to the neighborhood. We look forward to working with the Town of Queen Creek to bring this proposed project into the community known for its uniqueness and quality of life for its residents.

**ORDINANCE 731-20**

**AN ORDINANCE OF THE MAYOR AND TOWN COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA, DECLARING AS PUBLIC RECORD THAT CERTAIN DOCUMENTS TITLED “EMPIRE POINT”, LEGAL DESCRIPTIONS ATTACHED HERETO AS EXHIBIT “A”, AND ADOPTING EXHIBIT “A”, IN ADDITION TO THE DOCUMENT TITLED “CONDITIONS OF APPROVAL” AND ATTACHED HERETO AS EXHIBIT “B”, AND ADOPTING EXHIBIT B”, THEREBY AMENDING THE OFFICIAL ZONING DISTRICT MAP FOR THE TOWN OF QUEEN CREEK, ARIZONA, PURSUANT TO ARTICLE 3, SECTION 3.4 OF THE ZONING ORDINANCE FOR THE TOWN OF QUEEN CREEK BY CHANGING THE ZONING DISTRICT CLASSIFICATION FROM R1-43 TO R1-5/PAD AND C-2 ON APPROXIMATELY 180 ACRES. THIS PROPERTY IS GENERALLY LOCATED AT THE NORTHWEST CORNER OF EMPIRE BOULEVARD AND GARY ROAD. THE ASSOCIATED ZONING CASE FOR THE PROPERTY IS P18-0193 (REZONE).**

**WHEREAS, Arizona Revised Statutes § 9-802 provides a procedure whereby a municipality may enact the provisions of a code or public record by reference, without setting forth such provisions, providing that the adopting ordinance is published in full; and**

**WHEREAS, Article 3, ZONING PROCEDURES, Section 3.4 ZONING AMENDMENT, establishes the authority and procedures for amending the Zoning Ordinance; and**

**WHEREAS, Article 4, ZONING, Section 4.2 Zoning District Maps, establishes the Zoning District Maps and states that the Zoning District Maps, along with all the notations, references, and other information shown thereon, are a part of this Ordinance and have the same force and effect as if said maps and all the notations, references, and other information shown thereon were all fully set forth or described in the zoning ordinance text; and,**

**WHEREAS, a Public Hearing on this ordinance was heard before the Planning and Zoning Commission on May 13, 2020; and**

**WHEREAS, the Planning and Zoning Commission voted 7-0 in favor of this zone change; and**

**WHEREAS, a Public Hearing on this ordinance was heard before the Town of Queen Creek Town Council on June 3, 2020;**

**NOW THEREFORE BE IT ORDAINED BY THE MAYOR AND TOWN COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA, AS FOLLOWS:**

Section 1. The documents attached hereto as Exhibits "A and B," titled Legal Description and Conditions of Approval are hereby declared to be public records;

Section 2. One (1) paper copy and one (1) electronic copy of Exhibit "A" are ordered to remain on file with the Town Clerk;

Section 3. If any section, subsection, clause, phrase or portion of this ordinance or any part of these amendments to the Queen Creek Zoning Map is for any reason held invalid or unconstitutional by the decision of any court or competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

**PASSED AND ADOPTED BY** the Mayor and Town Council of the Town of Queen Creek, Maricopa County, this 3rd day of June, 2020.

FOR THE TOWN OF QUEEN CREEK:

ATTESTED TO:

\_\_\_\_\_  
Gail Barney, Mayor

\_\_\_\_\_  
Maria Gonzalez, Town Clerk

REVIEWED BY:

APPROVED AS TO FORM:

\_\_\_\_\_  
John Kross, Town Manager

\_\_\_\_\_  
Dickinson Wright, PLLC  
Attorneys for the Town

Attachment: Ord 731-20 (Empire Point)



**Exhibit A  
Legal Description**

A portion of the South Half of Section 36, Township 2 South, Range 7 East of the Gila and Salt River Meridian, Maricopa County, Arizona, and more particularly described as follows:

Commencing at the southwest corner of said Section 36, being a 2" aluminum cap, from which the west quarter corner thereof, being a 5/8-inch rebar with cap "LS 52139" bears North 0 degrees 20 minutes 32 seconds West, 2626.40 feet;

thence North 0 degrees 20 minutes 32 seconds West, along the west line of the Southwest Quarter of, 656.60 feet to the POINT OF BEGINNING;

thence continuing, along said west line, North 0 degrees 20 minutes 32 seconds West, 993.40 feet;

thence North 89 degrees 20 minutes 20 seconds East, along a line parallel with the south line of the Southwest Quarter of said Section 36, 2639.59 feet to a point on the north-south midsection line of said Section 36;

thence North 89 degrees 20 minutes 11 seconds East, along a line parallel with the south line of the Southeast Quarter of said Section 36, 2575.45 feet to a point on the west line of the east 65.00 feet of the Southeast Quarter of said Section 36;

thence South 0 degrees 27 minutes 17 seconds East, along said west line, 1565.00 feet;

thence South 44 degrees 26 minutes 27 seconds West, 77.92 feet to a point on the north line of the south 30.00 feet of the Southeast Quarter of said Section 36;

thence South 89 degrees 20 minutes 11 seconds West, along said north line, 1330.12 feet;

thence South 0 degrees 39 minutes 49 seconds East, 30.00 feet to a point on the south line of the Southeast Quarter of said Section 36;

thence South 89 degrees 20 minutes 11 seconds West, along said south line, 1191.49 feet to the south quarter corner of said Section 36;

Attachment: Ord 731-20 (Empire Point)

thence South 89 degrees 20 minutes 21 seconds West, along the south line of the Southwest Quarter of said Section 36, 1320.89 feet to the southeast corner of the South Half of the Southwest Quarter of the Southwest Quarter of said Section 36;

thence North 0 degrees 22 minutes 49 seconds West, along the east line of the South Half of the Southwest Quarter of the Southwest Quarter of said Section 36, 655.95 feet to the northeast corner of the South Half of the Southwest Quarter of the Southwest Quarter of said Section 36;

thence South 89 degrees 22 minutes 03 seconds West, along the north line of the South Half of the Southwest Quarter of the Southwest Quarter of said Section 36, 1320.45 feet to the POINT OF BEGINNING.

An area containing 7,697,621 square feet or 176.7131 acres, more or less.

### **EXHIBIT B Conditions of Approval**

1. This project shall be developed in accordance with the plans attached to this case and all the provisions of the Zoning Ordinance applicable to this case.
2. For the onsite improvements the Town requires cash, irrevocable letter of credit (IRLOC), bond, or a signed certificate of occupancy hold agreement to cover the costs for construction assurance. The IRLOC and bond are required to be approved by the Town Attorney. The assurance amount will be determined by an engineer's estimate during the Final Plat review. Construction assurance shall be deposited with the Town prior recording of the Final Plat.
3. For the offsite public improvements the Town requires cash, irrevocable letter of credit (IRLOC), or bond, to cover the costs for construction assurance. The IRLOC and bond are required to be approved by the Town Attorney. The assurance amount will be determined by an engineer's estimate during the Final Plat review. Construction assurance shall be deposited with the Town prior recording of the Final Plat.
4. Development of this property will require an Arizona Department of Water Resources (ADWR) Certificate of Assured Water Supply (CAWS). Obtaining a CAWS may be accomplished by transferring a current CAWS, converting an existing Analysis of Assured Water Supply associated with the proposed development, or by applying for a new CAWS.

5. In conjunction with obtaining a CAWS, the development will also need to be enrolled as a member in the Central Arizona Groundwater Replenishment District ("CAGRDR") program with ADWR.
6. 55' of half street of Right-of-Way for Signal Butte Road and Empire Road shall be dedicated on the Final Plat.
7. Full ½ street improvements shall be required to be designed and constructed for Signal Butte Road and Empire Road for all portions of the Right-of-Way adjacent to the property frontage.
8. The Developer shall provide a roadway connection from Empire Road to the project's Signal Butte Road entry location.
9. All improvements and Right-of-Way requirements for Empire Boulevard and Gary Road shall be coordinated with Pinal County.
10. The Developer shall design and construct a box culvert at the Sonoqui Wash crossing of Empire Road. The box culvert shall be the type and size that was agreed upon with Town Staff.
11. When warranted, the developer shall provide 1/2 cost share (\$200,000.00) for the traffic signal at Empire Road and North Village Lane intersection.
12. When warranted, the developer shall provide 1/2 cost share (\$200,000.00) for the traffic signal at Gary Road and Belmont Red Trail intersection.
13. The Sonoqui Wash shall be channelized and improved for all portions adjacent to the project. The Developer's Engineer shall perform a detailed hydraulic analysis of the wash as part of the improvement plan submittal.



Requesting Department

Finance

**TO: HONORABLE MAYOR AND TOWN COUNCIL**

**THROUGH: JOHN KROSS, TOWN MANAGER, ICMA-CM**

**FROM: SCOTT MCCARTY, FINANCE DIRECTOR**

**RE: CONSIDERATION AND POSSIBLE ADOPTION OF RESOLUTION 1352-20 AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AGREEMENT, A TRUST AGREEMENT, A CONTINUING DISCLOSURE UNDERTAKING AND AN OBLIGATION PURCHASE CONTRACT AS WELL AS AGREEMENTS WITH A FINANCIAL ADVISOR AND SPECIAL COUNSEL; APPROVING THE SALE AND EXECUTION AND DELIVERY OF EXCISE TAX AND STATE SHARED REVENUE OBLIGATIONS, SERIES 2020, EVIDENCING A PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN SUCH PURCHASE AGREEMENT; APPROVING AN OFFICIAL STATEMENT; ADOPTING POST-ISSUANCE CONTINUING DISCLOSURE COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF OBLIGATIONS OF THE TOWN; DELEGATING THE DETERMINATION OF CERTAIN TERMS OF SUCH OBLIGATIONS AND MATTERS RELATED THERETO TO THE MANAGER AND CHIEF FINANCIAL OFFICER OF THE TOWN; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION AND DECLARING AN EMERGENCY.**

**DATE: June 3, 2020**

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**Staff Recommendation:**

Staff recommends approval of Resolution 1352-20 as presented.

***NOTE: Without an emergency clause, resolution takes effect 30 days after approval. The resolution requires six affirmative votes to pass with the emergency clause.***

**Relevant Council Goal(s):**



Effective Government: KRA Financial Management, Internal Services & Sustainability



Superior Infrastructure - Capital Improvement Program

**Proposed Motion:**

Staff recommends approval of Resolution 1352-20 as presented.

***NOTE: Without an emergency clause, resolution takes effect 30 days after approval. The***

***resolution requires six affirmative votes to pass with the emergency clause.***

**Discussion:**

The Town has made significant progress on construction of both the Town's public safety and transportation infrastructure. The Law Enforcement Building opened in 2017, Fire Stations #1 and #3 opened in 2017, and the Town has completed 16 roadway projects and is currently in design or construction on an additional 13 projects, out of 36 projects identified on the Transportation Master Plan when it was adopted in 2017.

The Town last issued non-utility debt in early 2018. The \$65,960,000 2018 Excise Tax and State Shared Revenue Obligations were issued for transportation and public safety projects. Such Obligations were issued with two series: Series A: for the non-growth portion of projects totaling \$47,945,000 and Series B: for the growth portion of construction projects totaling \$18,015,000.

The 2020 issue is for public safety and roads. It completes the build out of the Fire Department facility per the Fire Master Plan and continues with roadway projects identified in the 10-year Transportation Master Plan. All of these projects are necessary to accommodate the continuing growth within the Town and surrounding areas.

**Public Safety:** The proposed debt will fund construction of Fire Stations #4 and #5 on the eastern side of the Town; reconstruction of Fire Station #2, which was a temporary facility built in 2007; and construction of a Fire Resource Center to provide warehouse storage space and a training area for the Town's Fire and Medical staff. These projects total approximately \$30.5M and will directly benefit residents in the eastern and southern areas of the Town by locating Fire staff closer to existing and future development. These fire stations will also include \$2.5 million of office space for Police to serve as satellite operations for law enforcement as needed.

Opening of these three fire stations will complete the build-out of the Fire and Medical Department's Master Plan that was adopted in 2015. Because each project includes both growth and non-growth components, debt service on the Obligations which are the subject of Resolution 1352-20 (the "Obligations") will be paid for with a combination of Fire development impact fees, Police development impact fees, and transfers from the Operating Budget.

**Roadways:** The Town's roadway infrastructure has seen almost half the identified projects reach completion over the past few years. Currently, a number of high profile projects are underway, including Rittenhouse and the Rittenhouse Wash Bridge, Meridian from Combs to Germann, and the area surrounding Signal Butte Road and Queen Creek Road where Fire Station #4 is also under construction. Since 2017, costs of road construction have seen sizeable price escalations due to the shortage of labor and materials in the greater Phoenix area. Also, certain projects have undergone scope changes due to the Town's growth patterns exceeding what was originally contemplated when the Transportation Master Plan was originally adopted. The proposed new debt issue will provide ongoing funding for the original Master Plan projects (\$64M), new projects that have been identified as necessary to accommodate growth (\$7M), and roads outside of Town limits (\$20M), while incorporating the price escalations and scope modifications into ongoing and future projects.

New projects identified to accommodate growth include Flood Control and Drainage at the

Eastpark site in partnership with Maricopa County Flood Control. Also, safety improvements on Ironwood Road

Roads outside of the Town's limits provide accelerated construction of major arterial roadways to coincide with the construction of State Route 24. The Town Council identified these projects as regionally significant priorities to alleviate congestion for Town residents who will be connecting to SR24 once completed and improve their commute to west towards Phoenix. To that end, the Town has entered into agreements with neighboring governments to contribute funding towards construction of these projects:

1. Signal Butte Road, Germann to SR24 (\$12M) - This is an intergovernmental Agreement with the City of Mesa in which the Town will pay for construction of the road and the City of Mesa will reimburse the Town \$12M by December 31, 2030.
2. Meridian Road, Germann to SR24 (\$9.1M) - This is an intergovernmental agreement with Pinal County, the Town and the County are sharing the costs of design and construction 50-50.
3. Ellsworth Road SR24 Interchange (\$3.2M) - Agreement with the State of Arizona Department of Transportation to contribute funding towards an enhanced interchange at this intersection totaling \$2.5M. The remaining \$0.7M is for conduit running under the freeway to allow for future water and wastewater projects.

All of this infrastructure will help meet the needs of both current and future residents and businesses. Issuing the Obligations is a way to allocate the costs over time and ensure those who will use this infrastructure also pay for it.

At this time, the recommendation is to approve the following documents:

1. **Authorizing Resolution.** The resolution authorizes the issuance of the Obligations within certain established parameters and delegates the authority to finalize the specifics to the Town Manager and/or the Finance Director/Chief Financial Officer.
2. **Preliminary Official Statement (POS).** The POS is the document that the underwriters of the Obligations (BofA and RBC as described below, the "Underwriters") use to market the Obligations to potential investors. This document is of particular importance as it presents the financial condition of the Town.
3. **Fourth Purchase Agreement and Fourth Trust Agreement.** These documents reflect the relationship between the Town and the Trustee, The Bank of New York Mellon Trust Company, and provide for the execution and delivery of, and the security for, the Obligations.
4. **Obligation Purchase Contract.** The agreement pursuant to which the Obligations will be sold by the Town to the Underwriters.
5. **Post-Issuance Continuing Disclosure Compliance Procedures.** These procedures formally document the steps Town staff will take to ensure the Town complies with our requirements to provide updated financial information to the investment community.

Upon approval of these documents, no further Town Council action is required. Town staff expects to share the results of the sale at future Town Council meeting.

Working on this issue involves many others besides the Town staff, especially in this economic uncertainty. Their expertise has been key in getting to this point. The Town's Financial Advisor Wedbush Securities has a fiduciary responsibility to the Town. Their responsibility is to advise the Town on all matters related to issuing debt including timing, market conditions, refunding structures, and managing the Underwriters. Wedbush Securities has been working for the Town since September 2018.

The Town's special counsel (Greenberg Traurig, LLP) also plays an important role by preparing the legal documents. Greenberg Traurig, LLP has been working for the Town since incorporation (1989).

The Town staff, working in conjunction with its Financial Advisor distributed a request for proposals to certain financial institutions that have experience with or a past relationship with the Town. Bank of America ("BofA") and RBC Capital Markets ("RBC") were selected to manage the negotiated sale of the Obligations.

The role of the Underwriters is to price and market the Obligations to potential investors. As the Town is an infrequent participant in the municipal bond market and are not "familiar name", the role of the Underwriters is critical. Their responsibility is to market the Obligations and generate maximum interest in the issue, thereby lowering the interest rates and overall cost.

The Municipal Bond Market has, like all markets, been volatile over the past few months due to the impact of the coronavirus on the global, national, state and local economies. There was a period when both the primary and secondary market were unstable or nonexistent. Financial institutions and investors remain cautious when considering purchasing debt where the source of repayment may be significantly impacted by the economic impact of COVID-19. The current bond market is recovering from the unprecedented rate increases experienced in late March and early April, returning to near historic lows. We have been working closely with our Financial Advisor, Wedbush Securities and our Underwriters, BofA and RBC to monitor market conditions to avoid selling the Obligations at an inopportune time.

#### *Milestones and Remaining Calendar*

Assuming approval by the Town Council of this agenda item, the Obligations will proceed under the calendar below with certain events having already occurred. Because the deal is market sensitive, an immediate effective date of the resolution is recommended to allow for the most flexibility in bringing this deal to market.

#### **May 2020**

Conference call with rating agencies (Standard & Poor's and Fitch) for the Town's Obligations ratings. The Town discussed the specifics of its current economic environment and responded to questions. There was a heavy interest regarding the revenue reductions associated with COVID-19 and the Town's plans to mitigate those impacts, both in the near and longer term. Both agencies are expected to provide rating reports by June 2, 2020.

Conducted due diligence conference call with the underwriting firms of BofA and RBC and their legal counsel Squire Patton Boggs, Dickinson Wright, Greenberg Traurig, Wedbush Securities and Town staff

**Week of May 25**

Working with the Underwriters, Underwriters' Counsel, the Town's Special Counsel and Financial Advisor to finalize the Preliminary Official Statement.

**Week of June 1**

Ratings received from both agencies (Standard & Poor's and Fitch) on June 2, 2020.

**June 3rd**

Authorizing Resolution brought to the Town Council for consideration. Assuming the authorizing resolution is approved by Council, move forward to begin the sale and finalization of the issuance.

**June 4<sup>th</sup>**

Distribute the Preliminary Official Statement to potential investors.

**Week of June 8 & 15**

The Obligations are expected to be priced. Immediately after the sale the Obligation Purchase Contract (described above) is executed.

Draft Final Official Statement is distributed to the financing team for review and comment, closing documents will also be distributed for review and comment. The Official Statement will be issued closing documents will be signed.

**June 30**

Transaction closes and proceeds are deposited with the Trustee.

**July 17 Town Council Meeting**

The final pricing results will be presented to the Town Council.

**Fiscal Impact**

Issuing these Obligations is a way to spread these costs over decades and ensure those who will use this infrastructure also pay their fair share for it.

The repayment pledge for the Obligations is excise taxes and state shared revenues. Excise taxes and state shared revenues are essentially all Operating Budget revenues excluding dedicated revenues (e.g., the Town's dedicated property tax and the gas tax).

With this as the revenue pledge, our current 'AA' bond rating, and a relatively low interest rate environment, we expect the yield to investors on the Obligations will be in the range of 3.0% to 3.5%.

Although excise taxes and state shared revenues are the pledge to repay the Obligations, other sources will be used to service the annual debt payments.

Because the projects being built will serve existing residents and businesses as well as future ones, the Operating Budget, impact fees, and construction sales tax will be used to make the annual debt payments. This information is summarized in the schedule below:



Repayment Source	Principal Amount	Estimated Annual Debt Service	Percent
Operating Budget *	\$55M	\$2.9M	58%
Transportation Impact Fees	\$10M	\$0.4M	8%
Construction Sales Tax	<u>\$2M</u>	<u>\$0.3M</u>	<u>6%</u>
Transportation Total	\$67M	\$3.6M	72%
Operating Budget	\$16M	\$0.8M	16%
Fire Impact Fees	<u>\$12M</u>	<u>\$0.6M</u>	<u>12%</u>
Public Safety Total	\$28M	\$1.4M	28%
<b>TOTAL</b>	<b>\$95M</b>	<b>\$5.0M</b>	<b>100%</b>

\*Town Council created a \$6.5M placeholder for annual debt service payments in 2016. Of the original placeholder amount, \$3.1M was used for the 2018 Excise Tax Bond annual debt service and \$2.9M will be used for this debt issue, leaving \$0.5M remaining.

The portion of the debt related to Mesa Roads (\$12M) will be structured as interest-only for 10 years. This structure coincides with the City of Mesa’s repayment to the Town of \$12 million by December 31, 2030, per the terms of the agreement with the City of Mesa. This structure provides the Town the lowest possible annual costs by not requiring principal payments until the Town receives reimbursement from Mesa in 2030.

Estimated issuance costs of \$610K are summarized in the schedule below.

Cost	Amount
Underwriters*	\$275,000
Financial Advisor	\$115,000
Bond Counsel	\$95,000
Rating Agency Fees	\$110,000
Miscellaneous (Printing, Trustee, etc.)	\$15,000
<b>TOTAL</b>	<b>\$610,000</b>

\*Certain firms with a current or past relationship with Town were identified on the State of Arizona’s bid list, and were asked to submit a response to an underwriter request for proposals for the Obligations and a potential future sale of Utility System Revenue Obligations in the

open-market. BofA and RBC were selected to underwrite the Obligations.

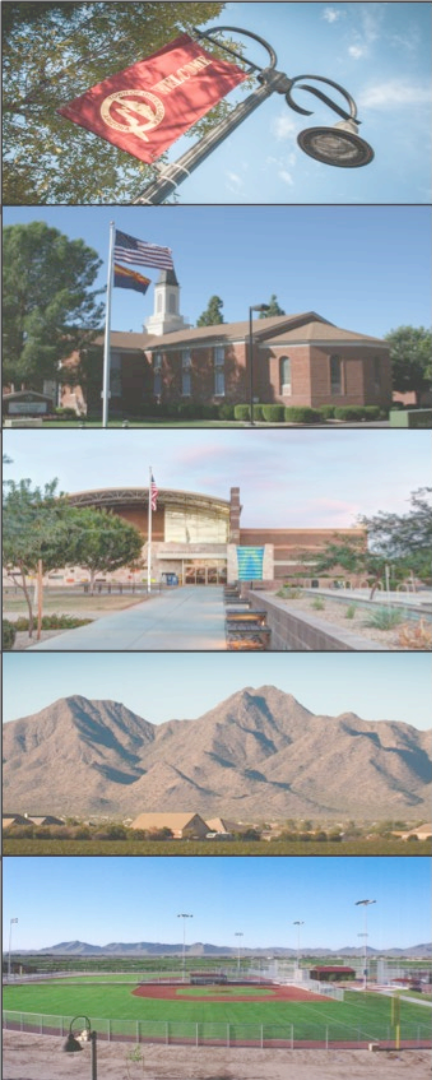
**Alternatives:**

This issuance allows the Capital Improvement Plan to move forward and construct roadway and public safety projects as outlined in the respective Master Plans. If the Council does not move forward with the issue as recommended, a discussion and direction would be need from the Town Council to determine the alternative amount.

The Town has committed to build certain projects due to annexations, and these projects will require alternative funding sources as their delay is not a realistic option given the current pace of development. The Town has also entered into contractual agreements with the City of Mesa, Pinal County, and the State of Arizona wherein the Town has agreed to contribute a total of \$20M for road improvements outside of Town limits. Without bond funding, these agreements will require an alternative source of funding, such as fund balance from the Operating Budget, which would result in reduced liquidity and is not recommended by Town staff.

**Attachment(s):**

1. Presentation
2. Authorizing Resolution No. 1352-20
3. Preliminary Official Statement
4. Fourth Purchase Agreement
5. Fourth Trust Agreement
6. Obligation Purchase Contract
7. Post-Issuance Continuing Disclosure Compliance Procedures



# 2020 EXCISE TAX AND STATE SHARED REVENUE OBLIGATIONS ISSUE

## Town Council Meeting

June 3, 2020

Attachment: Presentation (2020 Excise Tax Bonds)

# REMAINING BOND ISSUE

## CALENDAR

12.A.a



June 3

- Adopt Authorizing Resolution 1352-20

Weeks of June 8  
& 15

- Ongoing and final preparation, complete Final Offering Statement, and Price Obligations

Late June / Early  
July

- Sell the Obligations, Receive Proceeds

July 17

- Present Final Results of the Obligations Sale to Council

Packet Pg. 80

# AMOUNT

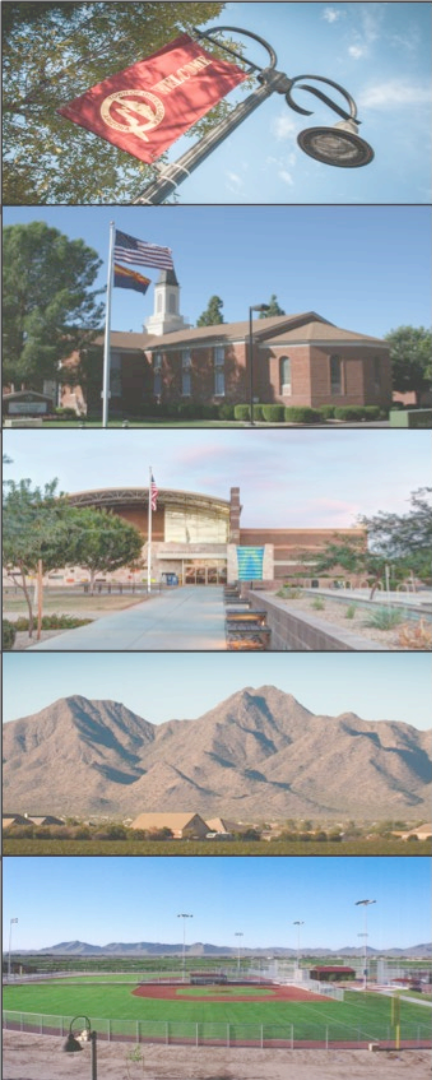
- Issue Proceeds Amount: \$95M
  - Streets = \$67M
  - Fire = \$28M
  - Issue Costs: \$610K (0.6%)

# REPAYMENT PLEDGE VS. REPAYMENT SOURCES

12.A.a

- Repayment **Pledge** (Legal): Excise Taxes and State Shared Revenues
  - Excise Taxes and State Shared Revenues are All Operating Budget Revenues Except for Property Taxes and Gas Taxes
- Repayment **Sources**
  1. Impact Fees (Fire and Transportation)
  2. Operating Budget
  3. 2% Dedicated Transportation Construction Sales Tax

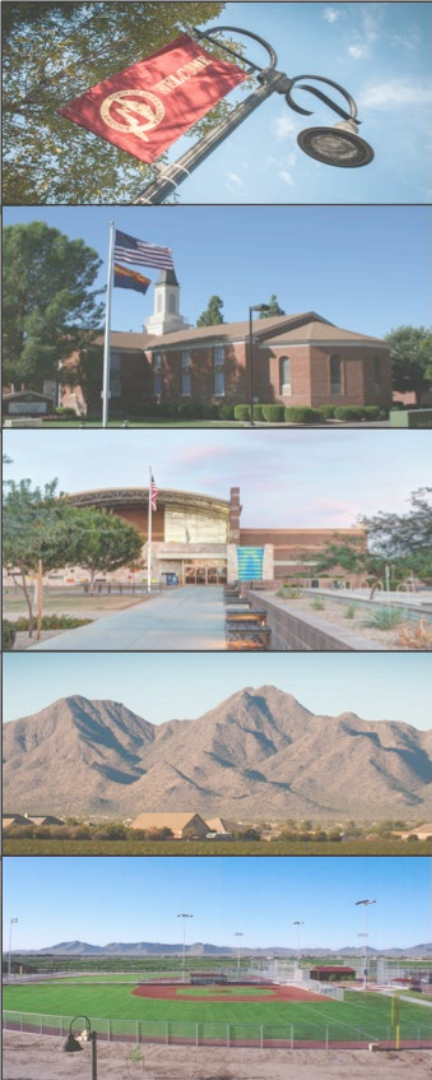
Packet Pg. 82





# DEBT SERVICE COVERAGE RATIO

12.A.a



	Before New Issue	After New Issue
Pledged Revenues	\$67.8M	\$67.8M
Annual Debt Payment	\$9.0M	\$14.0M
Debt Service Coverage	7.5x	4.8x
Legal Minimum	3x	3x

Attachment: Presentation (2020 Excise Tax Bonds)

# INTEREST RATES

- Estimated Yield/Interest Rate: 3.0% to 3.5%
  - Current Bond Rating: **AA**
  - Near Record Low Interest Rates
  - 2018 Bond Yield: ~4%



# TERMS

- \$12M City of Mesa Reimbursement
  - Payment from Mesa Due 12/31/30
  - Interest Only
- \$83M Remaining Amount
  - 30-Year / Level Payment
    - Same Structure as the 2018 Bond Issue

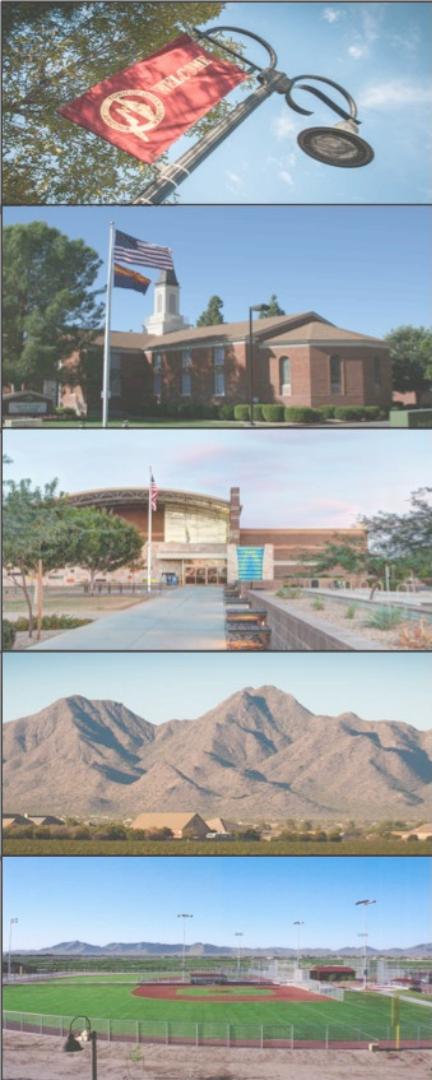
# ANNUAL PAYMENT

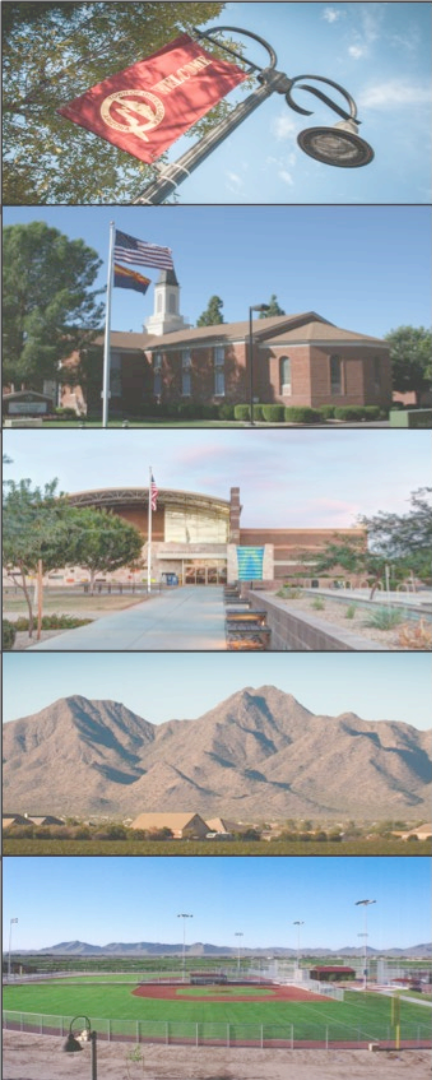
12.A.a

- \$5.0M Annual Payment
  - Mesa Road (\$12M):\$0.5M
    - Interest Only
  - All Other (\$83M): \$4.5M

Attachment: Presentation (2020 Excise Tax Bonds)

Packet Pg. 86





# \$67M STREET PORTION

12.A.a

- Re-Balanced 10-Year Capital Plan
  - Prior IIP Amount: \$195M
  - New IIP Amount: \$286M (+\$91M)
  - Reasons for the Change
    1. IIP Cost Updates: \$64M
    2. New Projects: \$7M
    3. Outside QC Projects: \$20M

Attachment: Presentation (2020 Excise Tax Bonds)

Packet Pg. 87



# \$67M STREET PORTION

12.A.a

(CONCLUDED)

- Town Council Created a \$6.5M Annual Placeholder for Debt Payment
  - \$5.5M From Mid-Decade Census (FY 16-17)
  - \$1.0M From Debt Refinancing (FY 17-18)
- Most of the Placeholder Has Been Used..
  - \$3.1M Used for 2018 Debt Issue
  - \$2.9M Used for 2020 Debt Issue
  - \$0.5M Remains

Attachment: Presentation (2020 Excise Tax Bonds)

# STREETS: ANNUAL DEBT PAYMENT ALLOCATION

Purpose	Total (Amount / Annual Payment)	Impact Fees (Amount / Annual Payment)	Construction Sales Tax (Amount / Annual Payment)	Operating Budget (Amount / Annual Payment)
Streets – IIP	\$40M / \$2.3M	\$7M / \$0.4M	\$5M / \$0.3M	\$28M / \$1.6M
Streets – New *	\$7M / \$0.4M	\$ - / \$ -	\$ - / \$ -	\$7M / \$0.4M
Streets – Outside Town *	<u>\$20M / \$0.9M</u>	<u>\$ - / \$ -</u>	<u>\$ - / \$ -</u>	<u>\$20M / \$0.9M</u>
<b>Total</b>	<b>\$67M/ \$3.6M</b>	<b>\$7M / \$0.4M</b>	<b>\$5M / \$0.3M</b>	<b>\$55M / \$2.9M</b>
<b>% Allocation</b>	<b>100%</b>	<b>10%</b>	<b>7%</b>	<b>83%</b>

Attachment: Presentation (2020 Excise Tax Bonds)

\*Projects included in the Towns’ Capital Improvement Plan but not included in the Infrastructure Improvement Plan for Impact Fees



# \$28M FIRE PORTION

1. Station #4 (New): \$6.4M (under construction)
2. Station #5 (New): \$8.7M (in design)
3. Station #2 (Reconstruction): \$7.9M (in design)
4. Resource Center (New): \$5.0M (in pre-design)

# FIRE: ANNUAL DEBT PAYMENT ALLOCATION

Purpose	Total (Amount / Annual Payment)	Growth (Amount / Annual Payment)	Non-Growth (Amount / Annual Payment)
2 New Stations	\$15.1M / \$0.7M	\$6.4M / \$0.3M	\$8.7M / \$0.4M
1 Station Reconstruction	\$7.9M / \$0.4M	\$3.3M / \$0.2M	\$4.6M / \$0.2M
Resource Center	<u>\$5.0M / \$0.3M</u>	<u>\$2.4M / \$0.1M</u>	<u>\$2.6M / \$0.2M</u>
<b>Total</b>	<b>\$28.0M / \$1.4M</b>	<b>\$12.1M / \$0.6M</b>	<b>\$15.9M / \$0.8M</b>
<b>Allocation</b>	<b>100%</b>	<b>43%</b>	<b>57%</b>

Attachment: Presentation (2020 Excise Tax Bonds)

NOTE: An additional \$2.5M of project costs will be cash-funded with Law Enforcement Impa

# OUTSTANDING OBLIGATIONS DEBT

Purpose	Outstanding Amount 6/30/19	% of Total	Proposed 2020 Issue	Total Outstanding Amount	% of Total
Transportation	\$91.6M	74%	\$67M	\$158.6M	73%
Fire	\$6.6M	5%	\$28M	\$34.6M	16%
Law Enforcement	\$1.9M	2%	-	\$1.9M	1%
Library	\$5.2M	4%	-	\$5.2M	2%
Town Buildings	\$5.1M	4%	-	\$5.1M	2%
Parks	\$4.1M	3%	-	\$4.1M	2%
HPEC	\$5.2M	4%	-	\$5.2M	2%
Recreation Annex	<u>\$4.4M</u>	<u>4%</u>	<u>-</u>	<u>\$4.4M</u>	<u>2%</u>
<b>TOTAL</b>	<b>\$124.1M</b>	<b>100%</b>	<b>\$95M</b>	<b>\$219.0M</b>	<b>100%</b>

90% Total

Attachment: Presentation (2020 Excise Tax Bonds)

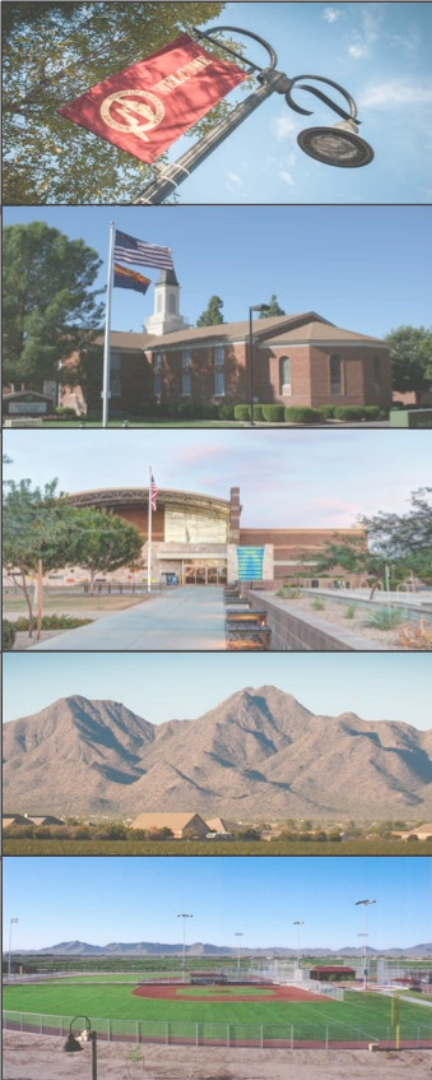
\*Excludes Water and Wastewater, and Non-Town Improvement District Debt.



# ANNUAL DEBT PAYMENTS\*

Funding Source	Current Payment	FY 21-22 Payment	Total Annual Payment
Operating Budget	\$4.8M	\$3.7M	\$8.5M
Dedicated Transportation Sales Tax	\$1.3M	\$0.3M	\$1.6M
Town Center Sales Tax	\$0.3M	-	\$0.3M
Transportation Impact Fees	\$0.6M	\$0.4M	\$1.0M
Fire Impact Fees	\$0.5M	\$0.6M	\$1.1M
Law Enforcement Impact Fees	\$0.1M	-	\$0.1M
Library Impact Fees	\$0.2M	-	\$0.2M
Town Building Impact Fees	\$0.3M	-	\$0.3M
Parks Impact Fees	<u>\$0.5M</u>	<u>-</u>	<u>\$0.5M</u>
<b>TOTAL</b>	<b>\$8.6M</b>	<b>\$5.0M</b>	<b>\$13.6M</b>

\*Excludes Water, Wastewater, and Non-Town Improvement District Debt



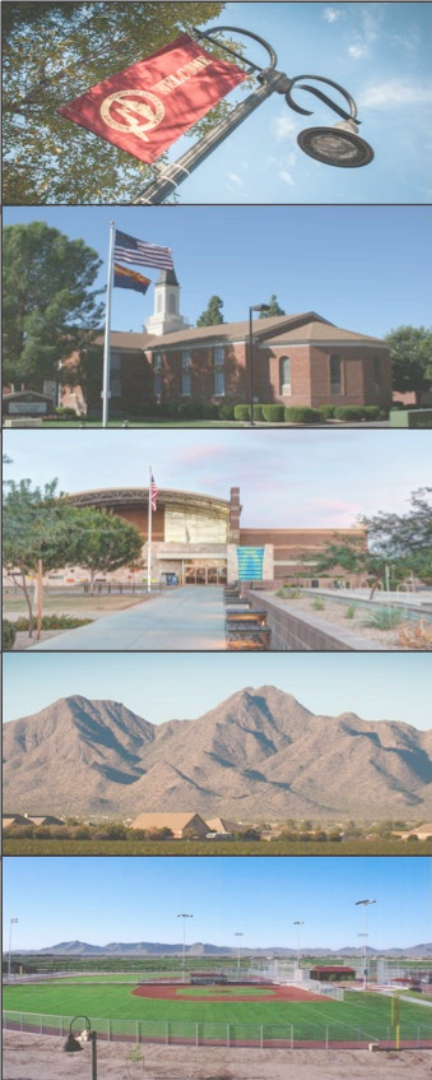
# RECOMMENDED MOTION

12.A.a

- Approve Resolution No. 1352-20
  - Transaction is Market Sensitive
  - Includes an Emergency Clause Exists so Resolution Takes Effective Immediately
    - Requires Six Affirmative Votes for Resolution to be adopted with Emergency Clause

Attachment: Presentation (2020 Excise Tax Bonds)

Packet Pg. 94



# Questions and Comments

**RESOLUTION NO. 1352-20**

**RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA, AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AGREEMENT, A TRUST AGREEMENT, A CONTINUING DISCLOSURE UNDERTAKING AND AN OBLIGATION PURCHASE CONTRACT AS WELL AS AGREEMENTS WITH A FINANCIAL ADVISOR AND SPECIAL COUNSEL; APPROVING THE SALE AND EXECUTION AND DELIVERY OF EXCISE TAX AND STATE SHARED REVENUE OBLIGATIONS, SERIES 2020, EVIDENCING A PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN SUCH PURCHASE AGREEMENT; APPROVING AN OFFICIAL STATEMENT; ADOPTING POST-ISSUANCE CONTINUING DISCLOSURE COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF OBLIGATIONS OF THE TOWN; DELEGATING THE DETERMINATION OF CERTAIN TERMS OF SUCH OBLIGATIONS AND MATTERS RELATED THERETO TO THE MANAGER AND CHIEF FINANCIAL OFFICER OF THE TOWN; 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 Town of Queen Creek, Arizona (the “Town”), heretofore determined that it would be beneficial to its citizens to refinance the Loan Repayment Agreement, between the Town and the Greater Arizona Development Authority, a body corporate and politic constituting a governmental instrumentality duly organized and existing within the State of Arizona under the Constitution and laws of the State of Arizona (“GADA”); and

**WHEREAS**, in order to finance the costs thereof, the Town deemed it necessary and desirable to borrow \$3,845,000 from GADA; and

**WHEREAS**, in connection therewith, the Town and GADA entered into a Sixth Loan Repayment Agreement, dated as of March 1, 2014 (the “Sixth Loan Repayment Agreement”); and

**WHEREAS**, the Mayor and Council of the Town also heretofore determined that it would be beneficial to its citizens to refinance the Second Loan Repayment Agreement, the Third Loan Repayment Agreement, the Fourth Loan Repayment Agreement, and the Fifth Loan Repayment Agreement, each between the Town and GADA, the First Purchase Agreement, between the Town, as buyer, and a trustee, as seller, and to prepay assessments associated with

Attachment: Authorizing Resolution No. 1352-20 (2020 Excise Tax Bonds)

Town property in a certain district, which assessments were levied pursuant to Title 48, Chapter 4, Article 2, Arizona Revised Statutes; and

**WHEREAS**, in order to finance and refinance the costs thereof, the Town deemed it necessary and desirable to cause the execution and delivery of obligations in the principal amount of \$47,990,000, representing interests in a Second Purchase Agreement, dated as of October 1, 2016 (the “Second Purchase Agreement”), between the Town, as buyer, and a trustee, as seller; and

**WHEREAS**, the Mayor and Council of the Town also heretofore determined that it would be beneficial to its citizens to finance the costs of street improvements and public safety facilities; and

**WHEREAS**, in order to finance the costs thereof, the Town deemed it necessary and desirable to cause the execution and delivery of obligations in two series in the total principal amount of \$65,960,000, representing interests in a Third Purchase Agreement, dated as of February 1, 2018 (the “Third Purchase Agreement”), between the Town, as buyer, and a trustee, as seller; and

**WHEREAS**, the Mayor and Council of the Town have now determined that it will be beneficial to its citizens to finance the costs of street improvements and public safety facilities (collectively, the “Projects”); and

**WHEREAS**, pursuant to Section 3 of the Sixth Loan Repayment Agreement, the Town irrevocably pledged for the payment of the amounts due thereunder the revenues from the Excise Taxes and the State Shared Revenues (each as defined in the hereinafter defined Trust Agreement), such pledge being a first lien pledge upon such amounts of the revenues from the Excise Taxes and the State Shared Revenues as will be sufficient to make the payments pursuant thereto when due; and

**WHEREAS**, pursuant to such Section of the Sixth Loan Repayment Agreement, except as limited by Section 10(a)(iii) of the Sixth Loan Repayment Agreement and by the corresponding sections in any agreement for any additional loan from GADA or for any loan from the Water Infrastructure Finance Authority of Arizona (“WIFA”), subject to Section 49-1225(F) or 49-1245(F), Arizona Revised Statutes, hereinafter consummated (collectively, “Additional Agency/Authority Loan Agreements”), the rights of GADA to payment from the revenues from the Excise Taxes and the State Shared Revenues are on a parity with the rights to payment from the revenues from the Excise Taxes and the State Shared Revenues of the Sixth Loan Repayment Agreement and of any obligations issued on a parity with the Sixth Loan Repayment Agreement, as permitted pursuant to Section 6 of the Sixth Loan Repayment Agreement (the “Parity Lien Obligations”), which includes Additional Agency/Authority Loan Agreements; and

**WHEREAS**, the Second Purchase Agreement and the Third Purchase Agreement were executed and delivered as Parity Lien Obligations, and the hereinafter defined Purchase Agreement will be executed and delivered as a Parity Lien Obligation; and

Attachment: Authorizing Resolution No. 1352-20 (2020 Excise Tax Bonds)

**WHEREAS**, after giving effect to the Purchase Agreement, pursuant to Section 5 of the Purchase Agreement, the Town shall not further encumber the revenues from the Excise Taxes and the State Shared Revenues on a basis equal to the pledge under the Sixth Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement and the Purchase Agreement unless the revenues from the Excise Taxes plus the State Shared Revenues, when combined mathematically for such purpose only, in the most recently completed fiscal year of the Town, shall have amounted to at least three (3) times the highest combined interest and principal requirements for any succeeding fiscal year of the Town for the Sixth Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement, the Purchase Agreement and any Parity Lien Obligations secured or so proposed to be secured by such pledge of the revenues from the Excise Taxes and the State Shared Revenues on a parity of lien therewith; and

**WHEREAS**, Section 10(a) of the Sixth Loan Repayment Agreement provides that GADA may in the case of nonpayment, among other things, certify to the Treasurer of the State and notify the Mayor and Council of the Town that the Town has failed to make a required payment and direct a withholding of the State Shared Revenues as provided in Sections 41-2257(L) and (M) and 41-2258(I), (J) and (K), Arizona Revised Statutes (the “State Intercept of Funds”), and Additional Agency/Authority Loan Agreements may provide that GADA or WIFA provide for enforcement with the State Intercept of Funds; and

**WHEREAS**, in order to finance the costs of the Projects, the Mayor and Council of the Town hereby deem it necessary and desirable to cause the sale and execution and delivery of Excise Tax and State Shared Revenue Obligations, Series 2020, Evidencing a Proportionate Interest of the Owner Thereof in Purchase Price Payments to be Made by the Town to The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee” and such Obligations, the “Obligations”) provided for by this Resolution pursuant to the Fourth 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 Town, such purchase payments (the “Payments”) to be made pursuant to the Fourth 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 Town and the Trustee, in its separate capacity as “Seller”; and

**WHEREAS**, pursuant to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), Participating Underwriters (as defined in the Rule) are required to reasonably determine that issuers have entered into written undertakings to make ongoing disclosure in connection with offerings of obligations to investors subject to the Rule, including with respect to the Obligations, to be dated the date of the Obligations (the “Undertaking”); and

**WHEREAS**, the Mayor and Council of the Town have determined that procedures should be adopted in order to document practices and describe various procedures for preparing and disseminating such ongoing disclosure for the benefit of the holders of obligations of the Town and to assist the Participating Underwriters in complying with the Rule and such written undertakings (the “Procedures”); and

Attachment: Authorizing Resolution No. 1352-20 (2020 Excise Tax Bonds)



**WHEREAS**, there have been presented to the Mayor and Council of the Town at the meeting of the Mayor and Council of the Town at which this Resolution is being adopted the proposed forms of: (1) the Purchase Agreement; (2) the Trust Agreement; (3) the Undertaking; (4) an Obligation Purchase Agreement, to be dated the date of the sale of the Obligations (the “Purchase Contract”), by and between the Town and BofA Securities, Inc., acting for itself and on behalf of RBC Capital Markets, LLC (together, the “Underwriters”), for the purchase of the Obligations; (5) the proposed form of 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; and (6) the Procedures;

**NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA, THAT:**

**Section 1.** (a) The execution and delivery of the Obligations by the Trustee is hereby approved. The Obligations shall be in the denomination of \$5,000 of principal amount due on a specific maturity date or any integral multiples thereof and shall be fully registered without coupons as provided in the Trust Agreement.

(b) The Manager and the Chief Financial Officer of the Town or the designees of either of them (collectively, the “Authorized Representatives”) are hereby authorized to determine on behalf of the Town: (1) the date the Obligations are to be sold to the Underwriters; (2) the aggregate principal amount of the Obligations which are to be issued (but not to exceed \$95,000,000 in aggregate principal amount); (3) the date the Obligations are to be dated; (4) the dates on which interest on the Obligations is to be payable and the interest rates per annum the Obligations are to bear; (5) the dates the Obligations are to mature (but not later than August 1, 2050), the principal amounts to mature on such dates and the provisions for redemption thereof in advance of such dates; (6) the terms upon which the Obligations are to be sold to the Underwriters (including determinations of price, original issue discount and premium and underwriting compensation); and (7) 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 four percent (4%) with respect to the Obligations.

(c) The forms 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.

(d) The Procedures are hereby adopted and incorporated into the Town’s Debt Management Policy to establish policies and procedures related to the purposes set forth in the Recitals hereto. The right to use discretion as necessary and appropriate to make exceptions or request additional provisions with respect to the Procedures as may be determined is hereby reserved. The right to change the Procedures from time to time, without notice, is also reserved.

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

Attachment: Authorizing Resolution No. 1352-20 (2020 Excise Tax Bonds)

**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 Town 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 Manager or Chief Financial Officer of the Town, 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 Manager or Chief Financial Officer of the Town, and the Clerk are hereby authorized and directed, for and on behalf of the Town, 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 form and use by the Underwriters of the Preliminary Official Statement are hereby approved, and the use by the Underwriters of the Official Statement in connection with the sale of the Obligations is hereby approved. The Mayor or, in the absence thereof, Vice Mayor of the Town is hereby authorized and directed, for and on behalf of the Town, to cause the preparation of and to execute the Official Statement.

**Section 5.** The Mayor and Council of the Town 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, the Trust Agreement, the Purchase Contract and the Undertaking 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.** After any of the Obligations are delivered by the Trustee to the Underwriters 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 7.** The Authorized Representatives and the other officers of the Town, on behalf of the Town, are each hereby authorized and directed, without further order of the Mayor and Council of the Town, to execute and deliver such certificates, proceedings and agreements as may be necessary or convenient to be executed and delivered on behalf of the Town, 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, including, specifically but not by way of limitation, agreements with Wedbush Securities Inc. and Greenberg Traurig, LLP to act as financial advisor and special counsel, respectively, with respect to the execution and delivery of the Obligations.

**Section 8.** All actions of the officers and agents of the Town 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.

Attachment: Authorizing Resolution No. 1352-20 (2020 Excise Tax Bonds)



**Section 9.** 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 10.** 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 Town and it is hereby excepted from the referendum provisions of the Constitution and laws of the State of Arizona.

[Remainder of page left blank intentionally.]

PASSED AND ADOPTED by the Mayor and Council of the Town of Queen Creek, Arizona, this 3rd day of June 2020.

.....  
Mayor

ATTEST:

.....  
Town Clerk

APPROVED AS TO FORM:

.....  
Town Attorney

Attachment: Authorizing Resolution No. 1352-20 (2020 Excise Tax Bonds)

**PRELIMINARY OFFICIAL STATEMENT DATED JUNE \_\_, 2020**

DRAFT 5.23.20

**NEW ISSUE – BOOK-ENTRY ONLY****RATINGS: See “RATINGS” 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 Town pursuant to the Fourth Purchase Agreement and denominated as and comprising interest pursuant to the Fourth Purchase Agreement and received by 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 other federal tax consequences of ownership of the Obligations.*

**\$79,035,000\***

**TOWN OF QUEEN CREEK, ARIZONA  
EXCISE TAX AND STATE SHARED REVENUE OBLIGATIONS, SERIES 2020**

Dated: Date of Delivery

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

The Town of Queen Creek, Arizona (the “Town”) Excise Tax and State Shared Revenue Obligations, Series 2020 (the “Obligations”) will be executed and delivered (i) to finance or reimburse certain capital projects of the Town, and (ii) to pay costs relating to the execution and delivery of the Obligations.

Interest on the Obligations will be payable semiannually on each February 1 and August 1, commencing February 1, 2021\*. 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 interests in the Obligations will be available to purchasers in principal amounts of \$5,000 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 F - “Book-Entry Only System” herein.

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**See Maturity Schedule on Inside Front Cover Page**

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The Obligations will mature on the dates and in the principal amounts set forth on the inside front cover page. The Obligations will be subject to optional redemption prior to their stated maturities as more fully described herein. See “THE OBLIGATIONS – Redemption Provisions” herein.

The Obligations will be undivided, proportionate interests in the installment payments to be made by the Town pursuant to a Fourth Purchase Agreement, to be dated as of June 1, 2020\*, between the Town and The Bank of New York Mellon Trust Company, N.A. The installment payments to be made by the Town will be payable from and secured by a pledge of the revenues from the Excise Taxes and State Shared Revenues (each as defined herein). Except to the extent described herein, such pledge will be on a parity with the Town’s pledge of such Excise Taxes and State Shared Revenues made in connection with certain Parity Lien Obligations (as defined herein). See “SECURITY AND SOURCES OF PAYMENT OF THE OBLIGATIONS” herein.

THE OBLIGATIONS WILL BE SPECIAL, LIMITED REVENUE OBLIGATIONS OF THE TOWN AND WILL BE PAYABLE SOLELY FROM THE SOURCES DESCRIBED HEREIN. THE OBLIGATIONS WILL NOT BE GENERAL OBLIGATIONS OF THE TOWN, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF AND THE FULL FAITH AND CREDIT OF THE TOWN, 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 issued, 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 Underwriters (as defined herein) by their counsel, Squire Patton Boggs (US) LLP, Phoenix, Arizona. It is expected that the Obligations will be available for delivery through the facilities of DTC on or about June 30, 2020\*.

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

**BOFA SECURITIES****RBC CAPITAL MARKETS**

\* Subject to change.

MATURITY SCHEDULE\*

\$79,035,000

TOWN OF QUEEN CREEK, ARIZONA

EXCISE TAX AND STATE SHARED REVENUE OBLIGATIONS, SERIES 2020

<u>Maturity Date (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP (a) (Base 74823Y)</u>
2021	\$1,025,000			
2022	1,070,000			
2023	1,125,000			
2024	1,185,000			
2025	1,245,000			
2026	1,310,000			
2027	1,375,000			
2028	1,445,000			
2029	1,520,000			
2030	1,600,000			
2031	2,460,000			
2032	2,580,000			
2033	2,715,000			
2034	2,855,000			
2035	3,000,000			
2036	3,155,000			
2037	3,315,000			
2038	3,490,000			
2039	3,665,000			

\$15,345,000 Term Obligation @ \_\_\_\_\_% Due 8/1/2045 - Yield of \_\_\_\_\_% CUSIP (a): 74823Y\_\_\_\_  
 \$19,700,000 Term Obligation @ \_\_\_\_\_% Due 8/1/2050 - Yield of \_\_\_\_\_% CUSIP (a): 74823Y\_\_\_\_

\* Subject to change.

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Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

**TOWN OF QUEEN CREEK, ARIZONA***Incorporated in 1989***TOWN COUNCIL**

Gail Barney, *Mayor*  
 Julia Wheatley, *Vice Mayor*  
 Robin Benning, *Council Member*  
 Jeff Brown, *Council Member*  
 Jake Hoffman, *Council Member*  
 Dawn Oliphant, *Council Member*  
 Emilena Turley, *Council Member*

**ADMINISTRATIVE STAFF**

John Kross, ICMA-CM  
*Town Manager*

Scott McCarty, CPA  
*Chief Financial Officer*

Dickinson Wright PLLC  
*Town Attorneys*

**SPECIAL COUNSEL**

Greenberg Traurig, LLP  
*Phoenix, Arizona*

**FINANCIAL ADVISOR**

Wedbush Securities Inc.  
*Scottsdale, Arizona*

**TRUSTEE**

The Bank of New York Mellon Trust Company, N.A.  
*Austin, Texas*

## REGARDING THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside front cover page and the Appendices hereto, does not constitute an offering of any security other than the original offering of the Town of Queen Creek, Arizona Excise Tax and State Shared Revenue Obligations, Series 2020 (the “Obligations”). No dealer, broker, salesperson or other person has been authorized by the Town of Queen Creek, Arizona (the “Town”), Wedbush Securities Inc. (the “Financial Advisor”) or the Underwriters identified on the cover page (the “Underwriters”) to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The information contained in this Official Statement has been obtained from the Town and other sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a promise by, the Town, the Financial Advisor or the Underwriters. The presentation of such information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the Town. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representations of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. All forecasts, projections, assumptions, opinions or estimates are “forward looking statements,” which must be read with an abundance of caution and which may not be realized or may not occur in the future. 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 hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Town since the date hereof.

In accordance with, and as part of, their responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction, the Underwriters have reviewed the information in this Official Statement, but do not guarantee the accuracy or completeness of such information. The delivery of this Official Statement shall not imply that the information herein is correct as of any time subsequent to the date hereof.

The information contained in Appendix F – “Book-Entry-Only System” has been furnished by The Depository Trust Company and no representation has been made by the Town, the Financial Advisor or the Underwriters, or any of their counsel or agents, as to the accuracy or completeness of such information.

The issuance and sale of the Obligations have not been registered under the Federal Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Section 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities; nor has the issue been qualified under the Securities Act of Arizona, in reliance upon various exemptions in such Act. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The Town has undertaken to provide continuing disclosure with respect to the Obligations as required by Rule 15c2-12 of the Securities and Exchange Commission. See “CONTINUING DISCLOSURE” and Appendix E – “Form of Continuing Disclosure Undertaking” herein.

A wide variety of other information, including financial information, concerning the Town is available from publications and websites of the Town and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of, or incorporated into, this Official Statement, except as expressly noted herein.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY STATEMENT.....	1
THE OBLIGATIONS .....	2
General Provisions .....	2
Redemption Provisions .....	2
Optional Redemption.....	2
Mandatory Redemption .....	3
Manner of Selection for Redemption.....	3
Notice of Redemption.....	3
SECURITY AND SOURCES OF PAYMENTS OF THE OBLIGATIONS.....	4
General .....	4
Pledge .....	4
Additional Parity Lien Obligations.....	5
Covenant to Maintain Debt Service Coverage.....	5
REVENUES FROM THE EXCISE TAXES AND THE STATE SHARED REVENUES .....	5
Excise Taxes.....	5
Town Transaction Privilege (Sales) Taxes .....	5
Other Excise Tax Revenues.....	6
State Shared Revenues.....	6
State Shared Sales Taxes .....	6
State Shared Income Taxes .....	7
State Shared Vehicle License Tax .....	7
Legislative Changes Regarding State Shared Revenues.....	7
Collections of Excise Taxes and State Shared Revenues .....	9
Potential Impact of COVID-19.....	9
SCHEDULE OF ESTIMATED DEBT SERVICE REQUIREMENTS AND ESTIMATED DEBT SERVICE COVERAGE .....	11
THE PROJECTS .....	12
SOURCES AND USES OF FUNDS .....	12
TAX EXEMPTION.....	13
Original Issue Discount and Original Issue Premium.....	13
Changes in Federal and State Tax Law .....	14
Information Reporting and Backup Withholding .....	14
LEGAL MATTERS .....	14
LITIGATION .....	15
FINANCIAL STATEMENTS .....	15
CONTINUING DISCLOSURE .....	15
UNDERWRITING.....	16
FINANCIAL ADVISOR.....	16
RATINGS .....	17
CONCLUDING STATEMENT.....	17

- Appendix A: Town of Queen Creek, Arizona General and Financial Information
- Appendix B: Proposed Form of Opinion of Special Counsel
- Appendix C: Summary of Select Provisions of Principal Documents
- Appendix D: Audited Financial Statements of the Town of Queen Creek, Arizona  
For the Fiscal Year Ended June 30, 2019
- Appendix E: Form of Continuing Disclosure Undertaking
- Appendix F: Book-Entry-Only System

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

## OFFICIAL STATEMENT

**\$79,035,000\*****TOWN OF QUEEN CREEK, ARIZONA  
EXCISE TAX AND STATE SHARED REVENUE OBLIGATIONS, SERIES 2020**

## INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto (this “Official Statement”), provides certain information concerning the offering by the Town of Queen Creek, Arizona (the “Town”) of \$79,035,000\* principal amount of Excise Tax and State Shared Revenue Obligations, Series 2020 (the “Obligations”), dated their date of initial delivery. The Obligations will be undivided, participating, proportionate interests in installment payments (the “Payments”) to be made by the Town pursuant to a Fourth Purchase Agreement, to be dated as of June 1, 2020\* (the “Purchase Agreement”), between the Town, as buyer, and The Bank of New York Mellon Trust Company, N.A., in its capacity as trustee (the “Trustee”), as seller. The Obligations are being executed and delivered for the purpose of providing funds (i) to finance or reimburse certain capital projects of the Town (the “Projects”), and (ii) to pay the costs and expenses relating to the execution and delivery of the Obligations. See “THE PROJECTS” herein.

The Obligations will be executed and delivered pursuant to a Fourth Trust Agreement, to be dated as of June 1, 2020\* (the “Trust Agreement”), between the Town 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.

The Payments will be payable from and secured by a lien on the revenues from the Excise Taxes (as defined herein) and the State Shared Revenues (as defined herein) on a parity with the payments due pursuant to a Loan Repayment Agreement, dated as of March 1, 2014 (the “Loan Repayment Agreement”), by and between the Town and a State of Arizona (the “State” or “Arizona”) bond bank, the Greater Arizona Development Authority (“GADA”), outstanding in the principal amount of \$2,870,000, a Second Purchase Agreement, dated as of October 1, 2016 (the “Second Purchase Agreement”), by and between the Town, as buyer, and a trustee, as seller, outstanding in the principal amount of \$40,715,000, relating to the Town’s Excise Tax and State Shared Revenue Refunding Obligations, Series 2016, and a Third Purchase Agreement, dated as of February 1, 2018 (the “Third Purchase Agreement”), by and between the Town, as buyer, and a trustee as seller, outstanding in the principal amount of \$64,125,000 relating to the Town’s Excise Tax and State Shared Revenue Obligations, Series 2018A and Series 2018B. Pursuant to the Loan Repayment Agreement, the Second Purchase Agreement and the Third Purchase Agreement, the Town irrevocably pledged, on a first lien basis, for the payment of the amounts due thereunder, the revenues from the Excise Taxes and the State Shared Revenues. Except as limited by the Loan Repayment Agreement and by the corresponding sections in any agreement for any additional loan from GADA or for any loan from another State bond bank, the Water Infrastructure Finance Authority of Arizona (“WIFA”), hereafter consummated (collectively, “Additional Agency/Authority Loan Agreements”), the rights of GADA to payment from the revenues from the Excise Taxes and the State Shared Revenues are on a parity with the rights to payment from the revenues from the Excise Taxes and the State Shared Revenues of any obligations issued on a parity with the Loan Repayment Agreement, as permitted pursuant to the Loan Repayment Agreement (the “Parity Lien Obligations”) which includes Additional Agency/Authority Loan Agreements, the Second Purchase Agreement, the Third Purchase Agreement and, with respect to the Obligations, the Purchase Agreement. Pursuant to the Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement and, when executed and delivered, the Purchase Agreement, so long as any amounts due thereunder remain unpaid or unprovided for, the Town may not further encumber the revenues from the Excise Taxes and the State Shared Revenues on a basis equal to the pledge thereunder unless certain requirements of the Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement and, when executed and delivered, the Purchase Agreement are satisfied. See “SECURITY AND SOURCES OF PAYMENT OF THE OBLIGATIONS - Additional Parity Lien Obligations” and, for detail about amounts due pursuant to the Loan Repayment Agreement, the Second Purchase Agreement, Appendix A – “Town Of Queen Creek, Arizona, General and Financial Information – Excise Tax and State Shared Revenue Debt Outstanding and to be Outstanding.”

The Loan Repayment Agreement provides that GADA may in the case of nonpayment, among other things, certify to the Treasurer of the State and notify the Mayor and Council of the Town that the Town has failed to make a required payment and direct a withholding of the State Shared Revenues until the default has been cured as provided in Sections 41-2257(L) and (M)

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\* Subject to change.



and 41-2258(I), (J) and (K), Arizona Revised Statutes, as amended (the “State Intercept of Funds”). Additional Agency/Authority Loan Agreements may also provide that GADA or WIFA may enforce their loans with the State Intercept of Funds.

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

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

Brief descriptions of the security for the Obligations and of matters related to the Town is included in this Official Statement together with a summary of select provisions of the Purchase Agreement and the Trust Agreement. 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.

See Appendix C – “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, as well as definitions of capitalized terms used but not defined herein. See Appendix A – “Town of Queen Creek, Arizona General and Financial Information” and Appendix D – “Audited Financial Statements of the Town of Queen Creek, Arizona for the Fiscal Year Ended June 30, 2019” in addition to the information hereinbelow for information about the Town.

**THE OBLIGATIONS**

**General Provisions**

The Obligations will be dated the date of their initial execution and delivery and will bear interest from such date, at the rates, and will mature on the dates and in the amounts, all as set forth on the inside front cover page hereof. Interest on the Obligations will be payable on each February 1 and August 1 (each such date is referred to herein as an “Interest Payment Date”), commencing February 1, 2021\*. Interest will be computed on the basis of a year comprised of three hundred sixty (360) days consisting of twelve (12) months of thirty (30) days each. Payment of interest due with respect to any Obligations on any Interest Payment Date will be made to the person appearing on the registration books for the Obligations maintained by the Trustee as the owner thereof as of the close of business of the Trustee on the fifteenth day of the month preceding each Interest Payment Date.

The Obligations will be registered only in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), under the book-entry only system described in Appendix F. Beneficial ownership interests in the Obligations may be purchased through direct and indirect participants of DTC in amounts of \$5,000 of principal due on a specific maturity date or integral multiples thereof. See Appendix F – Book-Entry-Only System.”

**Redemption Provisions\***

*Optional Redemption*

The Obligations maturing before or on August 1, 20\_\_, will not subject to redemption prior to maturity. The Obligations maturing on or after August 1, 20\_\_, will be subject to redemption in such order and from such maturities as may be selected by the Town and by lot within any maturity by such methods as may be selected by the Trustee from prepayments made at the option of the Town pursuant to the Purchase Agreement, in whole or in part on any date on or after August 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.

\* Subject to change.

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

*Mandatory Redemption*

The Obligations maturing August 1, 2045 and 2050 will be subject to mandatory redemption on the following dates and in the following amounts at a price equal to the principal amount thereof plus interest accrued to the date of redemption, but without premium:

Term Obligation Due 2045\*

(maturity)

Term Obligation Due 2050\*

(maturity)

Whenever Obligations subject to mandatory redemption are purchased, redeemed (other than by mandatory redemption) or are delivered by the Town to the Trustee for cancellation, the principal amount of the Obligations so retired will satisfy and be credited against the mandatory redemption requirements therefor in any order specified by the Town.

*Manner of Selection for Redemption*

The Obligations will be redeemed only in principal amounts of \$5,000 each or integral multiples thereof. The Town will, at least 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 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 F - "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.

Notice having been properly given, the Obligations, as applicable, shall become due and payable on the redemption date so designated and, upon presentation and surrender thereof at the place specified in the redemption notice, the redemption price of such Obligations shall be paid. If on the redemption date sufficient moneys are held by the Trustee to pay the redemption price, then and after the redemption date interest on the Obligations, as applicable, shall cease to accrue.

A notice of optional redemption may contain a statement that the redemption is conditional upon receipt by the Trustee of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Obligations so called for redemption, and that if such funds are not available, such redemption shall be cancelled by written notice to owners of the Obligations called for redemption in the same manner as the original redemption notice was mailed.

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\* Subject to change.

## SECURITY 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 Town to make the Payments will be limited to payment from the revenues from the Excise Taxes and the State Shared Revenues and will in no circumstances constitute a general obligation or a pledge of the full faith and credit of the Town or 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.

Subject to the rights regarding the revenues from the Excise Taxes and the State Shared Revenues regarding the Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement and any other Parity Lien Obligations, the revenues from the Excise Taxes and State Shared Revenues 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 Town for any lawful purpose for the benefit of the Town. The Town may make payments due pursuant to the Purchase Agreement from other funds as permitted by law and as the Town determines from time to time, provided that 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, as seller, 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 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 conveyed after the date of the Trust Agreement as additional security for the Obligations. See Appendix C – “Summary of Select Provisions of Principal Documents – The Trust Agreement.”

### Pledge

Subject to the State Intercept of Funds with regard to the Loan Repayment Agreement and any other of the Parity Lien Obligations which is also an Additional Agency/Authority Loan Agreement, the Payments will be secured by a first lien pledge by the Town of the revenues from the Excise Taxes and the State Shared Revenues. All of the Payments will be coequal as to the pledge of and lien on the revenues from the Excise Taxes and the State Shared Revenues pledged for payment thereof and share ratably, without preference, priority or distinction, as to the source or method of payment from the revenues from the Excise Taxes and the State Shared Revenues or security therefor.

Except for the State Intercept of Funds with respect to the Loan Repayment Agreement and any Additional Agency/Authority Loan Agreements, the rights of the Owners to payment from the revenues from the Excise Taxes and the State Shared Revenues will be on a parity with the rights to payment from the revenues from the Excise Taxes and the State Shared Revenues of the Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement and any other Parity Lien Obligations. 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 the revenues from the Excise Taxes and the State Shared Revenues, *pro rata*, as applicable, with amounts due with respect to other Parity Lien Obligations. 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 Obligations will not be secured by the Projects, and the registered Owners of the Obligations have no claim or lien on the Projects or any part thereof or any proceeds of the Obligations. Neither the Trustee nor the registered Owner of any Obligation will have any right to exclude the Town from the Projects as a remedy upon the occurrence of an event of default under the Purchase Agreement, or to have the Projects sold. Neither the Trustee nor the registered Owners of the Obligations will have any interest in revenues, if any, derived from the Projects, except to the extent that such revenues constitute revenues from the Excise Taxes or the State Shared Revenues, or any property interest in the Projects.

THE PAYMENTS WILL NOT CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE TOWN AND THE TOWN WILL NOT BE LIABLE TO MAKE 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 TOWN, 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 TOWN, THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF.

**Additional Parity Lien Obligations**

So long as any of the Obligations remain outstanding and the principal and interest thereon shall be unpaid or unprovided for, the Town may not further encumber the revenues from the Excise Taxes or the State Shared Revenues on a basis equal to the pledge for the Payments unless the revenues from the Excise Taxes plus the State Shared Revenues, when combined mathematically for such purpose only, in the most recently completed fiscal year, shall have amounted to at least three (3) times the highest combined interest and principal requirements for any succeeding fiscal year for the Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement, the Purchase Agreement and the other of the Parity Lien Obligations.

**Covenant to Maintain Debt Service Coverage**

To the extent permitted by applicable law, the revenues from the Excise Taxes shall be retained and maintained so that the amounts received from the revenues from the Excise Taxes and the State Shared Revenues, when combined mathematically for such purpose only, all within and for the most recently completed fiscal year, shall have been equal to at least two (2) times the total of interest and principal requirements for the current fiscal year for the Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement, the Purchase Agreement and the other of the Parity Lien Obligations. If the revenues from the Excise Taxes and the State Shared Revenues for any such fiscal year shall not have been equal to at least one and one-quarter (1¼) times the total of the interest and principal requirements for the current fiscal year for the Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement and the Purchase Agreement and the other of the Parity Lien Obligations or if at any time it appears that the revenues from the Excise Taxes and the State Shared Revenues will not be sufficient to meet such requirements, the Town will, to the extent permitted by applicable law, impose new exactions of the type of the Excise Taxes which will be part of the Excise Taxes or increase the rates for the Excise Taxes currently imposed fully sufficient at all times, after making allowance for contingencies and errors, in each fiscal year in order that (a) the revenues from the Excise Taxes and the State Shared Revenues will be sufficient to meet all current requirements under the Purchase Agreement, and (b) the revenues from the Excise Taxes and the State Shared Revenues will be reasonably calculated to attain the level as required by the first sentence of this paragraph.

**REVENUES FROM THE EXCISE TAXES AND THE STATE SHARED REVENUES**

The revenues from the Excise Taxes and the State Shared Revenues 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. See “SECURITY AND SOURCES OF PAYMENT OF 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.

**Excise Taxes**

*Town Transaction Privilege (Sales) Taxes.* The Town’s transaction privilege (sales) tax is levied by the Town upon persons on account of their business activities within the Town. The amount of taxes due are calculated by applying the tax rate against the gross proceeds of sales or gross income derived from the business activities shown in the table below. Transaction privilege (sales) taxes are collected by the Arizona Department of Revenue and remitted to the Town on a monthly basis.

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

TOWN TRANSACTION PRIVILEGE (SALES) TAX BASE RATES BY CATEGORY (a)

<u>Category</u>	<u>General Tax Rate</u>
Amusement	2.25%
Advertising	2.25%
Communications	2.25%
Contracting	4.25%
Hotel/Motel	2.25%
Hotel/Motel (Additional Tax)	3.00%
Printing	2.25%
Publishing	2.25%
Leasing/Rental of Real Property	2.25%
Leasing/Rental of Tangible Personal Property	2.25%
Mining/Timbering	2.25%
Restaurants and Bars	2.25%
Retail	2.25%
Retail Sales – Food for Home Consumption	2.25%
Severance – Metal Mining	0.10%
Transportation	2.25%
Utilities	2.25%
Use Tax	2.25%

(a) Rates effective as of May 1, 2020.

*Other Excise Tax Revenues.* Cities and towns in the State have exclusive control over public rights of way dedicated to the municipality, and may grant franchise agreements to and impose franchise taxes on utilities using those rights of way. The Town also imposes and collects fees for licenses and permits to engage in certain activities within the Town and for the right to utilize certain Town property, and imposes and collects fines and forfeitures for violations of State laws or Town ordinances relating to traffic, parking, animal control and other offenses.

Initiative measures are circulated from time to time seeking to place on the ballot changes in legislative actions of the Mayor and Council of the Town which would repeal or modify the Town’s transaction privilege (sales) taxes. The Town cannot predict if any such initiative measures will ever actually be submitted to the electors, what form the measures might take, the outcome of any such election or whether such a measure, if passed, would impact the Town’s ability to make Payments. See “SECURITY AND SOURCES OF PAYMENT OF THE OBLIGATIONS - Covenant to Maintain Debt Service Coverage.”

**State Shared Revenues**

*State Shared Sales Taxes.* Pursuant to statutory formula, cities and towns in Arizona receive a portion of the State-levied transaction privilege (sales) tax. The State transaction privilege (sales) tax is levied against the same categories of business activity as the Town’s transaction privilege (sales) tax with the exception of food sales, which the State exempts from tax. As the table below indicates, the rate of taxation as it relates to such portion of the State levied transaction privilege (sales) tax varies among the different types of business activities taxed, with the most common rate being 5.6% of the amount or volume of business transacted.

Under current State law, the aggregate amount distributed to all Arizona cities and towns is equal to 25% of the “distribution base” of revenues attributable to each category of taxable activity. The allocation to each city and town of the revenues available to all cities and towns is based on their 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.

In addressing past State budgetary deficiencies, the Governor and members of the State legislature have occasionally proposed certain adjustments that would reduce the distribution of State Shared Sales Taxes to cities and towns. The Town

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

cannot determine whether such measures will become law or how they might affect the Town’s receipt of State Shared Sales Taxes.

**STATE SALES TAX  
TAXABLE ACTIVITIES, TAX RATES AND DISTRIBUTION SHARE**

Taxable Activities	State Tax Rate	Distribution Share
Transportation	5.600%	20.000%
Utilities	5.600%	20.000%
Telecommunications	5.600%	20.000%
Pipeline	5.600%	20.000%
Private Car Line	5.600%	20.000%
Publication	5.600%	20.000%
Job Pringing	5.600%	20.000%
Owner Builder Sales	5.600%	20.000%
Amusement	5.600%	40.000%
Restaurant	5.600%	40.000%
Personal Property Rental	5.600%	40.000%
Retail (Excluding Food Sales)	5.600%	40.000%
Transient Lodging	5.500%	50.000%
Mining - Non-Metal, Oil/Gas	3.125%	32.000%
Commercial Lease	0.000%	53.330%
Severance - Metaliferous Mining	2.500%	80.000%
Use Tax Utilities	5.600%	20.000%
Jet Fuel Use Tax	(a)	40.000%

(a) Does not include the \$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 purchase in each calendar year.

Source: Arizona Department of Revenue

*State Shared Income Taxes.* Under current State law, Arizona cities and towns are preempted by the State from imposing a local income tax. Cities and towns are, however, entitled by statutory formula to typically receive 15% of State personal and corporate income tax collections. Distribution of such funds is made monthly based on the proportion of the population of each city and town to the total population of all incorporated cities and towns in the State as determined by the latest census. In addressing past State budgetary deficiencies, the Governor and members of the State legislature have occasionally proposed certain adjustments that would reduce the distribution of State Shared Income Taxes to cities and towns. The Town cannot determine whether any such proposals will occur in the future and become law or how they might affect the Town’s receipt of State Shared Income Taxes.

*State Shared Vehicle License Tax.* Motor vehicle license (in lieu) taxes are levied by the State based upon the value of the vehicle (according to a statutory formula) and are collected by the State with vehicle registration fees. Approximately twenty percent of the revenues collected for the licensing of motor vehicles is distributed to incorporated cities and towns on a monthly basis. A city or town receives its share of the vehicle license tax collections based on its population in relation to the total incorporated population of the county. Cities and towns receive two separate distributions from the Arizona Department of Transportation, which is the State agency charged with collecting the tax: one distribution is made for deposit to the Town’s general fund and the other is made for, and restricted to, any transportation purpose as determined by the Mayor and Council of the Town. Only the amounts distributed for deposit to the Town’s general fund are pledged to payment of the Payments pursuant to the Purchase Agreement.

*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.

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)



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 Sales 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 Town is not aware of any Local Action by the Town taken or currently under consideration that does or if taken would violate State law or the State Constitution. State Shared Revenues are pledged to payments due with respect 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.

The State historically has made distributions of the State Shared Revenues to Arizona cities and towns, including the Town. The State Legislature, could, however, at any time, alter the formula or reduce the amount or change the timing of distribution of the State Shared Revenues to the Town and is under no legal obligation to maintain the amount of the State Shared Revenues distributed to the Town at any amount or level. Accordingly, the Town is unable to covenant in the Purchase Agreement to maintain the State Shared Revenues at any particular level of coverage to debt service with respect to the Obligations, and no assurance can be given that the State Shared Revenues will be sufficient to pay such debt service.

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. The possibility of changes in this respect are more likely to be adverse to the Town when the State is experiencing financial difficulties. The Town cannot determine whether any such measures will become law or how they might affect the revenues which comprise the 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 sales taxes, state income taxes (the major source of funds for state revenue sharing) and vehicle license taxes. The Town cannot predict if any such initiative measures will ever actually be submitted to the electors, what form the measures might take, the outcome of any such election or whether such a measure, if passed, would impact the Town’s ability to make Payments.

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Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

**Collections of Excise Taxes and State Shared Revenues**

The table below sets forth the Town’s audited collections of revenues from the Excise Taxes and State Shared Revenues for fiscal years 2014/15 through 2018/19 and budgeted collections for fiscal year 2019/20. The table has not been the subject of any separate audit procedures.

**TOWN OF QUEEN CREEK, ARIZONA  
EXCISE TAX AND STATE SHARED REVENUE COLLECTIONS (a)**

	Revised	Audited				
	Budget 2019/20 (b)	2018/19	2017/18	2016/17	2015-16	2014-15
<b>Excise Taxes</b>						
Town Transaction Privilege (Sales) Tax	\$42,689,230	\$38,183,883	\$22,822,944	\$20,735,681	\$18,313,688	\$15,454,876
Charges for Services	11,343,280	11,540,216	9,476,359	8,162,344	7,811,911	7,035,592
Franchise Fees	1,871,969	1,586,224	388,870	320,847	307,992	284,473
Licenses and Permits	99,300	95,053	82,932	87,053	88,833	110,230
<b>Subtotal Excise Taxes</b>	<u>56,003,779</u>	<u>\$51,405,376</u>	<u>32,771,105</u>	<u>29,305,925</u>	<u>26,522,424</u>	<u>22,885,171</u>
<b>State Shared Revenues</b>						
State Shared Income Tax	5,496,252	4,745,177	4,399,985	4,234,773	3,173,861	3,191,162
State Shared Sales Tax	4,378,658	3,969,582	3,442,520	3,175,351	2,349,301	2,419,249
Vehicle License Tax	1,894,479	1,708,392	1,489,257	1,370,993	1,066,106	1,018,304
<b>Subtotal State Shared Revenues</b>	<u>11,769,389</u>	<u>10,423,151</u>	<u>9,331,762</u>	<u>8,781,117</u>	<u>6,589,268</u>	<u>6,628,715</u>
<b>Total Pledged Revenues</b>	<u>\$67,773,168</u> (c)	<u>\$61,828,527</u> (c)	<u>\$42,102,867</u>	<u>\$38,087,042</u>	<u>\$33,111,692</u>	<u>\$29,513,886</u>

- (a) Revenues include all income, moneys and receipts derived by the Town from the collection of Excise Taxes and State Shared Revenues.
- (b) Revenues for fiscal year 2019/20 are based on the Town’s original budget, adjusted to reflect amendments through March 18, 2020. Such amounts are “forward-looking statements” which may not be realized and must be considered with an abundance of caution. Actual results may vary from the budgeted amounts.
- (c) Revenue adjusted to include certain previously excluded sales taxes. On November 20, 2019, the Town approved Ordinance No. 716-19 wherein the Town removed the legal restrictions on the use of the following transaction privilege (sales) taxes: (i) 2.0% Construction Sales Tax for Transportation (originally approved in 2005 under Ordinance 316-05); (ii) 0.25% Public Safety Sales Tax (originally approved in 2007 under Ordinance 390-07); and (iii) 0.25% Town Center Sales Tax (original approved in 2007 under Ordinance 402-07). By removing the legal restrictions on use, revenues from these taxes are now included in Excise Taxes for purposes of Pledged Revenues. Ordinance No. 716-19 did not change the definition of Excise Taxes.

Source: Town Finance Department.

**Potential Impact of COVID-19**

The recent outbreak and spread of a novel coronavirus named coronavirus disease 2019 (“COVID-19”), which has been designated a global pandemic by the World Health Organization, is negatively impacting local, state and global economies, as governments, business and citizens react to, plan for, and try to prevent or slow further transmission of the virus. Financial markets, including the stock markets in the United States and globally, have seen significant recent volatility and declines that have been attributed to COVID-19 concerns. On March 11, 2020, President Donald J. Trump declared a national emergency, freeing up funding for federal assistance to state and local governments. Additionally, on March 30, 2020, Governor Doug Ducey issued an Executive Order effective March 31, 2020, at 5:00 p.m. (the “Order”). The Order, titled “Stay Home, Stay Healthy, Stay Connected,” was effective, as modified, until May 15, 2020, at 11:59 p.m., and provided that all individuals in the State limit their time away from their place of residence or property, except in limited circumstances described in the Order. On May 12, 2020, the Governor issued Executive Order titled “Stay Healthy, Return Smarter, Return Stronger” (the

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)



“May 12th Order”), which allowed the Order to expire on May 15, 2020, to provide guidance for businesses to reopen with enhanced physical distancing and safety measures in place.

Excise Tax collections and other amounts dependent on local business activity are expected to be materially adversely affected by the continued spread of COVID-19 and the resulting lower level of local business activity; however, the Town currently cannot predict the effect the continued spread of COVID-19 will have on its Excise Tax collections, which could have a negative impact on the Town’s ability to pay operating expenses and the Payments. Likewise, the State’s finances, including State sales tax and income tax revenues, are likely to be adversely affected by the continued spread of COVID-19, the various governmental actions taken in response thereto and changes in the behavior of business and people, all of which could affect the amount of State Shared Revenues, which represent a component of the security and source of payment of the Obligations, received by the Town. The Town cannot predict how the spread of COVID-19, the Order, the May 12th Order or the various governmental or private actions taken in response thereto will affect its finances or operations, including the receipt of revenues from Excise Taxes, State Shared Revenues which are the security and source of payments for the Obligations.

The Town is monitoring cash flows, unrestricted cash and investments available to fund expenditures through the end of the current fiscal year and, notwithstanding the expected decrease in revenues and unanticipated expenditures related to COVID-19, the Town does not expect to make budget cuts or use reserves in fiscal year 2019/20. However, in developing the budget for fiscal year 2020/21, the Town is using revenue projections and expenditure levels that reflect the impact of expected revenue decreases related to COVID-19, as described in Appendix A – “Town of Queen Creek, Arizona General and Financial Information – Financial Information – Fiscal Year 2020/21 Budget; Potential Impact of COVID-19 on the Town’s General Fund.”

It is likely that the full financial impact of COVID-19 on the Town, its economy, and its financial position could change significantly as circumstances and events evolve. The Town will continue to monitor events as they occur, especially those that may have a significant impact on the Town’s budget and finances.

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**SCHEDULE OF ESTIMATED DEBT SERVICE REQUIREMENTS  
AND ESTIMATED DEBT SERVICE COVERAGE\* (a)**

The following schedule illustrates the estimated debt service requirements of the Parity Lien Obligations, the Obligations, the combined estimated debt service requirements and the debt service coverage ratios for such combined debt service requirements of the outstanding Parity Lien Obligations and the Obligations provided by the revenues from the Excise Taxes and State Shared Revenues for 2018/19.

Fiscal Year	Gross Revenues Available for Debt Service (b)	Debt Service Requirements of Parity Lien Obligations	Plus: the Obligations*		Estimated Combined Obligations Debt Service Requirements*	Estimated Debt Service Coverage* (d)
			Principal	Interest (c)		
2019	\$61,828,527					
2020	67,773,168 (e)					
2021		\$9,029,750		\$2,364,900	\$11,394,650	
2022		8,996,325	\$1,025,000	3,921,000	13,942,325	
2023		9,014,475	1,070,000	3,873,750	13,958,225	4.43x
2024		8,993,925	1,125,000	3,818,875	13,937,800	
2025		8,827,600	1,185,000	3,761,125	13,773,725	
2026		8,831,575	1,245,000	3,700,375	13,776,950	
2027		8,829,500	1,310,000	3,636,500	13,776,000	
2028		8,797,425	1,375,000	3,569,375	13,741,800	
2029		8,803,300	1,445,000	3,498,875	13,747,175	
2030		8,390,800	1,520,000	3,424,750	13,335,550	
2031		7,946,300	1,600,000	3,346,750	12,893,050	
2032		7,810,256	2,460,000	3,245,250	13,515,506	
2033		7,802,138	2,580,000	3,119,250	13,501,388	
2034		4,913,181	2,715,000	2,986,875	10,615,056	
2035		4,910,563	2,855,000	2,847,625	10,613,188	
2036		4,906,163	3,000,000	2,701,250	10,607,413	
2037		4,900,813	3,155,000	2,547,375	10,603,188	
2038		4,311,188	3,315,000	2,385,625	10,011,813	
2039		3,666,125	3,490,000	2,215,500	9,371,625	
2040		3,664,000	3,665,000	2,036,625	9,365,625	
2041		3,665,875	3,855,000	1,848,625	9,369,500	
2042		3,656,625	2,770,000	1,683,000	8,109,625	
2043		3,656,000	2,910,000	1,541,000	8,107,000	
2044		3,653,500	3,060,000	1,391,750	8,105,250	
2045		3,648,875	3,220,000	1,234,750	8,103,625	
2046		3,641,875	3,385,000	1,069,625	8,096,500	
2047		3,642,000	3,555,000	896,125	8,093,125	
2048		3,638,750	3,740,000	713,750	8,092,500	
2049			3,930,000	522,000	4,452,000	
2050			4,130,000	320,500	4,450,500	
2051			4,345,000	108,625	4,453,625	
		<u>\$172,548,900</u>	<u>\$79,035,000</u>	<u>\$74,331,400</u>	<u>\$325,915,300</u>	

\* Subject to change.

(a) Prepared by the Financial Advisor (as defined herein).

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

- (b) Represents the revenues from the Excise Taxes and the State Shared Revenues for fiscal year 2018/19, as reported by the Town’s Finance Department. See – “TOWN OF QUEEN CREEK, ARIZONA EXCISE TAX AND STATE SHARED REVENUE COLLECTIONS” herein.
- (c) The first interest payment on the Obligations will be due February 1, 2021. Thereafter, interest payments will be made semiannually on August 1 and February 1 until the final maturity or prior redemption of the Obligations.
- (d) Debt service coverage is computed using revenues from the Excise Taxes and State Shared Revenues of \$61,828,527, which is the audited amount for fiscal year 2018/19, divided by the maximum annual combined obligations debt service requirements.
- (e) Represents budgeted revenues from the Excise Taxes and State Shared Revenues for fiscal year 2019/20. Such amounts are “forward-looking statements” which may not be realized and must be considered with an abundance of caution. Actual results may vary from the budgeted amounts.

**THE PROJECTS**

Approximately \$67 million of the proceeds received from the sale of the Obligations will be used by the Town to build roadways. The total amount of funds needed over the entire 10-year Transportation Master Plan is estimated at \$286 million which includes proceeds from the sale of the Obligations, pay-as-you-go funding, developer payments and contributions from other governmental agencies.

The remaining \$28 million of the proceeds received from the sale of the Obligations net of amounts used to pay costs related to the execution and delivery of the Obligations will be used by the Town to build two new facilities for the Fire Department (Fire Stations 4 and 5), demolish and reconstruct Fire Station 2, and build a new Fire Resource Center that will serve as a storage warehouse and small training facility. The construction of these facilities will better assist the Town in meeting the service needs of the community, including improved emergency response times for the Town’s residents.

**SOURCES AND USES OF FUNDS**

**Sources**

Par Amount of Obligations	\$	-
Net Original Issue Premium/Discount		-
Total	\$	-

**Uses:**

Deposit to Project Fund	\$	-
Costs of Issuance (Including		-
Underwriters' Discount)		-
Total	\$	-

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

## TAX EXEMPTION

The Internal Revenue Code of 1986, as amended (the “Code”), includes requirements which the Town 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 Town 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 Town’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 Town 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 Town and continuing compliance by the Town 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 Town, and compliance with certain covenants of the Town 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 or is otherwise required to be recognized in gross income 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 or is otherwise required to be recognized in gross income

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 delivery by the Town of the Obligations and with regard to the tax-exempt status of the Interest Portion 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 Town. The form of that opinion is included as Appendix B hereto. The legal opinion to be delivered may vary from the text

of Appendix B if necessary to reflect the facts and law existing on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Special Counsel has reviewed or expressed any opinion concerning any matters relating to the Obligations subsequent to the original delivery of the Obligations. Fees of Special Counsel and Counsel to the Underwriters will be paid from the proceeds of the sale of the Obligations and will be contingent upon the execution and delivery of the Obligations. Certain legal matters will be passed upon for the Underwriters by their Counsel, Squire Patton Boggs (US) LLP, Phoenix, Arizona.

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 Town or the Obligations that may be prepared or made available by the Town or others in connection with the public offering of the Obligations.

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 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 Town 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 opinions to be delivered concurrently with the delivery of the Obligations will express the professional judgment of the attorneys rendering the opinions 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

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, the levy and collection of Excise Taxes or State Shared Revenues to pay the debt service on the Obligations, contesting or questioning the proceedings and authority under which the Obligations have been authorized and are to be issued, sold, executed or delivered, or the validity of the Obligations. Authorized representatives of the Town will deliver a certificate to that effect at the time of the original delivery of the Obligations.

## FINANCIAL STATEMENTS

The financial statements of the Town as of June 30, 2019 and for its fiscal year then ended, of which are included as Appendix D of this Official Statement, have been audited by CliftonLarsonAllen, LLP. The accounting policies of the Town conform to generally accepted accounting principles as applicable to governmental units. For a more detailed summary of significant accounting policies see Appendix D – “Audited Financial Statements of the Town of Queen Creek, Arizona for the Fiscal Year Ended June 30, 2019.”

CliftonLarsonAllen, LLP has performed no procedures subsequent to rendering its opinion on the financial statements and has not been consulted in any manner pertaining to the execution and delivery of the Obligations. The Town neither requested nor obtained the consent of CliftonLarsonAllen, LLP to include its report and CliftonLarsonAllen, LLP has performed no procedures subsequent to rendering its opinion on the financial statements.

## CONTINUING DISCLOSURE

The Town will covenant for the benefit of the Owners of the Obligations, in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), to provide certain financial information and operating data relating to the Town by not later than February 1 in each year commencing February 1, 2021 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Listed Events Notices”). The Annual Reports, the Listed Events Notices and any other document or information required to be filed pursuant to the Rule will be filed by the Town with the Municipal Securities Rulemaking Board (the “MSRB”) through the MSRB's Electronic Municipal Market Access system, each



described in Appendix E – “Form of Continuing Disclosure Undertaking.” The specific nature of the information to be contained in the Annual Reports and the Listed Events Notices is described in Appendix E. These covenants will be made in order to assist the Underwriter in complying with the Rule. The form of the undertaking necessary pursuant to the Rule is included as Appendix E hereto. A failure by the Town 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. Consequently, any such failure may adversely affect the transferability and liquidity of the Obligations and their market price. Absence of continuing disclosure could adversely affect the Obligations and specifically their market price and transferability.

The Town’s Finance Department has instituted written procedures to facilitate compliance with existing continuing disclosure undertakings, the continuing disclosure undertaking related to the Obligations, and future undertakings in all material respects as required by the Rule.

## UNDERWRITING

The Obligations are being purchased by BofA Securities, Inc. and RBC Capital Markets, LLC (together, the “Underwriters”). The Underwriters have agreed to purchase from the Town the Obligations at an aggregate purchase price of \$ \_\_\_\_\_, pursuant to an obligation purchase contract between the Town and the Underwriters. The aggregate purchase price reflects compensation to the Underwriters of \$ \_\_\_\_\_. The Obligations may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Obligations into investment trusts) at prices lower than the public offering prices stated on the inside front cover page hereof, and such public offering prices may be changed, from time to time, by the Underwriters subject to certain limitations imposed by the Code. The Underwriters’ obligations are subject to certain conditions precedent, and the Underwriters will be obligated to purchase all of the Obligations if any Obligations are purchased.

BofA Securities, Inc., as an underwriter of the Obligations, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Obligations.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the Town and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Town (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Town. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

## FINANCIAL ADVISOR

Wedbush Securities Inc. (the “Financial Advisor”) is serving as Financial Advisor to the Town in connection with the Obligations. The Financial Advisor’s fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. Further, the Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

**RATINGS**

Standard & Poor’s Financial Services, LLC (“S&P”) and Fitch Ratings, Inc. (“Fitch”) have assigned ratings of “\_\_\_” and “\_\_\_”, respectively, to the Obligations. Such ratings will reflect only the views of S&P and Fitch. An explanation of the significance of a rating assigned by S&P may be obtained at 55 Water Street, 38<sup>th</sup> Floor, New York, New York 10041. An explanation of the ratings assigned by Fitch may be obtained at 1 Post Street, Suite 900, San Francisco, California, 94104. Such ratings may be revised downward or withdrawn entirely by S&P or Fitch, if, in their respective judgment, circumstances so warrant. Any subsequent downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Obligations. The Town will covenant in its continuing disclosure undertaking with respect to the Obligations that it will file, among other things, notice of any formal change in any such rating relating to the Obligations. See “CONTINUING DISCLOSURE” and Appendix E – “Form of Continuing Disclosure Undertaking.”

**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 Town and the purchasers or holders of any of the Obligations.

The attached Appendices A through F 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 Town and has been approved by and executed for and on behalf of the Town by its authorized representative indicated below.

TOWN OF QUEEN CREEK, ARIZONA

By \_\_\_\_\_  
Gail Barney, Mayor

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)



APPENDIX A

TOWN OF QUEEN CREEK, ARIZONA  
GENERAL AND FINANCIAL INFORMATION

The Town of Queen Creek, Arizona (the “Town” or “Queen Creek”) is predominantly located in the southeastern portion of Maricopa County, Arizona (the “County”) (with a very small portion of the Town’s area in Pinal County, Arizona), and is adjacent to the Town of Gilbert and the Cities of Mesa and Chandler. Founded and incorporated in 1989, today the Town encompasses an annexed area totaling 39 square miles, and has a 2019 estimated population of 53,138. The following table contains the respective population statistics for the Town, the County and the State.

POPULATION STATISTICS

Year	Town of Queen Creek	Maricopa County	State of Arizona
2019 Estimate*	53,138	4,485,414	7,278,717
2018 Estimate	52,405	4,410,824	7,171,646
2017 Census	36,096	4,221,684	7,048,876
2016 Census	26,448	4,258,603	6,945,452
2010 Census	26,323	3,817,117	6,392,017
2000 Census	4,316	3,072,149	5,130,632

\* Estimates as of July 1, 2019

Source: Arizona Office of Economic Opportunity and U.S. Census Bureau, American FactFinder.

Transportation

Industry, business and residents benefit from the transportation network available in and near the Town. Rail, air and highway facilities are developed throughout the area.

The Town is centrally located to several highway and freeway systems. Fourteen miles to the west is Interstate Highway 10, which joins the cities of Phoenix and Tucson. In addition to I-10, the Town has access to US 60, approximately 10 miles to the north.

The Town is a joint power authority partner in operating the Phoenix Mesa Gateway Airport (a designated foreign trade zone) immediately northwest of the Town. Phoenix Mesa Gateway Airport, which opened in March 1994, is a former Air Force base that conducts over 195,000 operations per year serving a variety of corporate, cargo, general aviation and military aircraft. The City of Mesa has established the joint powers authority for the operation of Phoenix Mesa Gateway Airport with the Town, the Town of Gilbert, the City of Phoenix, City of Apache Junction as well as the Gila River Indian Community. The agreement calls for the Town to contribute a portion of the operating costs of the Phoenix Mesa Gateway Airport. Phoenix Mesa Gateway also serves as a reliever to Phoenix Sky Harbor International Airport. Phoenix Mesa Gateway Airport is also developing as an international aerospace center with aircraft manufacturing, maintenance, modification testing and pilot training. More than 25 aviation companies currently operate at the facility. The airport has three runways, all of which are over 10,000 feet long. The adjacent Williams Educational Campus is a training center for aerospace, technical, general and occupational degree programs. Phoenix Mesa Gateway Airport recently announced a planned expansion for the SkyBridge Arizona project which will be a first of its kind international air logistics hub that will allow for the shipment of high-value goods directly to Latin America through a bond facility incorporating Mexican customs on sight at Phoenix Mesa Gateway Airport. The project will be phased over a number of years and has the potential to create a significant economic impact and jobs for the region.

Chandler Municipal Airport is located 13.5 miles west of the Town’s central business district and has two runways, one 4,400 feet long and the other 4,850 feet long. The City of Mesa’s Falcon Field is located 20 miles from the Town and currently has two runways, one 5,100 feet long and the other 3,800 feet long. Phoenix Sky Harbor International Airport, located 38 miles from the Town, provides local, regional and transcontinental air service.

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

**Government and Organization**

The Town operates under the Council-Manager form of government. Six council members are elected at large for staggered two-year terms. The Mayor is directly elected by the Town electorate to a four-year term. The most recent election was held in August 2018. The Town Council appoints a Town Manager who has full responsibility for carrying out council policies and administering Town operations. Mr. John Kross, who previously had served the Town as the Assistant Town Manager and Interim Town Manager for a combined period of approximately 12 years, was appointed Town Manager in March 2007. The Town Manager administers the Town’s functions through eight department directors. Town employees are hired under personnel rules adopted by the Town Council. Functions of government and operation are provided by a staff of approximately 321 full-time equivalent employees within the eight separate departments. The Town provides or administers a variety of services including community development (planning, building and code enforcement and engineering), leisure services (parks, recreation and library), enterprise operations (water, wastewater, and solid waste), internal services (human resources, information technology, budget, finance, and equipment maintenance), streets and public works.

The Town complies with the requirements of the Constitution of the State of Arizona when investing its idle funds. The Town presently invests all idle capital project and operating funds in allowable investments per State Statute including the State of Arizona Treasurer’s Local Government Investment Pool (“LGIP”).

The Arizona State Constitution was amended by the voters in June of 1980 to establish a system of local government expenditure limitations. That system establishes a base expenditure limit for all communities in Arizona based upon their 1979-80 actual expenditures. The base limit is indexed annually for inflation and population growth for the community. Expenditures for debt service are exempted from the expenditure limit. The amendment also allows communities to establish their own expenditure limit, or adjust their base limit through voter approval. In August 2018, the voters of the Town approved “local home rule,” also called an alternative expenditure limitation. This four-year authorization allows the Town Council to determine the Town’s budget based on actual income, expenditures and local priorities rather than the State-imposed expenditure limit. The Town will ask the voters to approve a local home rule renewal in August of 2022.

**Economy**

There can be no assurances that the spread of COVID-19 will not materially impact the local, state and national economies and, accordingly, materially adversely impact the State, the County and the Town’s economy. See also “REVENUES FROM THE EXCISE TAXES AND THE STATE SHARED REVENUES – Potential Impact of COVID-19” and Appendix A – “Town of Queen Creek, Arizona General and Financial Information – Financial Information – Fiscal Year 2020/21 Budget; Potential Impact of COVID-19 on the Town’s General Fund.”

Agriculture is a contributor to the Town’s economy, although it no longer dominates the Queen Creek-area economy due to the industrial, commercial and residential development that has occurred within the Town. Cotton, sorghum, grains, alfalfa, citrus, vegetables and livestock dominate agricultural production. Processing of cotton seed, oil and fiber, and feed and fertilizer production are also locally important.

Figures from the Bureau of Labor Statistics indicate the following employment levels for the Town since 2013 and unemployment rates for the Town, the County and the State since 2013.

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Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

**EMPLOYMENT TRENDS (a)**

Calendar Year	Town of Queen Creek		Unemployment Rate		
	Average Annual Employment	Average Annual Unemployment	Queen Creek	Maricopa County	State of Arizona
2019 (b)	21,585	778	4.20%	4.60%	5.50%
2018	19,475	710	3.50%	4.30%	4.90%
2017	18,729	615	3.40%	4.30%	5.10%
2016	16,642	594	3.50%	4.50%	5.30%
2015	15,952	636	4.10%	5.20%	6.10%
2014	14,591	669	4.40%	5.90%	6.80%
2013	13,194	655	4.70%	6.60%	7.80%

(a) Data in table is not seasonally adjusted.

(b) Data shown is through December 2019.

Source: U.S. Department of Labor, Bureau of Labor Statistics

The largest employers in the Town include the following:

**MAJOR EMPLOYERS  
Town of Queen Creek, Arizona**

Employer (a)	Type of Business	Approximate Number of Employees
Queen Creek Unified School District	Education	835
Banner Ironwood Medical Center	Medicine	400
Wal-Mart	Retail	325
The Town	Government	321
Canyon State Academy	Education	305
Chandler Unified School District	Education	220
Home Depot	Retail	219
Target Stores	Retail	186
Benjamin Franklin Charter Schools	Education	162
Higley Unified School District	Education	140

(a) Some of these employers or their parent companies are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and in accordance therewith file reports, proxy statements and other information with the Securities and Exchange Commission (the “Commission”). Such reports, proxy statements and other information (collectively, the “Filings”) may be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 and Northwestern Atrium Center, 400 West Madison Street, Suite 1400, Chicago, Illinois. Copies of the Filings can be obtained from the public reference section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Filings may also be inspected at the offices of the NYSE at 20 Broad Street, New York, NY 10005. The Filings may also be obtained through the Internet on the Commission’s EDGAR database at <http://www.sec.gov>. None of the Town, the Underwriters, counsel to the Underwriters, the Financial Advisor or Special Counsel have examined the information set forth in the Filings for accuracy or completeness, nor do they assume responsibility for the same.

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

**WAGE AND SALARY (NON-FARM) EMPLOYMENT  
Maricopa County, Arizona (a)**

	<u>2019 (b)</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Goods Producing					
Mining and Construction	136,500	124,400	107,650	104,600	99,300
Manufacturing	130,200	123,900	118,200	116,500	116,400
Service-Providing					
Trade, Transportation and Utilities	406,700	392,900	375,300	375,100	367,900
Information	39,900	38,100	34,775	35,500	36,000
Financial Activities	202,500	190,900	179,000	173,000	165,500
Professional & Business Services	363,600	347,000	333,963	331,800	316,800
Educational and Health Services	345,000	317,900	291,500	285,300	276,000
Leisure and Hospitality	231,700	222,700	219,963	209,100	202,900
Other Services	69,700	67,600	59,275	61,600	63,500
Government	235,100	216,700	214,225	213,300	213,900
Total	<u>2,160,900</u>	<u>2,042,100</u>	<u>1,933,850</u>	<u>1,905,800</u>	<u>1,858,200</u>

(a) Data is not seasonally adjusted.

(b) As of March 2020.

Source: Arizona Department of Administration, Office of Employment and Population Statistics; Current Employment Statistics (CES) tables.

**Education**

Arizona State University (the “University”), whose main campus is located in the nearby City of Tempe, is one of the major universities in the Southwest. The University’s total enrollment for 2018 exceeded 111,000 students and it has an estimated 4,700 faculty members among all four of its campus locations (Main, Downtown, West and Polytechnic).

Rio Salado Community College, one of the ten campuses that comprise the Maricopa County Community College District, operates a consortium college partnership program in downtown Queen Creek called the Communiversity. Rio Salado partnered with the Town to construct an approximately 16,000 square foot facility that houses Rio Salado’s program, Chandler-Gilbert Community College (one of the community colleges of the Maricopa County Community College District), Ottawa University, and Benedictine University Mesa. Students enrolling in any one of the colleges can gain acceptance to the other partner schools from the Communiversity location.

Mesa Community College, one of the seven campuses that comprise the Maricopa County Community College District, is located 24 miles from the Town and offers comprehensive educational programs to a student enrollment of approximately 30,000 students as of 2018. Chandler-Gilbert Community College occupies a campus 7 miles from the Town. The college offers a wide range of credit and non-credit courses and has an enrollment of approximately 19,500 students.

The Queen Creek Unified School District served 9,000 students for the 2018/19 school year in six elementary schools, one academy, two middle schools, and two high schools. The Higley Unified School District serves 12,015 students in two early childhood development centers, eight elementary schools, one academy school, two middle schools, and two high schools. The Chandler Unified School District serves 46,338 students in grades K-12 with 31 elementary schools, ten middle schools, six high schools, four alternative learning centers, and one early college school.

**Commerce**

The Town continues its efforts at attracting commercial opportunities to the community. The 2019 Population Estimate has identified the Town as having 53,138 residents as of June 30, 2019. It is anticipated that retail and employment opportunities will use this new demographic information to accelerate business investment within the Town.

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

The Town is currently home to numerous retail establishments that also accommodate the needs of the Town’s growing population. Total Town privilege (sales) tax collections are an indicator of overall economic growth within the Town and reflect the flow of cash in businesses in the Town. The following table illustrates the recent history of transaction privilege (sales) tax activity for the Town.

**TOTAL TAXABLE SALES AND TOTAL TAXABLE RETAIL SALES  
Town of Queen Creek, Arizona**

<u>Fiscal Year</u>	<u>Total Taxable Sales</u>	<u>Total Taxable Retail Sales (a)</u>	<u>% of Total Taxable Retail Sales to Total Taxable Sales</u>
Including Construction Sales Tax:			
2019/20 (b)	\$1,050,226,885	\$442,360,800	42%
2018/19	1,293,915,209	617,563,022	48%
2017/18	1,170,019,850	498,084,872	43%
2016/17	1,034,872,643	408,652,224	39%
2015/16	819,448,683	334,352,378	41%
2014/15	775,235,203	315,017,361	41%
Excluding Construction Sales Tax:			
2019/20 (b)	\$739,051,440	\$442,360,800	60%
2018/19	982,685,778	617,563,022	63%
2017/18	846,101,846	498,084,872	59%
2016/17	709,817,920	408,652,224	57%
2015/16	591,299,981	334,352,378	57%
2014/15	592,783,358	315,017,362	53%

(a) Retail sales include groceries, automobiles, department stores, furnishing, equipment, electrical, building, wholesale and miscellaneous retail sales. Retail sales exclude contracting, amusements, utilities, communications, restaurants and hotel/motel transactions.

(b) As of February, 2020.

Source: The Town Finance Department.

**Construction**

The Town has experienced strong residential and non-residential development in recent years. In fiscal year 2018/2019, the Town’s total value of building permits issued was \$610,498,813, which was an increase of 26% over the prior year. Additionally, the Town issued 1,325 building permits for new single family homes in fiscal year 2018/19, which was a 33% increase over fiscal year 2017/2018. Construction is valued on the basis of estimated cost, not on market price or value of construction at the time the permit is issued. The date at which the permit is issued is not to be construed as the date of construction.

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Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

**VALUE OF BUILDING PERMITS ISSUED  
Town of Queen Creek, Arizona**

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial/ Industrial</u>	<u>Other</u>	<u>Total</u>
2019/20	\$545,106,431	\$65,392,382		\$610,498,813
2018/19 (a)	423,959,635	62,069,893		486,029,528
2017/18	413,586,201	30,000,451	\$45,296,908	488,883,560
2016/17	403,726,007	21,796,590	52,325,212	477,847,809
2015/16	307,238,080	5,417,750	97,736,350	410,392,180

(a) Beginning in fiscal year 2017/18, the Town updated its planning and building safety software resulting in all building permit valuations being included in the Residential and Commercial/Industrial categories.

Source: The Town Finance Department

**NEW SINGLE FAMILY HOUSING STARTS  
Town of Queen Creek, Arizona**

<u>Fiscal Year</u>	<u>Total New Starts</u>	<u>Unit Increase/ (Decrease)</u>	<u>% Increase/ (Decrease)</u>	<u>% of Greater Phoenix Region</u>
2019/20*	1,502	177	13%	6.7%
2018/19	1,325	329	33%	5.8%
2017/18	996	(6)	(1%)	4.5%
2016/17	1,003	(71)	(7%)	5.3%
2015/16	1,073	271	34%	6.2%
2014/15	802	83	12%	5.1%

\* As of April 2020.

Source: The Town Finance Department.

**FINANCIAL INFORMATION**

State law requires that the Town’s financial books and records be audited by the State Auditor General or independent certified public accountants on an annual basis. The audited financial statements of the Town are presented in Appendix D – “Audited Financial Statements for the Town of Queen Creek, Arizona for the Fiscal Year Ended June 30, 2019.”

The table on the following page summarizes audited Revenues, Expenditures and Changes in Fund Balance for the fiscal years 2014/15 through 2018/19 and adjusted budget information for 2019/20. The information contained in the summary should be read in conjunction with the audited financial statements and accompanying notes in Appendix D of this Official Statement.

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

**TOWN OF QUEEN CREEK, ARIZONA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEARS ENDED JUNE 30**

	Revised	Audited				
	Budget 2019/20*	2018/19	2017/18	2016/17	2015/16	2014/15
<b>Revenues</b>						
Taxes	\$51,032,427	\$45,206,273	\$41,447,945	\$38,100,073	\$31,558,534	\$27,720,663
Intergovernmental	14,804,665	13,798,781	15,527,547	11,760,640	10,257,129	8,950,773
Licenses and permits	6,627,500	7,729,877	6,312,580	5,174,695	5,278,475	4,555,012
Charges for services	7,610,680	3,061,478	1,477,262	1,407,256	1,301,297	1,255,126
Contributions/Donations	14,703,933	767,492	284,732	463,796	553,825	258,243
Impact Fees	10,611,780	9,672,093	8,400,874	8,041,757	7,925,947	5,974,801
Special Assessments	2,435,135	2,112,746	1,856,055	1,756,552	2,273,392	2,324,857
Investment income	515,550	2,538,754	556,443	141,112	538,901	1,258,858
Miscellaneous	1,563,013	2,264,382	1,027,363	457,741	4,124,450	399,722
Total Revenues	\$109,904,683	\$87,151,876	\$76,890,801	\$67,303,622	\$63,811,950	\$52,698,055
<b>Expenditures</b>						
Current:						
General Government	\$19,495,914	\$15,156,320	\$12,494,465	\$10,728,669	\$13,351,992	\$11,586,257
Public Safety	20,796,487	15,480,647	15,830,392	13,496,827	12,055,558	11,602,383
Highways and Streets	9,455,348	7,672,804	8,051,533	6,285,005	5,202,276	3,742,931
Culture and Recreation	5,582,169	4,397,321	3,842,562	4,015,698	3,651,867	3,074,017
Economic Development	2,144,556	2,677,207	3,866,160	30,028,572	1,000,103	3,729,446
Capital Outlay	42,363,401	32,674,194	46,428,341	31,192,034	20,214,290	10,513,269
Debt Service:						
Principal Retirement	4,992,198	4,439,744	4,195,530	53,627,744	9,473,374	3,385,313
Interest on Long-Term Debt	5,392,238	5,905,455	3,048,348	2,578,030	3,997,878	4,321,778
Costs of Bond Issuance	-	-	662,341	787,207	-	-
Total Expenditures	\$110,222,311	\$88,403,692	\$98,419,672	\$152,739,786	\$68,947,338	\$51,955,394
Excess (Deficiency) of Revenues Over Expenditures	(317,628)	(1,251,816)	(21,528,871)	(85,436,164)	(5,135,388)	742,661
<b>Other Financing Sources (uses)</b>						
Proceeds from Issuance of Long-Term Debt	65,000,000	-	65,960,000	66,435,000	-	-
Premium on Proceeds from Issuance of Long-Term Debt	-	-	8,711,845	9,313,830	-	-
Payment to Refunding Bond Escrow	-	-	-	(22,768,595)	-	-
Transfers in	33,569,489	30,762,515	39,699,516	15,283,200	24,394,743	18,592,762
Transfers out	(30,806,220)	(28,623,535)	(35,557,681)	(14,878,305)	(23,606,122)	(18,249,622)
Proceeds from Sale of Capital Assets	-	-	-	600,860	-	-
Total other financing sources (uses)	67,763,269	2,138,980	78,813,680	53,985,990	788,621	343,140
Net Change in Fund Balance	67,445,641	887,164	57,284,809	(31,450,174)	(4,346,767)	1,085,801
Fund Balances, beginning of year	\$83,854,747	\$82,967,583	25,682,774	57,132,948	61,479,715	60,393,914
Fund Balances, end of year	\$151,300,388	\$83,854,747	\$82,967,583	\$25,682,774	\$57,132,948	\$61,479,715

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

\* The information presented constitutes "forward looking statements" which must be read with an abundance of caution and may be realized or may not occur in the future. The information presented for fiscal year 2019/20 is based on the Town's original budget, adjusted to reflect amendments through March 18, 2020, and represents budgeted amounts.

**Fiscal Year 2020/21 Budget; Potential Impact of COVID-19 on the Town’s General Fund**

The Town Council adopted a proposed fiscal year 2020/21 budget for the Town at its meeting on June 3, 2020. Adoption of the final fiscal year 2020/21 budget is scheduled for June 17, 2020. *No assurance can be given that the Town Council will not adjust the fiscal year 2020/21 budget prior to its final adoption.*

In developing the proposed 2020/21 budget, the Town incorporated expected lower revenue projections due to COVID-19 and related consequences. See “REVENUES FROM EXCISE TAXES AND THE STATE SHARED REVENUES – Potential Impact of COVID-19.” The Town based its revenue projections on the on the most currently available information the State’s Joint Legislative Budget Committee, regional and national economists, trade groups, industry reports, and internal data on building permits and sales tax activity.

Based upon the proposed fiscal year 2020/21 operating budget, total revenues are expected to be approximately \$64.2 million, which is \$7.7 million or 11% lower than fiscal year 2019/20 revenues. This includes a \$10.2 million or 30% reduction in local sales tax revenues; a \$1.6 million or 26% reduction in construction-related revenues (building permits and plan reviews); a \$2.3 million or 16% increase in State Shared Revenues, due to the Town’s growth in population relative to the rest of the State; and a \$2.1 million or 25% increase in property tax revenues, due to recent annexations and growth in new residential and commercial properties.

The budgeted operating expenditures of the Town are expected to be reduced by approximately \$7.3 million or 12%, with another \$5.0 million reduction in planned one-time costs to bring proposed fiscal year 2020/21 operating budget expenditures in line with projected revenues. The budget assumes no extraordinary or COVID-19-related aid received from federal or State sources.

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Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)



**Current Statistics (for fiscal year 2019/20)  
Town of Queen Creek, Arizona**

Total Senior Lien Excise Tax and State Shared Revenue Debt to be Outstanding	\$186,745,000	* (a)
Total Subordinate Lien Excise Tax and State Shared Revenue Obligations Outstanding	56,190,000	(b)
Total Assessment Revenue Obligations Outstanding	14,281,972	(c)
Total Senior Lien Water and Wastewater Revenue Debt Outstanding	34,064,626	(d)
Total Subordinate Lien Water and Wastewater Revenue Debt Outstanding	19,159,376	(e)

\* Subject to change.

- (a) Includes the Obligations. See “Senior Lien Excise Tax and State Shared Revenue Debt to be Outstanding” in this Appendix.
- (b) See “Subordinate Lien Excise Tax and State Shared Revenue Obligations Outstanding” in this Appendix.
- (c) See “Assessment Revenue Obligations Outstanding” in this Appendix.
- (d) See “Senior Lien Water and Wastewater Revenue Debt Outstanding” in this Appendix.
- (e) See “Subordinate Lien Water and Wastewater Revenue Debt Outstanding” in this Appendix.

**Property Values**

Fiscal Year	Maricopa County	Pinal County	Combined
2019/20			
Net Limited Assessed Property Value	\$392,354,566	\$32,998,896	\$425,353,462
Net Full Cash Assessed Property Value	527,586,181	42,495,350	570,081,531
Estimated Net Full Cash Value	4,765,565,587	407,492,114	5,173,057,701
2020/21			
Net Limited Assessed Property Value	\$445,478,424	\$107,460,657	\$552,939,081
Net Full Cash Assessed Property Value	624,792,799	133,331,894	758,124,693
Estimated Net Full Cash Value	5,703,158,763	1,085,813,236	6,788,971,999

Source: *Abstract of the Assessment Roll*, Arizona Department of Revenue and *Property Tax Rates and Assessed Values*, Arizona Tax Research Association, the Treasurer of the County, the Assessor of the County and the Finance Department of the County. Note that Net Limited Assessed Property Value is described as “Net Assessed Value” in the Property Tax Abstract.

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

**Senior Lien Excise Tax and State Shared Revenue Debt to be Outstanding**

Issue Series	Purpose	Original Amount	Maturity Dates	Balance Outstanding
GADA 2014A	Sewer Improvements	\$3,845,000	8/1/2015-28	\$2,870,000
2016 Ref.	Refunding	47,990,000	8/1/2017-36	40,715,000
2018A	Road Improvements	47,945,000	8/1/2018-47	46,790,000
2018B	Road/Public Safety/Fire	18,015,000	8/1/2018-47	17,335,000
Subtotal				\$107,710,000
Plus: The Obligations				79,035,000 *
Total Senior Lien Excise Tax and State Shared Revenue Debt to be Outstanding				<u>\$186,745,000 *</u>

\* Subject to change.

**Subordinate Lien Excise Tax and State Shared Revenue Obligations Outstanding**

Issue Series	Purpose	Original Amount	Maturity Dates	Balance Outstanding
2019	Acquire Water Assets	\$49,450,000	8/1/2024	\$49,450,000
2020	Acquire Water Assets	6,740,000	8/1/2020	6,740,000
Total Subordinate Lien Excise Tax/State Shared Revenue Obligations Outstanding				<u>\$56,190,000</u>

**Assessment Revenue Obligations**

Issue Series	Purpose	Original Amount	Maturity Dates	Balance Outstanding
2016	Refunding	\$18,445,000	1/1/2016-30	\$14,281,972
Total Assessment Revenue Obligations Outstanding				<u>\$14,281,972</u>

**Senior Lien Water and Wastewater Revenue Debt Outstanding (a)**

Issue Series	Purpose	Original Amount	Maturity Dates (b)	Balance Outstanding
WIFA 2008	Water Co. Acquisition	\$40,000,000	7/1/2009-38	\$21,919,447
WIFA 2013	Water Projects	16,000,000	11/2/2014-43	12,145,179
Total Senior Lien Water and Wastewater Revenue Debt Outstanding				<u>\$34,064,626</u>

- (a) The Town anticipates borrowing \$66,580,000 from the Water Infrastructure Finance Authority of Arizona (“WIFA”) before the end of fiscal year 2019/20 to refinance the Series 2019 Subordinate Lien Obligations and the Series 2020 Subordinate Lien Obligations and to acquire certain water and wastewater assets.
- (b) In February 2020, the WIFA Board approved certain amendments to the Town’s WIFA loans, including extending the final maturities by 10 years.

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

**Subordinate Lien Water and Wastewater Revenue Debt Outstanding**

Issue Series	Purpose	Original Amount	Maturity Dates	Balance Outstanding
2013	Water Co. Acquisition	\$19,425,093	7/1/2014-44	\$19,159,376
Total Subordinate Lien Water and Wastewater Revenue Debt Outstanding				<u>\$19,159,376</u>

**Pension and Retirement Plans**

The Town contributes to the Arizona State Retirement System (“ASRS”) and the Public Safety Personnel Retirement System (“PSPRS”) for firefighters. The plans are component units of the State of Arizona.

Please refer to Appendix D of the Official Statement which includes the Town’s audited financial statements and specifically “Note 11 – Retirement Plans” and “Note 1 – Summary of Significant Accounting Policies” for a detailed discussion of the Town’s Retirement Plan, Net Pension Liabilities associated with the Retirement Plan, Other Post-Employment Benefits, and the Town’s Pension Funding Policy.

ASRS administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined benefit health insurance premium benefit; and a cost-sharing, multiple-employer defined benefit long-term disability plan. As of June 30, 2019, the Town reported a liability of \$19,855,605 for its proportionate share of the net pension liability of ASRS (reported in Appendix D of the Official Statement). The Town’s proportion of the net pension liability was based on the Town’s actual contributions to the plan relative to the total of all participating employers’ contributions for the fiscal year ended June 30, 2018, as required by current Governmental Accounting Standards Board (GASB) pronouncements. The Arizona State Retirement System Board governs ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at [www.azasrs.gov](http://www.azasrs.gov).

PSPRS provides a defined-benefit retirement system for all public safety employees in Arizona. PSPRS is an agent multiple-employer, public employee retirement system that acts as a common investment and administrative agent to provide retirement and death and disability benefits for public safety personnel who are regularly assigned hazardous duty in the employ of the State of Arizona or a political subdivision thereof. PSPRS is not a “pooled” system – a separate account exists for the police and fire 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. The Town employs its own firefighters for fire and emergency services, and the Town contracts for police services with the Maricopa County Sheriff’s Office (“MCSO”).

To manage the Town’s pension liabilities, the Mayor and Council adopted a Pension Funding Policy (the “Policy”) on June 3, 2015 (via Resolution No. 054-15). The Policy was amended on June 20, 2018 (via Resolution No. 1224-18) and again on June 5, 2019 (via Resolution No. 1263-19). The intent of the Policy is to fund pension costs in an equitable and sustainable manner. The Policy seeks to accomplish intergenerational equity for taxpayers and members which is achieved at a fully funded status.

The Policy requires the Town to fully fund the firefighter pension plan’s unfunded liability annually and to set aside a portion of fund balance / retained earnings to offset unfunded pension liabilities associated with MCSO contracted personnel and ASRS personnel. Per the Policy, fund balance / retained earnings is set aside to cover these unfunded pension liabilities, in the following priority order: sworn Fire personnel, MCSO contracted personnel, and ASRS personnel.

As of June 30, 2019, the Town reported a net pension liability of \$80,263 for the firefighter pension plan (reported in Appendix D of the Official Statement). The Town remitted payment for this amount to PSPRS in June 2019, as required by the Policy. As of June 30, 2019, the Town’s General Fund reported \$23.9 million of committed fund balance for its remaining pension liabilities, of which \$20.9 million was for MCSO contracted personnel (fully funded) and \$3.0 million was for ASRS personnel (partially funded). A reserve also exists in the Water and Wastewater Utility for ASRS of \$4.7 million and \$478,375 respectfully as of June 30, 2019 to fully fund ASRS pension liabilities associated with the Town’s utility personnel.

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

## APPENDIX B

## PROPOSED FORM OF OPINION OF SPECIAL COUNSEL

[Closing Date]

Town of Queen Creek, Arizona  
 22350 South Ellsworth Road  
 Queen Creek, Arizona 85242-9311

The Bank of New York Mellon Trust  
 Company, N.A.  
 919 Congress Avenue, 5th Floor  
 Austin, Texas 78701

Re: Excise Tax and State Shared Revenue Obligations, Series 2020, Each Evidencing a Proportionate Interest of the Owners Thereof in Purchase Price Payments to be Made by the Town of Queen Creek, Arizona to The Bank of New York Mellon Trust Company, N.A., as Trustee

We have examined the transcript of proceedings (the "Transcript") relating to the execution and delivery by The Bank of New York Mellon Trust Company, N.A. (the "Trustee") of \$75,250,000\* aggregate principal amount of Excise Tax and State Shared Revenue Obligations, Series 2020 (the "Obligations"), dated the date hereof, pursuant to a Fourth Trust Agreement, dated as of June 1, 2020\* (the "Trust Agreement"), between the Trustee and the Town of Queen Creek, Arizona (the "Town"). Each of the Obligations is an undivided, participating, proportionate interest in certain payments to be made by the Town pursuant to a Fourth Purchase Agreement, dated as of June 1, 2020\* (the "Purchase Agreement"), between the Trustee as seller and the Town as buyer pursuant to which the Trustee has facilitated the financing of certain capital projects for the Town. 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 Town 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,

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\* Subject to change.

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 Town for 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 Town pursuant to the Purchase Agreement, and the obligation of the Town to make those payments is secured by a limited pledge of the revenues from the unrestricted transaction privilege (sales) tax, business license and franchise fees, parks and recreation fees and permits and fines and forfeitures which the Town imposes; provided that the Mayor and Council of the Town may impose other transaction privilege taxes in the future, the uses of revenue from which will be restricted, at the discretion of such Council, and from any amounts of excise taxes, transaction privilege (sales) taxes and income taxes imposed by the State of Arizona or any agency thereof and returned, allocated or apportioned to the Town, except the Town's share of any such taxes which by State law, rule or regulation must be expended for other purposes, such as motor vehicle fuel taxes, all as more fully described in, and provided by, the Purchase Agreement. Such payments are not secured by an obligation or pledge of any monies 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 Town and the Purchase Agreement, including the obligation of the Town to make the payments required thereunder, does not represent or constitute a debt or pledge of the general credit of the Town.

3. (a) Based on the representations and covenants of the Town 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 Town pursuant to the Purchase Agreement, denominated and comprising interest with respect to the Obligations and received by the beneficial owners of the Obligations (the "Interest Portion"), is excludable from the gross income of the beneficial owners thereof for federal income tax purposes. Furthermore, the Interest Portion is not 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 Town 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 Town to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactive to the date of execution and delivery of the Obligations. The Town 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 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 ownership of, receipt or accrual of the Interest Portion on, or the disposition 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,



## APPENDIX C

## 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 Town, 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 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 U.S. 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 Town 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.

“**Projects**” means street improvements and public safety facilities.

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

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 headings “THE OBLIGATIONS” and “SECURITY 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 November 1, 2020, 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.

**Separate Funds.** Monies and investments properly paid into and held in the funds established under the Trust Agreement will not be subject to the claims of the owners of any of the other of the Parity Lien Obligations, and the Owners of the Obligations shall have no claim or lien upon any monies or investments properly paid into and held in the funds and accounts established under the proceedings for any other of the Parity Lien Obligations.

**Protection of Lien.** The Trustee and the Town 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 Town, 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 Town, 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 Town 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 Town, 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 this 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 Town 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 Town with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of 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 Town or the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Obligations then Outstanding.

The Town will from time to time, as agreed upon between the Town 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 Town (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 Town.

**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 Town, (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 Town 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) to facilitate the issuance of additional of the Parity Lien Obligations, (9) with respect to rating matter, or (10) in regard to questions arising thereunder, 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 Town or by any person directly or indirectly controlled by, or under direct or indirect common control with the Town (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 Town for the Trustee Performance.** The Town 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 Town 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 Town 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 Town by a national firm of certified public accountants acceptable to both the Trustee and the Town, 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 Town 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 Town has given the Trustee irrevocable instructions to redeem such Obligations.

[Remainder of page intentionally left blank]

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

## THE PURCHASE AGREEMENT

The following, in addition to the information under the headings “INTRODUCTORY STATEMENT” and “SECURITY 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 Town to make the Payments will be limited to amounts from the revenues from the Excise Taxes and the State Shared Revenues. The Town 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 Town 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 Town or otherwise, or out of indebtedness or liability at any time owing to the Town by the Trustee. Until such time as all of the Payments shall have been fully paid or provided for, the Town (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 Town 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 Town 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.**

(a) (i) Upon (A) the nonpayment of the whole or any part of any of the Payments at the time when the same is to be paid as provided in the Purchase Agreement or the Trust Agreement, (B) the violation by the Town of any other covenant or provision of the Purchase Agreement or the Trust Agreement, (C) the occurrence of an event of default with respect to any of the Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement or the other of the Parity Lien Obligations, or (D) the insolvency or bankruptcy of the Town as the same may be defined under any law of the United States of America or the State of Arizona, or any voluntary or involuntary action of the Town or others to take advantage of, or to impose, as the case may be, any law for the relief of debtors or creditors, including a petition for reorganization, and

(ii) if such default has not been cured (A) in the case of nonpayment of any Payment as required under the Purchase Agreement or the Trust Agreement on the due date, or the nonpayment of the payments on their due dates with respect to the Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase

Agreement or any other of the Parity Lien Obligations; (B) in the case of the breach of any other covenant or provision of the Trust Agreement or the Purchase Agreement not cured within sixty (60) days after notice in writing from the Trustee specifying such default; and (C) in the case of any default under any of the Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement or the other of the Parity Lien Obligations after any notice and passage of time provided for under the proceedings under which such obligations were issued then,

(iii) subject to the limitations of the Trust Agreement, the 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 Town under the Trust Agreement or the Purchase Agreement then due (but not the Payments and such other amounts accruing), or to enforce performance and observance of any pledge, obligation, agreement, or covenant of the Town under the Trust Agreement or the Purchase Agreement and with respect to the revenues from the Excise Taxes and, subject to the State Intercept of Funds with regard to the Loan Repayment Agreement and any other of the Parity Lien Obligations which is also an Additional Agency/Authority Loan Agreement, the State Shared Revenues, without notice and without giving any bond or surety to the Town or anyone claiming under the Town, may have a receiver appointed of the amounts of the revenues from the Excise Taxes and, subject to the State Intercept of Funds with regard to the Loan Repayment Agreement and any other of the Parity Lien Obligations which is also an Additional Agency/Authority Loan Agreement, the State Shared Revenues which are pledged to the payment of amounts due thereunder, with such powers as the court making such appointment shall confer (and the Town will irrevocably consent to such appointment); provided, however, that under no circumstances may the Payments be accelerated.

The obligations of the Town under the Purchase Agreement, including, without limitation, its obligation to pay the Payments, will survive any action brought, and the Town will continue to pay the Payments and perform all other obligations provided in the Purchase Agreement; provided, however, that the Town will be credited with any amount received by the Trustee.

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

## APPENDIX D

**TOWN OF QUEEN CREEK, ARIZONA**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The audited financial statements for the Town included in this APPENDIX D are the fiscal year ended June 30, 2019, and are the most recent audited financial statement available, for the Town. Such financial statements speak only of that date and do not report any changes that might have occurred since June 30, 2019.

CliftonLarsonAllen LLP has performed no procedures subsequent to rendering its opinion on the financial statements and has not been consulted in any manner pertaining to the issuance of the Obligations.

APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

\$79,035,000\*  
TOWN OF QUEEN CREEK, ARIZONA  
EXCISE TAX AND STATE SHARED REVENUE OBLIGATIONS

Evidencing a Proportionate Interest of the Owners  
Thereof in Purchase Price Payments to be Made by

THE TOWN OF QUEEN CREEK, ARIZONA  
to  
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,  
as Trustee

Closing Date: [Closing Date]  
(CUSIP Base No. 74823Y)

NINTH CONTINUING DISCLOSURE UNDERTAKING

This Ninth Continuing Disclosure Undertaking (this "Undertaking") is executed and delivered by the Town of Queen Creek, Arizona (the "Town"), in connection with the execution and delivery of \$75,250,000\* aggregate principal amount of Excise Tax and State Shared Revenue Obligations, Series 2020 (the "Obligations") Each Evidencing a Proportionate Interest of the Owners Thereof in Purchase Price Payments to be Made by the Town of Queen Creek, Arizona, to The Bank of New York Mellon Trust Company, N.A., as Trustee. The Obligations are being executed and delivered pursuant to a Fourth Trust Agreement, dated as of June 1, 2020\* (the "Trust Agreement"), by and between the Town and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Town 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 Town 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 Town and which has filed with the Town 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>.

\* Subject to change.

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)



*Exchange Act* means the Securities Exchange Act of 1934, as amended.

*Final Official Statement* means the Final Official Statement relating to the Obligations, dated \_\_\_\_\_, 2020.

*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.

*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 any of the 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 Fourth Purchase Agreement, dated as of June 1, 2020\*, by and between the Town and the Trustee, in its separate capacity as “Seller.”

*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 Town 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 Town 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/Final Official Statement.* The CUSIP Numbers of the Obligations are as follows:

CUSIP No. (Base 74823Y)	Maturity Date (August 1)

\* Subject to change.

CUSIP No. (Base 74823Y)	Maturity Date (August 1)
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4. *Annual Financial Information Disclosure.* Subject to Section 8 of this Undertaking, the Town 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 Town will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

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 Town shall disseminate in a timely manner, but not more than ten (10) business days after occurrence of the event, Listed Events Disclosure through EMMA. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any of the Obligations or defeasance of any Obligations need not be given under this Undertaking any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Obligations pursuant to the terms of the Obligations. Whether events subject to the standard “material” would be material shall be determined under applicable federal securities laws.

6. *Consequences of Failure of the Town to Provide Information.* The Town 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 Town 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 Town 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 Town to comply with this Undertaking shall be an action to compel performance.

7. *Amendments; Waiver.* Notwithstanding any other provision of this Undertaking, the Town 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 Town, 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 Town (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 Town to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. If the accounting principles of the Town change or the fiscal year of the Town changes, the Town 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 Town shall no longer have liability for any obligation on or relating to repayment of the Obligations under the Trust Agreement. The Town shall give notice in a timely manner if it no longer has such liability through EMMA.

9. *Dissemination Agent.* The Town 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 Town 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 Town 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 Town 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 Town, 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 Town 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 Town shall not transfer obligations under the Purchase Agreement unless the transferee agrees to assume all obligations of the Town 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.

[Closing Date]

TOWN OF QUEEN CREEK, ARIZONA

By.....  
Mayor

ATTEST:

.....  
Town Clerk

Attachment: Preliminary Official Statement (2020 Excise Tax Bonds)

## 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 the table under the following heading: “REVENUES FROM THE EXCISE TAXES AND THE STATE SHARED REVENUES - Collections of Excise Taxes and State Shared Revenues” (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 final official statement need not be available from the Commission. The Town 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, 2021. 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 when available.

Audited Financial Statements will be prepared according to GAAP. Audited Financial Statements will be provided through EMMA within 30 days after availability to the Town.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the Town 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 Town, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town 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 Town, 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 Town.
13. The consummation of a merger, consolidation or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, 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 Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Town, 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 Town, any of which reflect financial difficulties.



## APPENDIX F

## BOOK ENTRY ONLY SYSTEM

THE INFORMATION PROVIDED IN THIS APPENDIX F “BOOK-ENTRY-ONLY SYSTEM” HAS BEEN PROVIDED BY THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK (“DTC”). NO REPRESENTATION IS MADE BY THE TOWN, THE FINANCIAL ADVISOR, THE UNDERWRITERS OR THEIR RESPECTIVE COUNSEL AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

DTC 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 certificate will be issued for each stated payment date of each series of the Obligations, totaling in the aggregate the principal amount of each series of the Obligations, and will be deposited with DTC. The owners of book-entry interest will not receive or have the right to receive physical delivery of the Obligations.

DTC, the world’s largest 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, “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](http://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 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 Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of beneficial ownership interests in Obligations are to be accomplished by entries made on the books of Direct Participants 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 nominee effect no 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 Participants 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 Obligations may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Obligations, such as redemptions (if any), 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 the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Obligations within a stated payment date are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Obligations 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 procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town 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).

Principal and interest payments represented by the Obligations will be made by the Trustee 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 Town or the Trustee on the 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 Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Obligations at any time by giving reasonable notice to the Trustee or the Town. Under such circumstances, in the event that a successor securities depository is not obtained, Obligation certificates are required to be printed and delivered. The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Obligation certificates will be printed and delivered.

NEITHER THE TOWN NOR THE TRUSTEE WILL HAVE RESPONSIBILITY OR OBLIGATION TO DTC, TO DIRECT PARTICIPANTS OR TO INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE OBLIGATIONS UNDER THE TRUST AGREEMENT; (3) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE OBLIGATIONS; (4) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE OBLIGATIONS; (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF OBLIGATIONS; OR (6) ANY OTHER MATTERS.

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 caption "TAX EXEMPTION") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such Obligations.

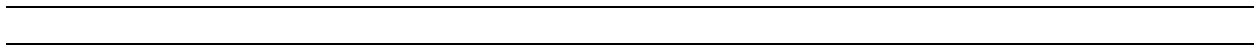
When reference is made in this Official Statement to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on

behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Town or the Trustee to DTC only.

In the event that the Book-Entry-Only System is discontinued, the following provisions will apply: principal of the Obligations when due, will be payable in lawful money of the United States of America at the designated corporate trust office of the Trustee. The transfer of the Obligations will be registrable and the Obligations may be exchanged at the designated corporate trust office of the Trustee upon the payment of any taxes or other governmental charges required to be paid with respect to such transfer or exchange.

# WEDBUSH

DRAFT  
04/28/20  
05/22/20



**FOURTH PURCHASE AGREEMENT**

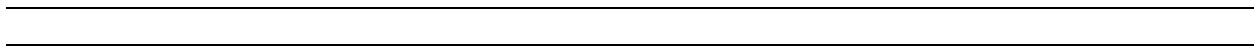
by and between

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,**  
as Seller

and

**THE TOWN OF QUEEN CREEK, ARIZONA,**  
as Buyer

Dated as of June 1, 2020



Attachment: Fourth Purchase Agreement (2020 Excise Tax Bonds)



TABLE OF CONTENTS

	<b>Page</b>
Section 1. Term and Payments.....	3
Section 2. Pledge; Limited Obligations. ....	4
Section 3. Surplus and Deficiency of Revenues from Excise Taxes and State Shared Revenues.....	5
Section 4. Use of Other Funds at the Option of Town.....	5
Section 5. Other Parity Lien Obligations.....	6
Section 6. Town Control over Revenue Collection .....	6
Section 7. Certain Matters with Respect to Projects.....	7
Section 8. Providing for Payment .....	8
Section 9. Continuation of Agreement.....	9
Section 10. Default; Remedies Upon Default.....	9
Section 11. Assignment. ....	10
Section 12. Federal Law Provisions.....	10
Section 13. Rebate Provisions.....	12
Section 14. Quiet Possession; Town’s Easement to Seller.....	16
Section 15. Covenant as to Conflict of Interest; Other Statutory Restrictions .....	16
Section 16. Seller’s Limited Authority .....	17
Section 17. Seller as Trustee.....	17
Section 18. Notices; Mailing Addresses .....	17
Section 19. Miscellaneous. ....	17

**EXHIBIT - PAYMENT SCHEDULE**

Attachment: Fourth Purchase Agreement (2020 Excise Tax Bonds)

**FOURTH PURCHASE AGREEMENT**

**THIS FOURTH PURCHASE AGREEMENT**, dated as of June 1, 2020 (this “Agreement”), by and between **THE TOWN OF QUEEN CREEK, ARIZONA**, a municipal corporation and a political subdivision under the laws of the State of Arizona (“Town”), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, a national banking association (“Seller”), in its capacity as trustee (“Trustee”) under the Fourth Trust Agreement, dated as of even date herewith (the “Trust Agreement”), by and between Trustee and Town,

**WITNESSETH:**

**WHEREAS**, Town heretofore determined that it would be beneficial to its citizens to refinance the Loan Repayment Agreement (the “First Loan Repayment Agreement”), between Town and the Greater Arizona Development Authority, a body corporate and politic constituting a governmental instrumentality duly organized and existing within the State of Arizona under the Constitution and laws of the State of Arizona (“GADA”); and

**WHEREAS**, in order to finance the costs thereof, Town deemed it necessary and desirable to borrow \$3,845,000 from GADA; and

**WHEREAS**, in connection therewith, Town and GADA entered into the Sixth Loan Repayment Agreement, dated as of March 1, 2014 (the “Sixth Loan Repayment Agreement”); and

**WHEREAS**, Town also heretofore determined that it would be beneficial to its citizens to refinance the Second Loan Repayment Agreement, the Third Loan Repayment Agreement, the Fourth Loan Repayment Agreement, and the Fifth Loan Repayment Agreement, each between Town and GADA, the First Purchase Agreement, between Town, as buyer, and a trustee, as seller, and to prepay assessments associated with Town property in a certain district, which assessments were levied pursuant to Title 48, Chapter 4, Article 2, Arizona Revised Statutes; and

**WHEREAS**, in order to finance and refinance the costs thereof, Town deemed it necessary and desirable to cause the execution and delivery of obligations in the principal amount of \$47,990,000, representing interests in a Second Purchase Agreement, dated as of October 1, 2016 (the “Second Purchase Agreement”), between Town, as buyer, and a trustee, as seller; and

**WHEREAS**, Town also heretofore determined that it would be beneficial to its citizens to finance the costs of street improvements and public safety facilities; and

**WHEREAS**, in order to finance the costs thereof, Town deemed it necessary and desirable to cause the execution and delivery of obligations in two series in the total principal amount of \$65,960,000, representing interests in a Third Purchase Agreement, dated as of February 1, 2018 (the “Third Purchase Agreement”), between Town, as buyer, and a trustee, as seller; and

**WHEREAS**, Town has now determined it will be beneficial to its citizens to finance the costs of certain street improvements and public safety facilities (collectively, the “Projects”); and

Attachment: Fourth Purchase Agreement (2020 Excise Tax Bonds)

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

**WHEREAS**, pursuant to such Section of the Sixth Loan Repayment Agreement, except as limited by Section 10(a)(iii) of the Sixth Loan Repayment Agreement and by the corresponding sections in any agreement for any additional loan from GADA or for any loan from the Water Infrastructure Finance Authority of Arizona (“WIFA”), subject to Section 49-1225(F) or 49-1245(F), Arizona Revised Statutes, hereinafter consummated (collectively, “Additional Agency/Authority Loan Agreements”), the rights of GADA to payment from the revenues from the Excise Taxes and the State Shared Revenues will be on a parity with the rights to payment from the revenues from the Excise Taxes and the State Shared Revenues of any obligations hereafter issued on a parity with the Sixth Loan Repayment Agreement, as permitted pursuant to Section 6 of the Sixth Loan Repayment Agreement (the “Parity Lien Obligations”), which includes Additional Agency/Authority Loan Agreements; and

**WHEREAS**, the Second Purchase Agreement and the Third Purchase Agreement were executed and delivered as Parity Lien Obligations, and this Agreement will be executed and delivered as a Parity Lien Obligation; and

**WHEREAS**, after giving effect to this Agreement, pursuant to Section 5 of this Agreement, Town shall not further encumber the revenues from the Excise Taxes and the State Shared Revenues on a basis equal to the pledge under the Sixth Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement and this Agreement unless the revenues from the Excise Taxes plus the State Shared Revenues, when combined mathematically for such purpose only, in the most recently completed Fiscal Year of Town, shall have amounted to at least three (3) times the highest combined interest and principal requirements for any succeeding Fiscal Year of Town for the Sixth Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement, this Agreement and any Parity Lien Obligations secured or so proposed to be secured by such pledge of the revenues from the Excise Taxes and the State Shared Revenues on a parity of lien therewith; and

**WHEREAS**, Section 10(a) of the Sixth Loan Repayment Agreement provides that GADA may in the case of nonpayment, among other things, certify to the Treasurer of the State and notify the Mayor and Council of Town that Town has failed to make a required payment and direct a withholding of the State Shared Revenues as provided in Sections 41-2257(L) and (M) and 41-2258(I), (J) and (K), Arizona Revised Statutes (the “State Intercept of Funds”), and Additional Agency/Authority Loan Agreements may provide that GADA or WIFA provide for enforcement with the State Intercept of Funds; and

**WHEREAS**, Town is a political subdivision duly organized and validly existing under the laws of the State; the Constitution and the laws of the State authorize Town to enter into this Agreement and to enter into the agreements and transactions contemplated by, and to carry out its obligations under, said agreements; Town has duly authorized and executed all of the

aforesaid agreements; this Agreement is a lawful, valid and binding obligation of Town, enforceable against Town in accordance with its terms, and has been duly authorized, executed and delivered by Town; 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 hereinafter defined 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 Town is now a party or by which Town is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of Town; 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 Town, without warranty, and Town hereby purchases from Seller, the Projects. (In order to evidence such sale, Seller has executed and delivered to Town a bill of sale on the date of original execution and delivery of the Obligations.) Town shall be entitled to sole and exclusive possession of the Projects.

(b) To provide the funds necessary for Seller to finance the Projects, Seller, in its capacity as Trustee, shall execute and deliver the Excise Tax and State Shared Revenue Obligations, Series 2020 (the “Obligations”). (Seller shall have no further obligation to provide funds for the Projects.)

(c) As the purchase price for the Projects, Town shall make the payments to Seller at the address specified pursuant to Section 18 hereof (or such other address as Seller may designate in writing) on the dates and in the amounts set forth in the schedule attached hereto and made a part hereof as the Exhibit hereto (the “Payments”). The obligation of Town to make the Payments shall be limited to amounts from the revenues from the Excise Taxes and the State Shared Revenues. Town 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, Town shall pay any such deficiency in sufficient time to prevent default in the payment of principal of or interest on the Obligations falling due on such date. (Town 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 **11(b)(ii)**, and all amounts necessary for compliance with the Continuing

Disclosure Undertaking, provided, however, that failure of Town 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 Town 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 of Seller of any obligation to Town or otherwise, or out of indebtedness or liability at any time owing to Town by Seller. Until such time as all of the Payments shall have been fully paid or provided for, Town (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 Projects, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Projects, the taking by *eminent domain* of title to or temporary use of any or all of the Projects, commercial frustration of purpose or abandonment of the Projects by Town, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of 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, Town may institute such action against Seller as Town may deem necessary to compel performance so long as such action does not abrogate the obligations of Town 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 Town has performed all the covenants and agreements required by Town to be performed, this Agreement shall cease and expire. Upon the expiration of this Agreement as provided in this Section, Town shall cause Trustee to release any interest which Trustee may have in the Projects 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) Subject to the State Intercept of Funds with regard to the Sixth Loan Repayment Agreement and any other of the Parity Lien Obligations which is also an Additional Agency/Authority Loan Agreement, Town hereby irrevocably pledges for the payment of the Payments the revenues from the Excise Taxes and the State Shared Revenues. Town intends that this pledge shall be a first lien pledge upon such amounts of the revenues from the Excise Taxes and the State Shared Revenues as will be sufficient to make the Payments when due. Town



agrees and covenants to make said payments from the revenues from the Excise Taxes and the State Shared Revenues, except to the extent it chooses to make the payments from other funds pursuant to Section 4. Said pledge of, and said lien on, the revenues from the Excise Taxes and the State Shared Revenues is hereby irrevocably made and created for the prompt and punctual payment of the amounts due hereunder according to the terms hereof and to maintain the funds as hereinafter specified in this Agreement and the Trust Agreement. All of the Payments are coequal as to the pledge of and lien on the revenues from the Excise Taxes and the State Shared Revenues pledged for the payment thereof and share ratably, without preference, priority or distinction, as to the source or method of payment from the revenues from the Excise Taxes and the State Shared Revenues or security therefor. Except for the State Intercept of Funds with respect to the Sixth Loan Repayment Agreement and any other of the Parity Lien Obligations which is also an Additional Agency/Authority Loan Agreement, the rights of the Owners to payment from the revenues from the Excise Taxes and the State Shared Revenues are on a parity with the rights to payment from the revenues from the Excise Taxes and the State Shared Revenues of the Sixth Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement and the other of the Parity Lien Obligations.

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

**Section 3. Surplus and Deficiency of Revenues from Excise Taxes and State Shared Revenues.** Subject to the rights with respect to the revenues from the Excise Taxes and the State Shared Revenues with respect to the Sixth Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement and the other of the Parity Lien Obligations, the revenues from the Excise Taxes and State Shared Revenues in excess of amounts, if any, required to be deposited with or held by Trustee for payments due under this Agreement and the Trust Agreement shall constitute surplus revenues and may be used by Town for any lawful purpose for the benefit of Town, including the payment of obligations to which the revenues from the Excise Taxes and the State Shared Revenues may from time to time be pledged on a basis subordinate thereto. 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 revenues from the Excise Taxes and the State Shared Revenues, *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.

**Section 4. Use of Other Funds at the Option of Town.** Town may, at the sole option of Town, make payments due pursuant to Section 1 from its other funds as permitted by

law and as Town shall determine from time to time, but Seller acknowledges that it has no claim hereunder to such other funds. No part of the purchase price payable pursuant to this Agreement shall be payable out of any *ad valorem* property taxes imposed by Town or from bonds or other obligations, the payment of which Town's general taxing authority is pledged, unless (i) the same shall have been duly budgeted by Town according to law, (ii) such payment or payments shall be within the budget limitations of the statutes of the State, and (iii) any such bonded indebtedness or other obligation is within the debt limitations of the Constitution of the State.

**Section 5. Other Parity Lien Obligations.** So long as any of the Obligations remain outstanding and the principal and interest thereon shall be unpaid or unprovided for or any other amounts remain unpaid or unprovided for hereunder, Town shall not further encumber the revenues from the Excise Taxes or the State Shared Revenues on a basis equal to the pledge hereunder unless the revenues from the Excise Taxes plus the State Shared Revenues, when combined mathematically for such purpose only, in the most recently completed Fiscal Year, shall, **notwithstanding the contrary provision in Section 6 of the Sixth Loan Repayment Agreement**, have amounted to at least three (3) times the highest combined interest and principal requirements for any succeeding Fiscal Year for the Sixth Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement, this Agreement and the other of the Parity Lien Obligations. **As provided in the Second Purchase Agreement, GADA shall have the advantage of the same more favorable covenant as it relates to the Sixth Loan Repayment Agreement.**

**Section 6. Town Control over Revenue Collection.**

(a) To the extent permitted by applicable law, the revenues from the Excise Taxes shall be retained and maintained so that the amounts received from the revenues from the Excise Taxes and the State Shared Revenues, when combined mathematically for such purpose only, all within and for the most recently completed Fiscal Year, shall have been equal to at least two (2) times the total of interest and principal requirements for the current Fiscal Year for the Sixth Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement, this Agreement and the other of the Parity Lien Obligations. If the revenues from the Excise Taxes and the State Shared Revenues for any such Fiscal Year shall not have been equal to at least one and one-quarter (1¼) times the total of the interest and principal requirements for the current Fiscal Year for the Sixth Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement, this Agreement and the other of the Parity Lien Obligations or if at any time it appears that the revenues from the Excise Taxes and the State Shared Revenues will not be sufficient to meet such requirements, Town shall, to the extent permitted by applicable law, impose new exactions of the type of the Excise Taxes which will be part of the Excise Taxes or increase the rates for the Excise Taxes currently imposed fully sufficient at all times, after making allowance for contingencies and errors, in each Fiscal Year in order that (a) the revenues from the Excise Taxes and the State Shared Revenues will be sufficient to meet all current requirements hereunder, and (b) the revenues from the Excise Taxes and the State Shared Revenues will be reasonably calculated to attain the level as required by the first sentence of this subsection.

(b) (i) In order to secure payment of this Agreement and to create a separate and special fund which shall contain only the revenues from the Excise Taxes

and shall not contain any other moneys of Town, Town shall continue to maintain the special fund known as the “Town of Queen Creek Excise Tax Revenue Fund” (the “Excise Tax Revenue Fund”) established by the First Loan Repayment Agreement. Upon receipt by Town, the revenues from the Excise Taxes shall be deposited in and to the Excise Tax Revenue Fund. The Excise Tax Revenue Fund shall be funded only from the revenues from the Excise Taxes received by Town and from no other source. After paying therefrom amounts of the revenues from the Excise Taxes for the purposes described herein, the Excise Tax Revenue Fund may be reduced to zero each December 16 and June 16 after the amount required to be paid as described hereinabove has been paid, including by transferring any such balance to the General Fund of Town.

(ii) In order to secure payment of this Agreement and to create a separate and special fund which shall contain only the State Shared Revenues and shall not contain any other moneys of Town, Town shall also continue to maintain the special fund known as the “Town of Queen Creek State Shared Revenue Fund” (the “State Shared Revenue Fund”) established by the First Loan Repayment Agreement. Upon receipt by Town, the State Shared Revenues shall be deposited in and to the State Shared Revenue Fund. The State Shared Revenue Fund shall be funded only from the State Shared Revenues received by Town and from no other source. After paying therefrom amounts of the State Shared Revenues for the purposes described herein, the State Shared Revenue Fund may be reduced to zero each December 16 and June 16 after the amount required to be paid as described hereinabove has been paid, including by transferring any such balance to the General Fund of Town.

**Section 7. Certain Matters with Respect to Projects.**

(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 Projects for any particular purpose or the conformity of the Projects 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 Town after completion. All such risks shall be borne by Town without in any way excusing Town from its obligations under this Agreement, and Seller shall not be liable to Town for any damages on account of such risks. Except with respect to any acts by Seller which are not undertaken at the request of Town or with the prior approval of Town, Town waives all claims against Seller growing out of the acquisition, construction, installation or otherwise of the Projects. Seller shall have no liability to Town for any failure of any contractor to perform any contract or other undertaking with respect to the Projects in any respect. Seller shall have no obligation to obtain or insure compliance with any required permits or approval procedures with respect to the Projects. In the event of any defect in any item of the Projects or other claim with respect to the Projects, recourse of Town shall be against the contractors, manufacturers, suppliers, etc. of the Projects and, where applicable, the person selling the property to Seller, and not against Seller. For such purpose, Seller hereby assigns and transfers to Town the right, title and interest of Seller in and to all representations, warranties, guarantees and service agreements relating to the Projects made or entered into by Seller and by any contractor, manufacturers, suppliers, etc. of the Projects. Seller further designates Town as its

attorney-in-fact granting to Town 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 Projects.

(b) Town has the power to enter into this Agreement; this Agreement is a lawful, valid and binding obligation of Town, enforceable against Town in accordance with its terms, and has been duly authorized, executed and delivered by Town; 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 Projects comply 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 Projects.

**Section 8. Providing for Payment.** Town 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 Town, by a national firm of certified public accountants acceptable to both Seller and Town, 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 Town under this Agreement, including, without limitation, its obligation to pay the Payments, shall survive any action brought as provided in the next Section, and Town shall continue to pay the Payments and perform all other obligations provided in this Agreement; provided, however, that Town 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) the nonpayment of the whole or any part of any of the Payments at the time when the same is to be paid as provided herein or in the Trust Agreement; (B) the violation by Town of any other covenant or provision of this Agreement or the Trust Agreement; (C) the occurrence of an event of default with respect to any of the Sixth Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement or the other of the Parity Lien Obligations; or (D) the insolvency or bankruptcy of Town as the same may be defined under any law of the United States of America or the State, or any voluntary or involuntary action of Town or others to take advantage of, or to impose, as the case may be, any law for the relief of debtors or creditors, including a petition for reorganization, and

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

(iii) subject to the limitations of the Trust Agreement, Seller may take whatever action at law or in equity, including the remedy of specific performance, may appear necessary or desirable to collect the Payments and any other amounts payable by Town under the Trust Agreement or this Agreement then due (but not the Payments and such other amounts accruing), or to enforce performance and observance of any pledge, obligation, agreement or covenant of Town under the Trust Agreement or this Agreement, and with respect to the revenues from the Excise Taxes and, subject to the State Intercept of Funds with regard to the Sixth Loan Repayment Agreement and any other of the Parity Lien Obligations which is also an Additional Agency/Authority Loan Agreement, the State Shared Revenues, without notice and without giving any bond or surety to Town or anyone claiming under Town, may have a receiver appointed of the amounts of the revenues from the Excise Taxes and, subject to the State Intercept of Funds with regard to the Sixth Loan Repayment Agreement and any other of the Parity Lien Obligations which is also an Additional Agency/Authority Loan Agreement, the State Shared Revenues, which are pledged to the payment of amounts due hereunder, with such powers as the court making such appointment shall confer (and Town does



hereby irrevocably consent to such appointment); provided, however, that under no circumstances may the Payments be accelerated.

Each right, power and remedy of Seller provided for in this Agreement shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for herein, or, unless prohibited by the terms hereof, now or hereafter existing at law or in equity or by statute or otherwise, in any jurisdiction where such rights, powers and remedies are sought to be enforced, and the exercise or beginning of the exercise by Seller of any one or more of the rights, powers or remedies provided for herein or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by either party of any or all of such other rights, powers or remedies. The failure to insist upon strict performance of any of the covenants or agreements herein set forth shall not be considered or taken as a waiver or relinquishment for the future of the rights of Seller to insist upon a strict compliance by Seller with all the covenants and conditions hereof. Town shall, upon not less than 10 days' prior request by Seller, execute, acknowledge and deliver to Trustee a statement in writing certifying that this Agreement is unmodified and in full force and effect (or, if this Agreement has been modified, that it is in full force and effect except as modified, and stating the modification), and the dates to which the amounts payable hereunder have been paid in advance, if any.

(b) 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 Town properly specifying wherein Seller has failed to perform any such obligation. No default by Seller shall relieve Town of its obligations to make the various payments herein required, so long as any of the Obligations remain outstanding; however, Town 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, Town 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, all and every part of the right, title and interest of Town in and to this Agreement and all payments of any kind due or which become due to Seller hereunder are sold, pledged, assigned and transferred pursuant to the Trust Agreement.

**Section 12. 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 Projects 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, Town shall be the owner of the Projects for federal income tax purposes. Town shall not enter into any management or service contract with any entity other than a governmental entity for the operation of any portion of the Projects 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, Town shall, and the appropriate officials of Town are hereby directed, to take all action required to retain such exclusion or to refrain from taking any action prohibited by the Code which would adversely affect in any respect such exclusion.

(ii) (A) Town shall take all necessary and desirable steps, as determined by the Mayor and Council of Town, to comply with the requirements hereunder in order to ensure that the Interest Portion is excluded from gross income for federal income tax purposes under the Code; provided, however, compliance with any such requirement shall not be required in the event Town 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 Town 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, Town shall take all necessary and desirable steps, as determined by Town, to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence and Town 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 Town 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 Town 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) Town 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 revenues from the Excise Taxes and the State Shared Revenues. Notwithstanding any other provision of this Agreement, failure of Town 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 Town to comply with its obligations under this Section. Trustee is not responsible for monitoring or verifying compliance by Town with the Continuing Disclosure Undertaking.

**Section 13. 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 Town.

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 Town, provided that the first Bond Year shall not exceed one calendar year. The last Bond Year shall end on the date of retirement of the 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 Town from the sale of the Obligations but excluding amounts used to pay accrued interest on the Obligations within one year of the date of 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 Town 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.

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

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

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

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

(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 Town 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) Town 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 Town 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 Town to make, as necessary, any calculations in respect of rebates to be made to the United States of America in accordance with section 148(f) of the Code with respect to the Obligations. Trustee has no duties or obligations under this Section 13 and no duty to monitor compliance by Town with this Section 13.

**Section 14. Quiet Possession; Town's Easement to Seller.** Town, by keeping and performing the covenants and agreements herein contained, shall at all times during the term of this Agreement, peaceably and quietly, have, hold and enjoy the Projects, without suit, trouble or hindrance from Seller. Town 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 Projects for the purpose of permitting the Projects to be maintained upon the premises.

**Section 15. 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 Town may within three (3) years after its execution cancel any contract (including this Agreement) without penalty or further obligation made by Town if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of Town is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice is received by all other parties to the contract unless the notice specifies a later time.

(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 Town. Town 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 Town. Seller shall cooperate with the random inspections by Town including granting Town entry rights onto its property to perform such random inspections and waiving its respective rights to keep such



(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 Town, subject to the restrictions with regard thereto provided by the Trust Agreement.

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

(e) Seller hereunder shall have the right at any time or times, by notice to Town, 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 June 2020.

**Seller:**

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Trustee**

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

**Town:**

**TOWN OF QUEEN CREEK, ARIZONA, a  
municipal corporation and political subdivision  
under the laws of the State of Arizona**

By.....  
Mayor

**ATTEST:**

By.....  
Town Clerk

Attachment: Fourth Purchase Agreement (2020 Excise Tax Bonds)

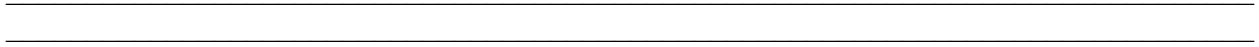


**EXHIBIT**  
**PAYMENT SCHEDULE**

Payment Date	Principal	Interest	Total Payment
<hr/>			
<b>Total</b>			

Attachment: Fourth Purchase Agreement (2020 Excise Tax Bonds)

DRAFT  
04/28/20  
05/22/20



**FOURTH TRUST AGREEMENT**

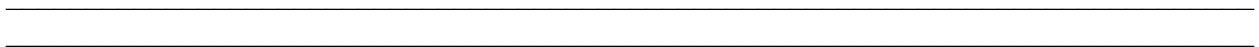
by and between

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,**  
as Trustee

and

**THE TOWN OF QUEEN CREEK, ARIZONA**

Dated as of June 1, 2020



Attachment: Fourth Trust Agreement (2020 Excise Tax Bonds)

TABLE OF CONTENTS

Article I DEFINITIONS .....4

    Section 1.1. Definitions.....4

Article II SPECIAL REVENUE OBLIGATIONS .....11

    Section 2.1. Authorization of the Obligations .....11

    Section 2.2. Date; Interest Accrual .....12

    Section 2.3. Maturities and Interest Rates .....12

    Section 2.4. Interest on Obligations.....12

    Section 2.5. Form.....13

    Section 2.6. Execution .....13

    Section 2.7. Book Entry Only System .....13

    Section 2.8. Transfer and Exchange. ....14

    Section 2.9. Obligations Mutilated, Lost, Destroyed or Stolen .....14

    Section 2.10. Payment.....15

    Section 2.11. Execution of Documents and Proof of Ownership .....16

    Section 2.12. Obligation Register .....16

    Section 2.13. Payment of Unclaimed Amounts .....16

Article III APPLICATION OF PROCEEDS RECEIVED BY TRUSTEE;  
ACQUISITION FUND; COSTS OF ISSUANCE FUND.....17

    Section 3.1. Application of Proceeds.....17

    Section 3.2. Establishment and Application of Acquisition Fund. ....17

    Section 3.3. Establishment and Application of Costs of Issuance Fund.....18

Article IV REDEMPTION OF OBLIGATIONS .....18

    Section 4.1. Redemption Provisions .....18

    Section 4.2. Selection of Obligations for Redemption .....19

    Section 4.3. Notice of Redemption; Effect. ....20

    Section 4.4. Partial Redemption of Obligation .....21

Article V PAYMENTS; PAYMENT FUND.....21

    Section 5.1. Trustee’s Rights in Purchase Agreement.....21

    Section 5.2. Establishment of Payment Fund .....21

    Section 5.3. Payments by Town; Deposits.....21

    Section 5.4. Application of Moneys .....22

    Section 5.5. Transfers of Investment Earnings to Payment Fund.....22

    Section 5.6. Surplus .....22

Article VI PLEDGE AND LIEN .....22

    Section 6.1. Pledge.....22

Attachment: Fourth Trust Agreement (2020 Excise Tax Bonds)

Section 6.2. Protection of Lien .....22

Section 6.3. Existing Parity Pledge.....22

Article VII MONEYS IN FUNDS; INVESTMENT; CERTAIN TAX COVENANTS .....22

Section 7.1. Held in Trust .....22

Section 7.2. Investments Authorized .....23

Section 7.3. Accounting.....23

Section 7.4. Allocation of Earnings .....24

Section 7.5. Valuation and Disposition of Investments .....24

Section 7.6. Limitation of Investment Yield.....24

Section 7.7. Other Tax Covenants .....24

Article VIII THE TRUSTEE .....25

Section 8.1. Appointment of Trustee .....25

Section 8.2. Liability of Trustee; Standard of Care .....25

Section 8.3. Merger or Consolidation .....25

Section 8.4. Protection and Rights of the Trustee.....25

Section 8.5. Compensation of Trustee .....28

Section 8.6. Removal of Trustee.....29

Section 8.7. Appointment of Agent .....29

Section 8.8. Commingling .....29

Section 8.9. Records .....29

Article IX MODIFICATION OR AMENDMENT OF AGREEMENTS .....30

Section 9.1. Amendments Permitted.....30

Section 9.2. Procedure for Amendment With Written Consent of Obligation  
Owners .....30

Section 9.3. Disqualified Obligations .....31

Section 9.4. Effect of Supplemental Agreement.....32

Section 9.5. Endorsement or Replacement of Obligations Delivered After  
Amendments .....32

Section 9.6. Amendatory Endorsement of Obligations .....32

Article X COVENANTS, NOTICES .....32

Section 10.1. Compliance With and Enforcement of Purchase Agreement .....32

Section 10.2. Observance of Laws and Regulations.....32

Section 10.3. Recordation and Filing.....33

Section 10.4. Further Assurances.....33

Section 10.5. Notification to the Town of Failure to Make Payments .....33

Section 10.6. Business Days .....33

Article XI LIMITATION OF LIABILITY.....33

Section 11.1. Limited Liability of the Town.....33

Attachment: Fourth Trust Agreement (2020 Excise Tax Bonds)

Section 11.2. No Liability of the Town for Trustee Performance .....33

Section 11.3. Indemnification of the Trustee.....34

Section 11.4. Opinion of Counsel.....35

Article XII EVENTS OF DEFAULT AND REMEDIES OF OBLIGATION OWNERS.....35

Section 12.1. Seller’s Rights Held in Trust.....35

Section 12.2. Remedies Upon Default; No Acceleration .....35

Section 12.3. Application of Funds.....36

Section 12.4. Institution of Legal Proceedings .....36

Section 12.5. Non-waiver .....36

Section 12.6. Power of Trustee to Control Proceedings .....37

Section 12.7. Limitation on Obligation Owners’ Right to Sue.....37

Article XIII MISCELLANEOUS .....37

Section 13.1. Defeasance .....37

Section 13.2. Records .....39

Section 13.3. Notices .....39

Section 13.4. Incorporation of State Statutes.....39

Section 13.5. Governing Law .....40

Section 13.6. Binding Effect and Successors.....40

Section 13.7. Execution in Counterparts.....40

Section 13.8. Destruction of Cancelled Obligations.....40

Section 13.9. Headings .....40

Section 13.10. Parties Interested Herein.....40

Section 13.11. Waiver of Notice.....41

Section 13.12. Severability of Invalid Provisions.....41

**EXHIBIT A – FORM OF OBLIGATION**

**EXHIBIT B – PAYMENT REQUEST FORM**

**EXHIBIT C – REIMBURSEMENT REQUEST FORM**

Attachment: Fourth Trust Agreement (2020 Excise Tax Bonds)



## FOURTH TRUST AGREEMENT

**THIS FOURTH TRUST AGREEMENT**, dated as of June 1, 2020 (together with any duly authorized, executed and delivered supplement thereto, this “Trust Agreement” or “Agreement”), by and between **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, 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 Fourth Purchase Agreement, dated as of June 1, 2020 (together with any duly authorized, executed and delivered amendment thereto, the “Purchase Agreement”) by and between the Town and the Trustee, as “Seller”, and **THE TOWN OF QUEEN CREEK, ARIZONA**, a municipal corporation organized under the laws of the State of Arizona (the “Town”);

### WITNESSETH:

**WHEREAS**, the Town heretofore determined that it would be beneficial to its citizens to refinance the Loan Repayment Agreement, between the Town and the Greater Arizona Development Authority, a body corporate and politic constituting a governmental instrumentality duly organized and existing within the State of Arizona under the Constitution and laws of the State of Arizona (“GADA”); and

**WHEREAS**, in order to finance the costs thereof, the Town deemed it necessary and desirable to borrow \$3,845,000 from GADA; and

**WHEREAS**, in connection therewith, the Town and GADA entered into the Sixth Loan Repayment Agreement, dated as of March 1, 2014 (the “Sixth Loan Repayment Agreement”); and

**WHEREAS**, the Town also heretofore determined that it would be beneficial to its citizens to refinance the Second Loan Repayment Agreement, the Third Loan Repayment Agreement, the Fourth Loan Repayment Agreement, and the Fifth Loan Repayment Agreement, each between the Town and GADA, the First Purchase Agreement, between the Town, as buyer, and a trustee, as seller, and to prepay assessments associated with Town property in a certain district, which assessments were levied pursuant to Title 48, Chapter 4, Article 2, Arizona Revised Statutes; and

**WHEREAS**, in order to finance and refinance the costs thereof, the Town deemed it necessary and desirable to cause the execution and delivery of obligations in the principal amount of \$47,990,000, representing interests in a Second Purchase Agreement, dated as of October 1, 2016 (the “Second Purchase Agreement”), between the Town, as buyer, and a trustee, as seller; and

**WHEREAS**, the Town also heretofore determined that it would be beneficial to its citizens to finance the costs of street improvements and public safety facilities; and

**WHEREAS**, in order to finance the costs thereof, the Town deemed it necessary and desirable to cause the execution and delivery of obligations in two series in the total principal amount of \$65,960,000, representing interests in a Third Purchase Agreement, dated as

of February 1, 2018 (the “Third Purchase Agreement”), between the Town, as buyer, and a trustee, as seller; and

**WHEREAS**, the Town has now determined it will be beneficial to its citizens to finance the costs of certain street improvements and public safety facilities (collectively, the “Projects”); and

**WHEREAS**, for the purpose of financing the Projects, the Town has heretofore agreed to make purchase payments to the Trustee and the Trustee has agreed to provide for the Projects pursuant to the Purchase Agreement, the payment of which shall be limited to amounts from the revenues from the Excise Taxes (as such term and all other terms not otherwise defined hereinabove are hereinafter defined) and the State Shared Revenues; and

**WHEREAS**, pursuant to Section 3 of the Sixth Loan Repayment Agreement, the Town has irrevocably pledged for the payment of the amounts due thereunder the revenues from the Excise Taxes and the State Shared Revenues, such pledge being a first lien pledge upon such amounts of the revenues from the Excise Taxes and the State Shared Revenues as will be sufficient to make the payments pursuant thereto when due; and

**WHEREAS**, pursuant to such Section of the Sixth Loan Repayment Agreement, except as limited by Section 10(a)(iii) of the Sixth Loan Repayment Agreement and by the corresponding sections in any agreement for any additional loan from GADA or for any loan from the Water Infrastructure Finance Authority of Arizona (“WIFA”), subject to Section 49-1225(F) or 49-1245(F), Arizona Revised Statutes, hereinafter consummated (collectively, “Additional Agency/Authority Loan Agreements”), the rights of GADA to payment from the revenues from the Excise Taxes and the State Shared Revenues will be on a parity with the rights to payment from the revenues from the Excise Taxes and the State Shared Revenues of any obligations hereafter issued on a parity with the Sixth Loan Repayment Agreement, as permitted pursuant to Section 6 of the Sixth Loan Repayment Agreement (the “Parity Lien Obligations”), which includes Additional Agency/Authority Loan Agreements; and

**WHEREAS**, after giving effect to the Purchase Agreement, the Town shall not further encumber the revenues from the Excise Taxes and the State Shared Revenues on a basis equal to the pledge under the Sixth Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement and the Purchase Agreement unless the revenues from the Excise Taxes plus the State Shared Revenues, when combined mathematically for such purpose only, in the most recently completed fiscal year of Town, shall have amounted to at least three (3) times the highest combined interest and principal requirements for any succeeding fiscal year of Town for the Sixth Loan Repayment Agreement, the Second Purchase Agreement, the Third Purchase Agreement, the Purchase Agreement and any Parity Lien Obligations secured or so proposed to be secured by such pledge of the revenues from the Excise Taxes and the State Shared Revenues on a parity of lien therewith; and

**WHEREAS**, Section 10(a) of the Sixth Loan Repayment Agreement provides that GADA may in the case of nonpayment, among other things, certify to the Treasurer of the State and notify the Mayor and Council of Town that Town has failed to make a required payment and direct a withholding of the State Shared Revenues as provided in Sections 41-

2257(L) and (M) and 41-2258(I), (J) and (K), Arizona Revised Statutes (the “State Intercept of Funds”), and Additional Agency/Authority Loan Agreements may provide that GADA or WIFA provide for enforcement with the State Intercept of Funds; and

**WHEREAS**, the Town 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 Town 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 Town has duly authorized and executed all of the aforesaid agreements; this Agreement is a lawful, valid and binding obligation of the Town, enforceable against the Town in accordance with its terms, and has been duly authorized, executed and delivered by the Town; 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 Town is now a party or by which the Town is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Town; 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

**WHEREAS**, the Town and the Trustee will enter into this Trust Agreement to facilitate the administration of the financing of the Projects; and

**WHEREAS**, for the purpose of obtaining money to be deposited with the Trustee to finance the Projects, the Trustee will execute and deliver Excise Tax and State Shared Revenue Obligations, Series 2020 (the “Obligations”), each evidencing a proportionate interest in the Purchase Agreement and the Payments made by the Town under the Purchase Agreement, in exchange for the moneys required herein to be deposited for the Projects;

**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 Town under the Purchase Agreement and the present and continuing right to (i) make claim for, collect or cause to be collected, receive or cause to be received all such revenues, receipts and other sums of money payable or receivable thereunder, (ii) 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 Town, 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 Town shall well and truly pay or cause to be paid fully and promptly when due all indebtedness, liabilities, obligations and sums at any time secured hereby, including interest and attorneys’ fees, and shall promptly, faithfully and strictly keep, perform and observe or cause to be kept, performed and observed all of its covenants, warranties and agreements contained herein, this Trust Agreement shall be and become void and of no further force and effect; otherwise, the same shall remain in full force and effect, and upon the trust and subject to the covenants and conditions hereinafter set forth. For such purposes, the Town and the Trustee hereby agree as follows:

**ARTICLE I  
DEFINITIONS**

**Section 1.1. Definitions.** In addition to the terms defined in the 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 Town Representative and those officers of the Town 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 Town, whenever a person is to be added or deleted from the listing.

“**Business Day**” means a day of the year other than (a) a Saturday or a Sunday, (b) a day on which banks in the state in which the Designated Office of the Trustee or paying agent are located, are required or are authorized by law or other governmental action to be closed, and (c) a day on which the New York Stock Exchange is closed.

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

“**Closing Date**” means the day when the Obligations, duly executed by the Trustee, are delivered to the original purchaser thereof.

“**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 Town Representative.

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

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

“**Continuing Disclosure Undertaking**” means the Ninth Continuing Disclosure Undertaking, dated even date with the date of original execution and delivery of the Obligations, from the Town.

“**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 Town 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 Town, with a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by federal or State authority.

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

“**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: 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.

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

“**Fiscal Year**” means the period commencing each July 1 and ending June 30 of the succeeding calendar year, unless otherwise determined and designated by the Town.

“**Government Obligations**” means direct general obligations of, or obligations the timely payment of principal 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 U.S. 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 Town 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 February 1 and August 1, 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.

“**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.

“**Moody’s**” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Town by notice to the Trustee.

“**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, or delivered to the Trustee for credit against a mandatory redemption 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; 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 Town 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 Town 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 of the following:

- (a) Government Obligations;

- (b) CATS and TIGRS;
- (c) Advance-Refunded Municipal Obligations;

(d) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): U.S. Export-Import Bank (Eximbank) - direct obligations or fully guaranteed certificates of beneficial ownership; Farmers Home Administration (FmHA) - certificates of beneficial ownership; Federal Financing Bank; Federal Housing Administration Debentures (FHA); General Services Administration - participation certificates; Government National Mortgage Association (GNMA or “Ginnie Mae”) GNMA - guaranteed mortgage-backed bonds and GNMA - guaranteed pass-through obligations; U.S. Maritime Administration - guaranteed Title XI financing; U.S. Department of Housing and Urban Development (HUD) - project notes, local authority bonds, new communities debentures U.S. Government guaranteed debentures, U.S. Public Housing notes and bonds - U.S. Government guaranteed public housing notes and bonds;

(e) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself): Federal Home Loan Bank System - senior debt obligations; Federal Home Loan Mortgage Corporation (FHLMC or “Freddie Mac”) - participation certificates and senior debt obligations; Federal National Mortgage Association (FNMA or “Fannie Mae”) - mortgage-backed securities and senior debt obligations; Student Loan Marketing Association (SLMA or Sallie Mae) - senior debt obligations; Resolution Funding Corp. (REFCORP) obligations; and Farm Credit System - consolidated systemwide bonds and notes;

(f) money market mutual funds registered under the Federal Investment Company Act of 1940, or whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAM-G, AAA-m, or AA-m and if rated by Moody’s rated Aaa, Aal or Aa2 including, without limitation, any mutual fund for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives and retains fees from funds for services rendered to the fund, (ii) the Trustee collects fees for services rendered pursuant to this Agreement, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Agreement may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(g) certificates of deposit (i) secured at all times by collateral described in (a), (b), (c) or (d) above, (ii) issued by commercial banks, savings and loan associations or mutual savings banks, and (iii) the collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral;

(h) bank deposit products, time deposits, overnight banking deposits, interest bearing money market account, certificates of deposit, savings accounts, deposit accounts or

money market deposits (including those of the Trustee or any of its affiliates) which are fully insured by FDIC, including BIF and SAIF;

(i) investment agreements, including guaranteed investment contracts, which meet the following criteria:

(i) the investment agreement must be collateralized by the transfer of qualifying securities from a dealer bank or securities firm to the Trustee;

(ii) the investment agreement must be between the Trustee and a provider which is rated “A” or better by S&P and Moody’s;

(iii) the written investment agreement must include the following: (A) securities which are acceptable for collateral are Government Obligations, or Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC); (B) the collateral must be delivered to the Trustee (if Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities); (C) the securities must be valued weekly, marked-to-market at current market price plus accrued interest and the value of collateral must be equal to at least 103% of the amount invested by the Trustee under the investment agreement plus accrued interest and if the value of securities held as collateral slips below 103% of the required value, then additional cash and/or acceptable securities must be transferred, provided however, if the securities used as collateral are FNMA or FHLMC then the value of collateral must equal at least 104%; and

(iv) a legal opinion must be delivered to the Trustee that the investment agreement meets guidelines under state law for legal investment of public funds; and

(j) commercial paper rated, at the time of purchase, Prime-1 by Moody’s and “A-1” or better by S&P;

(k) bonds or notes issued by any state or municipality which are rated by Moody’s and S&P in one of the two highest rating categories assigned by such agencies;

(l) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of Prime-1 or “A3” or better by Moody’s and “A-1” or “A” or better by S&P;

(m) repurchase agreements (including those of the Trustee or any of its affiliates) which meet the following criteria:

(i) the repurchase agreement (the “repo”) must provide for the transfer of securities from a dealer bank or securities firm to the Trustee, and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement

that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date;

(ii) repo must be between the Trustee and a dealer bank or securities firm which is either a primary dealer on the Federal Reserve reporting dealer list which is rated “A” or better by S&P and Moody’s, or a bank rated “A” or above by S&P and Moody’s;

(iii) the written repo contract must include the following: (A) securities which are acceptable for transfer are Government Obligations, or Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC); (B) the collateral must be delivered to the Trustee (if Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities); (C) the securities must be valued weekly, marked-to-market at current market price plus accrued interest and the value of collateral must be equal to 103% of the amount of cash transferred by the Trustee to the counter-party under the repo plus accrued interest and if the value of securities held as collateral slips below 103% of the value of the cash transferred by Trustee, then additional cash and/or acceptable securities must be transferred, provided however, if the securities used as collateral are FNMA or FHLMC then the value of collateral must equal 104%; and

(iv) legal opinion which must be delivered to the Trustee that the repo meets guidelines under state law for legal investment of public funds;

(n) any other investment that is permitted under applicable Arizona law.

Notwithstanding the foregoing, moneys derived from the sale of the Obligations shall be invested only in obligations described in (a), (b), (d) or (g) (other than certificates of deposit with a savings and loan association or mutual savings bank as described in (g)) or in (f), (i) or (n) (where such investment described in (f), (i) or (n) consists solely of, or are secured by, obligations described in (a), (b), (d) or (g) (other than certificates of deposit with a savings and loan association or mutual savings bank as described in (g))).

“**Project Costs**” means, with respect to the Projects, all architectural, engineering, soils, survey, archaeology, demolition, construction management fees, development fees, contingencies and other related costs of acquiring and constructing the Projects and all costs payable to a Contractor under a Construction Contract, or incurred by the Trustee or the Town 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 managing director, the president, any vice president, any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, senior associate, 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 at the Corporate Trust Office because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Agreement.

“**S&P**” means Standard & Poor’s Financial Services, LLC, a limited liability company organized and existing under the laws of the State of New York, its successors and assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Town by notice to the Trustee.

“**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.

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

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

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

“**Vendor**” means any supplier of items for inclusion in the Projects 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

Attachment: Fourth Trust Agreement (2020 Excise Tax Bonds)

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 (August 1)	Principal Amount	Interest Rates
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Attachment: Fourth Trust Agreement (2020 Excise Tax Bonds)

**Section 2.4. Interest on Obligations.** Interest on the Obligations shall be payable semiannually on February 1 and August 1 of each year commencing \_\_\_\_\_ 1, 20\_\_, 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 \_\_\_\_\_ 1, 20\_\_.

**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 Town 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 Town 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 Town 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. As long as DTC is the Securities Depository with respect to the Obligations, the Trustee shall be a “DTC Direct Participant.” 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 Town 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 hereof 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 Town (which will not be payable by the Trustee), or any fee or expense of the Trustee or the Town 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.

**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 Town) to the persons in whose names such Obligations are registered at the close of business on a special record date for the payment of such portion of Defaulted Interest as may then be paid from the sources herein provided (the “Special Record Date”). When the Trustee has funds available to pay the Defaulted Interest and interest thereon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest and interest thereon which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment by the Trustee. The Trustee shall promptly cause notice of the proposed payment of such Defaulted Interest and interest thereon and the Special Record Date therefor to be mailed, first class postage prepaid, to 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.** Any request, direction, consent, revocation of consent or other instrument in writing required or permitted by this Agreement to be signed or executed by Obligation 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 Obligations shall be sufficient for any purpose of this Agreement (except as otherwise herein provided), if made in the following manner:

(a) 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.

(b) The fact of the ownership of 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.

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 Town and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Obligations as hereinbefore provided.

**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 Town, whereupon any claim of whatever nature by the Owner of such Obligation arising under such Obligation shall be made upon the Town.

### 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 “Town of Queen Creek Acquisition Fund (2020)” (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 Town has irrevocably been appointed as the sole and exclusive agent to act for and on behalf of the Trustee in the construction of the Projects. 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 Town 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 Town 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 Town for any Project Costs incurred or advanced by the Town 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 Town 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 Contractor, the Vendor or the Town Representative request 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 Town 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 Town 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 to pay principal and interest with respect to the Obligations.

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

(a) The Trustee shall establish a special trust fund designated as the “Town of Queen Creek Costs of Issuance Fund (2020)” (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 by the Town Representative. Each such certificate shall set forth the amounts to be disbursed for payment, or reimbursement of previous payments, of Delivery Costs and the person or persons to whom said amounts are to be disbursed. The Trustee has no duty or obligation to confirm that such disbursements constitute Delivery Costs.

(c) On the earlier of December 1, 2020, or when all Delivery Costs associated with the Obligations have been paid (as shown by a certificate of a Town Representative, if requested by the Trustee), the Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the Payment Fund and the Costs of Issuance Fund shall be closed.

**ARTICLE IV  
REDEMPTION OF OBLIGATIONS**

**Section 4.1. Redemption Provisions.**

(a) The Obligations maturing before or on August 1, 20\_\_, are not subject to redemption prior to maturity. The Obligations maturing on or after August 1, 20\_\_, are subject to redemption in such order and from such maturities as may be selected by the Town and by lot within any maturity by such methods as may be selected by the Trustee from prepayments made



at the option of the Town pursuant to Section 8 of the Purchase Agreement, in whole or in part on any date, on or after August 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.

(b) The Obligations maturing on August 1, 20\_\_, shall be redeemed on August 1 of the years indicated and in the amounts indicated at a price equal to the amount thereof plus interest accrued to the date of redemption, but without premium:

<u>Maturing August 1, 20__</u>	
<u>Year Redeemed</u>	<u>Principal Amount Redeemed</u>

A remaining principal amount of \$ \_\_\_\_,000 of such Obligations shall mature on August 1, 20\_\_.

(c) The Obligations maturing on August 1, 20\_\_, shall be redeemed on August 1 of the years indicated and in the amounts indicated at a price equal to the amount thereof plus interest accrued to the date of redemption, but without premium:

<u>Maturing August 1, 20__</u>	
<u>Year Redeemed</u>	<u>Principal Amount Redeemed</u>

A remaining principal amount of \$ \_\_\_\_,000 of such Obligations shall mature on August 1, 20\_\_.

Whenever Obligations subject to mandatory redemption are purchased, redeemed (other than because of mandatory redemption) or are delivered by the Town to the Trustee for cancellation, the principal amount of the Obligations represented thereby so retired shall satisfy and be credited against the mandatory redemption therefor in any order specified by the Town.

**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 Town 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 Town in writing of the Obligations so selected for redemption, and the Town 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 Town, 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 "Town of Queen Creek Payment Fund (2020)" (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 Town 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 Town; Deposits.** Subject to the limitations pursuant to the Purchase Agreement with respect to the revenues from the Excise Taxes and the State Shared Revenues, the Town 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 Town 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 Town, the Trustee shall, on or before the next Interest Payment Date occurring on August 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 Town.

**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 revenues from the Excise Taxes and the State Shared Revenues 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 revenues from the Excise Taxes and the State Shared Revenues pledged for the payment thereof and share ratably, without preference, priority or distinction, as to the source or method of payment from revenues from the Excise Taxes or the State Shared Revenues 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 revenues from the Excise Taxes and the State Shared Revenues under the Purchase Agreement is on a parity with the pledge of the revenues from the Excise Taxes and the State Shared Revenues to payment due on or with respect to the Parity Lien Obligations.

**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

Attachment: Fourth Trust Agreement (2020 Excise Tax Bonds)

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 Town or any Owner of Obligations.

**Section 7.2. Investments Authorized.** Upon written order of the Town Representative, moneys held by the Trustee hereunder shall be invested and reinvested by the Trustee, to the maximum extent practicable in Permitted Investments. The Town Representative shall direct such investment in specific Permitted Investments. The Town 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 Town, 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 Town 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 Town acknowledges that regulations of the Comptroller of the Currency grant the Town the right to receive brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the Town specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Trustee that no brokerage confirmations need be sent relating to the security transactions as they occur. 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 Town 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 Town, not less than semiannually, an accounting (which may be in the form of its customary statement) of all investments made by the Trustee. The Trustee shall not be responsible or liable for any loss

suffered in connection with any investment of funds made by it in accordance with Section 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. At the direction of the Town Representative, any such income, profit or interest shall be transferred and applied if necessary to pay amounts due pursuant to Section 13(c) of the Purchase Agreement.

**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 Town (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 Town Representative may issue to the Trustee a written certificate to such effect (along with appropriate instructions), in which event the Trustee will take such action as is instructed so to restrict or limit the yield on such investment in accordance with the specific instructions contained in such certificate.

**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 Town 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 Town 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 Town hereby authorizes and directs the Trustee to, and the Trustee shall, execute and deliver the Purchase Agreement, as Seller, and receive all moneys required to be deposited with the Trustee hereunder and shall allocate, use and apply the same as provided in this Agreement. The Town shall maintain as the Trustee a bank or trust company with a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination by federal or State authority, so long as 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 Town, and the Trustee assumes no responsibility for the correctness of the same, or makes any representations as to the validity hereof or sufficiency of this 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 the affairs of the Trustee.

**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 Town 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 Town with the same rights it would have if it were not the Trustee and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of 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 Town contained in this Agreement or in the Obligations shall be taken and construed as made by and on the part of the Town and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.

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

(f) No provision in this Trust Agreement shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability (including, without limitation, any and all environmental liability) in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that

repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

(g) The Trustee shall not be accountable for the use or application by the Town or any other party of any funds, 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 Town of the Projects. 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 Projects.

(i) Notwithstanding any provision in this Trust Agreement or the Purchase Agreement to the contrary, the Trustee shall not be required to take notice or be deemed to have notice of an Event of Default, except an Event of Default under Section 10(a)(i)(A) of the Purchase Agreement, unless a Responsible Officer of the Trustee has actual notice thereof or is specifically notified in writing of such default by the Town or the 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 Town 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 Town 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 Town shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Town 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 Town. 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 Town 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 Town; (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 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 issuance 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 default. The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the Projects.

(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, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances and except liability which is adjudicated, to have resulted from its 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 Town shall from time to time, pursuant to a fee schedule as agreed upon between the Town 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 Town (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 Town. Upon receiving such notice of resignation, the Town shall promptly appoint a successor trustee by an instrument in writing; provided, however, that in the event that the Town does not appoint a successor trustee within thirty (30) days following receipt of such notice of resignation, or 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 Town shall execute any documents reasonably required to effect the transfer of rights and obligations of the Trustee to the successor trustee subject, however, to the terms and conditions herein set forth, including, without limitation, the right of the predecessor Trustee to be paid and reimbursed in full for its reasonable charges and expenses (including reasonable fees and expenses of its counsel) and the indemnification under Sections 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 Town, or any of its agents, at any time, upon reasonable prior notice, during regular business hours. The Trustee shall provide the Town Representative with semiannual reports of funds transactions and balances.



**ARTICLE 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 Projects, (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 Town, (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 Town 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 Parity Lien 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 Town to the Trustee. Any such supplemental or amending agreement shall become effective upon execution and delivery by the parties hereto or thereto as the case may be. The Trustee may rely upon 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 Town or by any person directly or indirectly controlled by, or under direct or indirect common control with the Town (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 Town, or by any person directly or indirectly controlled by, or under direct or indirect common control with the Town (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 Town shall perform all obligations and duties imposed on it under the Purchase Agreement and shall not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be an Event of Default. The Town, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting any such action will deliver the same, or a copy thereof, to the Trustee.

**Section 10.2. Observance of Laws and Regulations.** The Town shall well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter

imposed on it by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Town, including its right to exist and carry on business as a political subdivision, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

**Section 10.3. Recordation and Filing.** The Town 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.

**Section 10.4. Further Assurances.** The Trustee (at the reasonable request, and at the expense, of the Town) and the Town shall make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this 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 Town of Failure to Make Payments.** The Trustee shall notify the Town of any failure by the Town to make any Payment or other payment required under the Purchase Agreement to be made to the Trustee, in writing and within one (1) Business Day of any such failure. Such notice shall not be a prerequisite for the occurrence of an Event of Default.

**Section 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 Town.** Except for the payment of the Payments from revenues from the Excise Taxes and the State Shared Revenues when due in accordance with the Purchase Agreement and the performance of the other covenants and agreements of the Town contained in the Purchase Agreement and herein, the Town shall have no pecuniary obligation or liability to any of the other parties or to the 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 Town for Trustee Performance.** The Town 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 Town shall indemnify and save the Trustee and its officers, directors, agents and employees, harmless for, from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of: (i) the use, maintenance, condition or management of, or from any work or thing done on, the Projects or the sites of the Projects or any portion thereof or interest therein by the Town; (ii) any breach or default on the part of the Town in the performance of any of its obligations under this Agreement and any other agreement made and entered into for purposes of the Projects or any interest therein; (iii) any act of negligence of the Town or of any of its agents, contractors, servants, employees or licensees with respect to the Projects; (iv) any act of negligence of any assignee of, or purchaser from, the Town or of any of its or their agents, contractors, servants, employees or licensees with respect to the Projects; (v) the construction or acquisition of the Projects or any interest therein; (vi) the actions of any other party, including but not limited to the operation or use of the Projects or the sites of the Projects or interest therein by the Town; (vii) the ownership of the Projects or the sites of the Projects 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 Projects; 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 under this Agreement by the Trustee, or by its officers, agents, employees, successors or assigns. 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 Town 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 Town hereunder exists or may exist, or after receipt of notice of the commencement of any action in respect of which indemnity may be sought hereunder, shall notify the Town in writing of such circumstances or action (the "Notification"). Failure to give such notification shall not affect the right of the Trustee to receive the indemnification provided for herewith. Upon giving of the Notification, the Trustee shall cooperate fully with the Town in order that the Town may defend, compromise or settle any such matters or actions which may result in payment by the Town hereunder. The Town shall give the Trustee notice of its election within fifteen (15) days after receiving the Notification whether the Town, at its sole cost and expense, shall represent and defend the Trustee in any claim or action which may result in a request for indemnification hereunder. If the Town timely gives the notice that it will represent and defend the Trustee thereafter, the Trustee shall not settle or compromise or otherwise interfere with the defense or undertakings of the Town hereunder; 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 Town if the Trustee believes in good faith that there are defenses available to it which are not available to the Town

or which are adverse to or in conflict with those available to the Town and which the Trustee believes in good faith cannot be effectively asserted by common counsel. The Town shall not settle or compromise any claim or action against the Trustee without the written approval of the Trustee, except to the extent that the Town shall pay all losses and the Trustee shall be fully released from such claim or action. If the Town either fails to timely give its notice or notifies the Trustee that the Town will not represent and defend the Trustee, the Trustee may defend, settle, compromise or admit liability as it shall determine in the reasonable exercise of its discretion, at the expense of the Town. In the event the Town is required to and does indemnify the Trustee as herein provided, the rights of the Town shall be subrogated to the rights of the Trustee to recover such losses or damages from any other person or entity.

**Section 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 revenues from the Excise Taxes and the State Shared Revenues 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 Town 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 Town 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 Town as directed by the Town 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 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:

Attachment: Fourth Trust Agreement (2020 Excise Tax Bonds)

(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 Town by a national firm of certified public accountants acceptable to the Town, 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 Town 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 Town hereunder or under the Purchase Agreement, shall be paid over to the Town.

(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 Town 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



granting the Town entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential. To the extent permitted by applicable law, the Town shall preserve the confidentiality of any information, records, or papers the Town needs, accesses, or otherwise obtains during any and every such random inspection, including, without limitation, such information.

(c) Pursuant to 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 Town determines that the Trustee’s certification above is false or that it has breached such agreement, the Town may impose remedies as provided by law.

**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 Town or the Trustee is named or referred to, such reference shall be deemed to include successors or assigns thereof, and all the covenants and agreements in this Agreement contained by or on behalf of the Town 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 Town of any Obligations, the Trustee may destroy such Obligations and, upon the Town’s request, deliver a certificate of such destruction to the Town.

**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 Town, the Trustee and the Owners, any legal or equitable right, remedy or claim under or by reason of this Trust Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, provisions and agreements in this Trust Agreement contained by and on behalf of the Town shall be for the sole and exclusive benefit of the Town, the Trustee and the Owners 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.

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Trustee**

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

**THE TOWN OF QUEEN CREEK, ARIZONA**

By .....  
Mayor

**ATTEST:**

.....  
Town Clerk

Attachment: Fourth Trust Agreement (2020 Excise Tax Bonds)



**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 AND STATE SHARED REVENUE OBLIGATION,  
SERIES 2020**

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

**THE TOWN OF QUEEN CREEK, ARIZONA**

to

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,**  
as Trustee

Interest Rate	Maturity Date	Dated Date	CUSIP
.....%	August 1, 20.....	....., 2020	74823Y .....

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 and State Shared Revenue Obligation, Series 2020 (this “Obligation”) is the owner of an undivided, participatory, proportionate interest in the right to receive certain “Payments” under and defined in that certain Fourth Purchase Agreement, dated as of June 1, 2020 (the “Purchase Agreement”), by and between The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), and the Town of Queen Creek, Arizona, a municipal corporation and a political subdivision existing under the laws of the State of Arizona (the “Town”), which Payments and other rights and interests under the Purchase Agreement are held by the Trustee in trust under that certain Fourth Trust Agreement, dated as of June 1, 2020 (the “Trust Agreement”), by and between the Town 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

Attachment: Fourth Trust Agreement (2020 Excise Tax Bonds)

semiannually on February 1 and August 1 of each year commencing \_\_\_\_\_ 1, 20\_\_ (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 Town is authorized to enter into the Purchase Agreement and the Trust Agreement under the laws of the State of Arizona and by resolution of the Mayor and Council of the Town adopted June 3, 2020. 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 Town under the Purchase Agreement (including with respect to certain obligations secured and to be secured on a parity with the security for the Payments), 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 Town, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.)

The Obligations are payable from payments to be made by the Town pursuant to the Purchase Agreement. The Town is required under the Purchase Agreement to make such payments from the revenues from the unrestricted transaction privilege (sales) tax, business

license and franchise fees, parks and recreation fees and permits and fines and forfeitures which the Town imposes; provided that the Mayor and Council of the Town may impose other transaction privilege taxes in the future, the uses of revenue from which will be restricted, at the discretion of such Council (the “Excise Taxes”) and any amounts of excise taxes, transaction privilege (sales) taxes and income taxes imposed by the State of Arizona or any agency thereof and returned, allocated or apportioned to the Town, except the Town’s share of any such taxes which by State law, rule or regulation must be expended for other purposes, such as motor vehicle fuel taxes (the “State Shared Revenues”), which payments are sufficient to pay, when due, the annual principal and interest due with respect to the Obligations.

The Obligations are payable from a pledge of, and secured by a lien on, the revenues from the Excise Taxes and the State Shared Revenues as are necessary for the prompt and punctual payment of the Obligations, all as more fully described in, and provided by, the Purchase Agreement with respect to the pledge of the revenues from the Excise Taxes and the State Shared Revenues. All Obligations of the total authorized amount are co-equal as to the pledge of and lien on the revenues from the Excise Taxes and the State Shared Revenues securing the payment thereof, and share ratably without any preference, priority or distinction as to the source or method of payment from the revenues from the Excise Taxes and the State Shared Revenues and security thereof. The registered owner hereof shall never have the right to demand payment of this Obligation or the Payments out of any funds other than the revenues from the Excise Taxes and the State Shared Revenues pledged for payment thereof and such other funds as may be provided for under the Trust Agreement. The rights of the holder hereof to payment from the revenues from the Excise Taxes and the State Shared Revenues are on a parity with the rights to payment from the revenues from the Excise Taxes and the State Shared Revenues for certain obligations which have been, and may in the future be, executed and delivered on a parity therewith pursuant to the Purchase Agreement.

The Obligations, the Purchase Agreement and the obligation of the Town to make Payments thereunder are not a liability, debt or obligation of the Trustee and do not represent or constitute a general obligation of the Town, the State of Arizona or any political subdivision thereof for which the Town or the State of Arizona or any political subdivision thereof is obligated to levy or pledge any form of taxation (other than the obligation of the Town to levy the Excise Taxes) nor do the Obligations, the Purchase Agreement or the obligation to make Payments thereunder constitute an indebtedness of the Town, the State of Arizona or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction or otherwise. (This Obligation represents an interest in a limited obligation of the Town (as described herein), and no Council member, officer or agent, as such, past, present or future, of the Town shall be personally liable for the payment hereof.)

For further definitions, a more complete statement of the income and revenues from which, and conditions under which, this Obligation is 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 this Obligation is 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 Town and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Obligation shall be overdue, and the Town and the Trustee shall not be affected by any notice to the contrary.

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

The 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 on or before August 1, 20\_\_, will not be subject to optional redemption prior to maturity. Obligations maturing on or after August 1, 20\_\_, will be subject to redemption in such order and from such maturities as may be selected by the Town, in whole or in part on any date on or after August 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.

The Obligations maturing on August 1, 20\_\_, shall be redeemed on August 1 of the years indicated and in the amounts indicated at a price equal to the amount thereof plus interest accrued to the date of redemption, but without premium:

<u>Maturing August 1, 20__</u>	
<u>Year Redeemed</u>	<u>Principal Amount Redeemed</u>

A remaining principal amount of \$\_\_\_\_,000 of such Obligations shall mature on August 1, 20\_\_.

The Obligations maturing on August 1, 20\_\_, shall be redeemed on August 1 of the years indicated and in the amounts indicated at a price equal to the amount thereof plus interest accrued to the date of redemption, but without premium:

<u>Maturing August 1, 20__</u>	
<u>Year Redeemed</u>	<u>Principal Amount Redeemed</u>

A remaining principal amount of \$\_\_\_\_,000 of such Obligations shall mature on August 1, 20\_\_.

Whenever Obligations subject to mandatory redemption are purchased, redeemed (other than because of mandatory redemption) or are delivered by the Town to the Trustee for cancellation, the principal amount of the Obligations represented thereby so retired shall satisfy and be credited against the mandatory redemption therefor in any order specified by the Town.

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

Attachment: Fourth Trust Agreement (2020 Excise Tax Bonds)

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.

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: .....

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Trustee**

By.....  
Authorized Representative

Attachment: Fourth Trust Agreement (2020 Excise Tax Bonds)



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 entireties	.....Custodian.....
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

Attachment: Fourth Trust Agreement (2020 Excise Tax Bonds)

**EXHIBIT B**

Payment Request Form

Application No. ....

The Trustee is hereby requested to pay from the "Acquisition Fund" established by the Fourth Trust Agreement, dated as of June 1, 2020 (the "Trust Agreement"), between the Town of Queen Creek, Arizona (the "Town") 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 Town acknowledges that it has received and inspected each item of the Projects described above and has found each item of the Projects so described to be in good condition, in conformity with the Town's specifications and satisfactory for the Town's purposes and in accordance with the applicable purchase order or contract and the plans for the Projects. Notwithstanding anything herein to the contrary, the Town shall not be deemed to have waived or released the Payee from any liability or obligation to the Town in the event the Town's acknowledgment herein is discovered to be inaccurate in any respect as to any item of the Projects described above.

Attachment: Fourth Trust Agreement (2020 Excise Tax Bonds)

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

DATED: ....., 20.....

.....  
Town Representative

Please forward payment to Payee at the following address:

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

Attachment: Fourth Trust Agreement (2020 Excise Tax Bonds)

**EXHIBIT C**

Reimbursement Request Form

Application No. ....

The Trustee is hereby requested to pay from the "Acquisition Fund" established by the Fourth Trust Agreement, dated as of June 1, 2020 (the "Trust Agreement"), between the Town of Queen Creek, Arizona (the "Town"), and ....., as trustee (the "Trustee"), to the Town, 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. Payment of the amount, shown below was made by the Town on ....., 20....., as evidenced by ....., attached hereto, as full/partial payment of ....., also attached hereto. The amount shown below was paid by the Town as Project Costs and has not formed the basis of any prior request for payment.

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

Amount: .....

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

DATED: ....., 20.....

.....  
Town Representative

Dated Received: ....., 20.....

Attachment: Fourth Trust Agreement (2020 Excise Tax Bonds)

SQUIRE DRAFT 05/11/20

\$ \_\_\_\_\_  
**TOWN OF QUEEN CREEK, ARIZONA**  
**EXCISE TAX AND STATE SHARED REVENUE OBLIGATIONS**  
**SERIES 2020**

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**OBLIGATION PURCHASE CONTRACT**

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June \_\_, 2020

Mayor and Common Council of the  
Town of Queen Creek, Arizona  
22350 South Ellsworth Road  
Queen Creek, Arizona 85242-9311  
Attention: John Kross, Town Manager

On the basis of the representations, warranties and covenants contained in this obligation purchase contract (this "Purchase Contract") and upon the terms and conditions contained herein the undersigned, on behalf of BofA Securities, Inc. (the "Representative"), acting for itself and on behalf of RBC Capital Markets, LLC (together with the Representative, the "Underwriters"), offers to enter into the following Purchase Contract with the Town of Queen Creek, Arizona (the "Town"), which, upon written acceptance by the Town of this offer, shall be binding upon the Town and the Underwriters. This offer is made subject to written acceptance hereof by the Town on or before 5:00 p.m., Mountain Standard Time, on the date indicated above and shall be subject to withdrawal by the Representative upon notice delivered to the Town by the Representative at any time prior to the acceptance hereof by the Town. Terms not otherwise defined in this Purchase Contract shall have the same meanings set forth in the Official Statement (as defined below) or the Trust Agreement (as defined below). The offer of the Underwriters is made by the Representative signing the signature line provided and delivering the signed page to the Town. The acceptance is made by the Town signing the signature line provided and delivering the signed page to the Representative. The Representative represents it has been duly authorized to execute this Purchase Contract for and on behalf of each Underwriter and to act upon behalf of each Underwriter pursuant to this Purchase Contract.

1. Purchase and Sale of the Obligations.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters shall purchase from the Town, all, but not less than all, and the Town agrees to cause The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), to execute and deliver to the Underwriters all, but not less than all, of the \$ \_\_\_\_\_ aggregate principal amount of the Excise Tax and State Shared Revenue Obligations, Series 2020 (the "Obligations").

(b) The Town acknowledges and agrees that: (i) the Underwriters are not acting as a municipal advisor within the meaning of Section 15B of the Securities Exchange Act, as amended, (ii) the primary role of the Underwriters, as underwriters, is to purchase securities, for resale to investors, in an arm's length commercial transaction between the Town and the Underwriters and the Underwriters have financial and other interests that differ from those of the Town; (iii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the Town and have not assumed any advisory or fiduciary responsibility to the Town with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Town on other matters); (iv) the only obligations the Underwriters have to the Town with respect to the transaction contemplated hereby expressly are set forth in this Purchase Contract ; and (v) the Town has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

(c) The principal amount, the dated date, the maturity dates, the redemption provisions and the interest rates per annum with respect to the Obligations are set forth on Schedule I attached hereto.

(d) The purchase price for the Obligations shall be \$ \_\_\_\_\_ (the "Purchase Price"), representing (i) the aggregate principal amount of the Obligations, plus (ii) a [net] reoffering premium of \$ \_\_\_\_\_, and less (iii) an Underwriters' discount of \$ \_\_\_\_\_.

(e) The terms of the Obligations shall be as otherwise described in, and shall be executed and delivered by the Trustee pursuant to a Fourth Trust Agreement, to be dated as of June 1, 2020 (the "Trust Agreement"), substantially in the form previously submitted to the Underwriters with only such changes therein as shall be mutually agreed upon among the Underwriters, the Town and the Trustee. The Obligations represent undivided proportionate interests in the installment payments (each a "Payment" and, collectively, the "Payments") to be made by the Town pursuant to a Fourth Purchase Agreement, to be dated as of June 1, 2020 (the "Purchase Agreement"), between the Town and the Trustee, as seller.

(f) The proceeds of the Obligations will be used (i) to finance certain capital projects of the Town, including making reimbursements to the Town for previously completed capital projects, and (ii) to pay costs relating to the execution and delivery of the Obligations, as more fully described in the Official Statement.

## 2. Public Offering and Establishment of Issue Price.

(a) *Public Offering.* The Underwriters intend to make an initial bona fide public offering of all of the Obligations at prices not to exceed the public offering prices or yields set forth on Schedule I hereto and may subsequently change such offering prices or yields, in their sole discretion, without any requirement of prior notice (but in all cases subject to the requirements of paragraph (b) of this Section 2). The Underwriters may offer and sell any portion of the Obligations to certain dealers (including dealers depositing the Obligations into investment trusts) and others at prices lower than the public offering prices stated on Schedule I



hereto (but in all cases subject to the requirements of paragraph (b) of this Section 2). A “bona fide public offering” shall include an offering to a number of institutional investors or registered investment companies, regardless of the number of such investors to which the Obligations are sold.

(b) *Establishment of Issue Price.*

(1) The Representative, on behalf of the Underwriters, agrees to assist the Town in establishing the issue price of the Obligations and shall execute and deliver to the Town at Closing an “issue price” or similar certificate, substantially in the form attached hereto as Schedule III, 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 Representative, the Town 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. [All actions to be taken by the Town under this section to establish the issue price of the Obligations may be taken on behalf of the Town by the Town’s municipal advisor, Wedbush Securities Inc., and any notice or report to be provided to the Town may be provided to the Town’s municipal advisor.]

(2) [Except for the maturities set forth in Schedule II attached hereto,] the Town 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 (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test).

(3) The Representative confirms that the Underwriters have offered the Obligations to the public on or before the date of this Purchase Contract at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule I attached hereto, except as otherwise set forth therein. Schedule I also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Obligations for which the 10% Test has not been satisfied and for which the Town and the Representative, on behalf of the Underwriters, agrees that the restrictions set forth in the next sentence shall apply (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Obligations, the Underwriters 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 (5th) business day after the sale date; or
- (ii) the date on which the Underwriters have 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.

(4) The Representative confirms that:

- (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Obligations to the public, together with the related pricing wires, contains or will

contain language obligating each Underwriter, 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) 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 Representative that the 10% Test has been satisfied as to the Obligations of that maturity and (ii) to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(B) to promptly notify the Representative 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),

(C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters and 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 Underwriter 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 until either all Obligations of that maturity allocated to it have been sold or it is notified by the Representative or such Underwriter that the 10% Test has been satisfied as to the Obligations of that maturity and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

(5) The Town acknowledges that, in making the representations set forth in this section, the Representative will rely on (i) the agreement of each Underwriter 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 an agreement among underwriters and the related pricing wires, (ii) 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 (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that 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 Town further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement to comply

with its agreement regarding 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, and that no Underwriter shall be liable for the failure of any other Underwriter, or 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.

(6) The Underwriters acknowledge 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 Town (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 (i) more than 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), (ii) 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 (iii) 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 Purchase Contract by all parties.

### 3. The Official Statement.

(a) The Preliminary Official Statement, dated June \_\_, 2020 (the “Preliminary Official Statement”), relating to the Obligations has been prepared for use in connection with the public offer, sale and distribution of the Obligations by the Underwriters, and the Town hereby ratifies the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Obligations. The Town hereby deems the Preliminary Official Statement “final” (except for permitted omissions), as of its date, for

purposes of Section (b)(1) of Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended (the “Rule”). The Preliminary Official Statement with only such changes therein as shall be necessary to conform to the terms of this Purchase Contract and any other changes as are accepted by the Underwriters, dated as of the date hereof, shall be hereinafter called the “Official Statement,” provided that if the Official Statement shall be amended or supplemented prior to the date of delivery of the Obligations, the term “Official Statement” shall refer to such amended or supplemented document. The Town will prepare, or cause to be prepared, the Official Statement, in word-searchable portable document format (“PDF”) as described in Rule G-32 promulgated by the Municipal Securities Rulemaking Board (the “MSRB”) and will provide the electronic copy of the word-searchable PDF of the Official Statement to the Underwriters no later than one business day prior to the Closing to enable the Underwriters to comply with MSRB Rule G-32. The Underwriters hereby agree to file the Official Statement with the Electronic Municipal Market Access system of the MSRB.

(b) The Town represents that the governing body of the Town has reviewed and approved information relating to the Town in the form of Preliminary Official Statement available to its members at the meeting at which the Resolution (as defined herein) was adopted and directed the Town Manager to make such modifications and changes thereto as were necessary in connection with the sale of the Obligations. The Town hereby authorizes the Official Statement and the information therein contained to be used by the Underwriters in connection with the public offering and sale of the Obligations. The Town shall provide, or cause to be provided, in either event without charge, to the Underwriters as soon as practicable after the date of acceptance of this Purchase Contract (in any event, not later than seven business days after the acceptance of this Purchase Contract and in sufficient time to accompany any confirmation from the Underwriters that requests payment from any customer) copies of the Official Statement that is complete as of the date of its delivery to the Underwriters in such quantity as the Underwriters shall request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB. The Town hereby confirms that it does not object to the distribution of the Official Statement in electronic form.

(c) If, after the date of this Purchase Contract to and including the date the Underwriters are no longer required to provide the Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the “end of the underwriting period” (as defined in the Rule) or (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the end of the underwriting period for the Obligations), the Town becomes aware of any fact or event that might or would cause 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 required to be stated therein or necessary to make the statements therein, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Town shall notify the Underwriters and provide the Underwriters with such information as it may from time to time request. If, in the opinion of the Town or the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Town shall forthwith prepare and furnish, at the Town’s own expense (in a form and manner approved by the Representative), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement, as so amended and supplemented, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated

therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Town shall furnish at its expense such legal opinions, certificates, instruments and other documents as the Representative may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement. Unless otherwise notified in writing by the Representative, the Town can assume that the “end of the underwriting period” for purposes of the Rule is the Closing.

4. Representations and Warranties and Agreements of the Town. The undersigned, on behalf of the Town, but not acting individually, hereby represents and warrants to and covenants with the Underwriters that:

(a) The Town is duly created and validly existing municipal corporation pursuant to the Constitution and laws of the State of Arizona (the “State”), and has full and legal right, power and authority, and at the date of the Closing shall have full legal right, power and authority pursuant to Resolution No. \_\_\_\_\_ passed, adopted and approved by the Mayor and Common Council of the Town on \_\_\_\_\_, 2020 (the “Resolution”), authorizing the sale and execution and delivery of the Obligations, (i) to enter into, execute and deliver this Purchase Contract; the Purchase Agreement; the Trust Agreement; a written continuing disclosure undertaking by the Town to provide ongoing disclosure about the Town for the benefit of certain owners of the Obligations, as required pursuant to paragraph (b)(5) of the Rule, in form and substance satisfactory to the Underwriters and counsel to the Underwriters (the “Undertaking”), which shall be substantially in the form described in the Official Statement, with such changes as may be agreed to in writing by the Representative and all documents required hereunder and thereunder to be executed and delivered by the Town (this Purchase Contract, the Purchase Agreement, the Trust Agreement, and the Undertaking are hereinafter referred to as the “Town Documents”), (ii) to cause the sale and execution and delivery of the Obligations to the Underwriters as provided herein, (iii) to carry out and consummate the transactions contemplated by the Town Documents, the Resolution and the Official Statement, (iv) to pledge the Excise Tax Revenues and the State Shared Revenues as described in the Official Statement, and (v) to approve, execute and authorize the use and distribution, as applicable, of the Preliminary Official Statement and the Official Statement, and the Town has complied, and shall at the Closing be in compliance in all respects, with all applicable provisions of law and the Town Documents as they pertain to such transactions;

(b) By all necessary official action of the Town prior to or concurrently with the acceptance hereof, the Town has duly authorized all necessary action to be taken by it for (i) the adoption of the Resolution by the Mayor and Common Council of the Town for the execution and delivery and sale of the Obligations, (ii) the approval, execution and delivery of, and the performance by the Town of the obligations on its part contained in, the Obligations and the Town Documents, and (iii) the consummation by it of all other transactions contemplated by the Official Statement, the Town Documents and the Resolution;

(c) The Resolution (i) authorizes the execution and delivery of the other documents and the Obligations as well as the approval, execution and authorization of the use and distribution of the Preliminary Official Statement and the Official Statement and the sale of



the Obligations to the Underwriters, (ii) has been duly and validly adopted by the Mayor and Common Council of the Town, and (iii) is in full force and effect;

(d) This Purchase Contract has been duly executed and delivered by the Town, and the other of the Town Documents (when such Town Documents are executed and delivered by the other parties thereto) will constitute legal, valid and binding obligations of the Town, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Obligations, when executed and delivered and paid for in accordance with the Trust Agreement and this Purchase Contract, shall constitute legal, valid and binding obligations entitled to the benefits of the Trust Agreement and enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights and, upon the execution and delivery of the Obligations as aforesaid, the Purchase Agreement and the Trust Agreement shall provide, for the benefit of the holders from time to time of the Obligations, the legally valid and binding pledge and lien they purport to create as set forth in the Purchase Agreement and the Trust Agreement;

(e) The Town is not in material breach of or default in any material respect with respect to any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Town is a party or to which the Town is, or any of its property or assets are, otherwise subject; no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the Town pursuant to any of the foregoing or the Town Documents and the execution and delivery of the Obligations and the Town Documents and the adoption of the Resolution and compliance with the provisions on the part of the Town contained therein shall not conflict with or constitute a material breach of or default pursuant to any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Town is a party or to which the Town is, or any of its property or assets are, otherwise subject nor shall 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 Town to be pledged to secure the Obligations or pursuant to the terms of any such law, regulation or instrument, except as provided by the Obligations and the Town Documents;

(f) All authorizations, approvals, licenses, permits, consents, orders and other matters of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the Town of its obligations pursuant to the Town Documents and the Obligations have been duly obtained, except for such approvals, consents and orders as may be required pursuant to the "blue sky" or securities laws of any jurisdiction in connection with the offering and sale of the Obligations, and including particularly, but not by way of limitation, the filing of all reports required to be filed by the Town pursuant to Section 35-501, Arizona Revised Statutes;



(g) The Obligations and the Town Documents conform to the descriptions thereof contained in the Official Statement, and the proceeds of the sale of the Obligations shall be applied as described in the Official Statement;

(h) There is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or overtly threatened against the Town (i) affecting the existence of the Town or the titles of its officers to their respective offices; or (ii) affecting or seeking to prohibit, restrain or enjoin the sale or execution and delivery of the Obligations or the levy, collection or pledge, as applicable, of the Excise Tax Revenues or the State Shared Revenues, as described in the Official Statement; or (iii) in any way contesting or affecting the validity or enforceability of the Obligations or the Town Documents or contesting the exclusion from gross income of interest with respect to the Obligations for federal income tax purposes or the exemption from taxation of interest with respect to the Obligations for State income tax purposes; or (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement; or (v) contesting the formation or powers of the Town or any authority for the sale and execution and delivery of the Obligations, the adoption of the Resolution or the execution and delivery of the Town Documents; or (vi) which, if decided adversely to the Town, would have a materially adverse effect on the financial condition of the Town nor is there any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of the Obligations or the Town Documents;

(i) The Town has not granted a lien on, made a pledge of or agreed to apply the Excise Tax Revenues or the State Shared Revenues or other moneys payable pursuant to the Purchase Agreement, except as provided or permitted in the Purchase Agreement or as described in the Official Statement;

(j) As of the date hereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a 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;

(k) Unless the Official Statement is amended or supplemented pursuant to paragraph (c) of Section 3 of this Purchase Contract, at all times subsequent to the acceptance by the Town hereof, during the period up to and including the date of the Closing, the Official Statement, as of its date, did not, as of the date hereof, does not and, as of the Closing, shall 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 pursuant to which they were made, misleading;

(l) If the Official Statement is amended or supplemented pursuant to paragraph (c) of Section 3 of this Purchase Contract, at the time of each amendment or supplement thereto and (unless subsequently again amended or supplemented pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of the Closing, the Official Statement shall 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 pursuant to which made, not misleading;

(m) The Town shall apply, or cause to be applied, the proceeds from sale of the Obligations as provided in and subject to all of the terms and provisions of the Town Documents and shall not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for Federal or State income tax purposes of the interest with respect to the Obligations;

(n) The Town shall furnish such information and execute such instruments and take such action in cooperation with the Underwriters as the Representative may reasonably request (i) to (A) qualify the Obligations for offer and sale pursuant to the “blue sky” or other securities laws and regulations of such States and other jurisdictions in the United States as the Representative may designate and (B) determine the eligibility of the Obligations for investment pursuant to the laws of such States and other jurisdictions and (ii) to continue such qualifications in effect so long as required for the distribution of the Obligations (provided, however, that the Town shall not be required to qualify as a foreign corporation or to file any general or special consents to service of process pursuant to the laws of any jurisdiction) and shall advise the Underwriters immediately of receipt by the Town of any notification with respect to the suspension of the qualification of the Obligations for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(o) The audited financial statements of the Town contained in the Official Statement fairly present the financial position and results of operations and changes in fund balances of the Town as of the dates and for the periods therein set forth; the Town has no reason to believe that such financial statements have not been prepared in accordance with generally accepted accounting principles consistently applied; since June 30, 2019, presented in the audited financial statements of the Town included in the Official Statement, the Town has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operations or condition, financial or otherwise, of the Town that is not described in the Official Statement, whether or not arising from transactions in the ordinary course of business and, prior to the Closing, there will be no adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Town or on the imposition, levy, collection or pledge of Excise Taxes or State Shared Revenues for the payment of the Obligations;

(p) The Town is not a party to any litigation or other proceeding pending or overtly threatened that, if decided adversely to the Town, would have a materially adverse effect on the financial condition of the Town; and except as disclosed in the Official Statement, the Town is not a party to any contract or agreement or subject to any restriction, the performance of or compliance with which may have a material adverse effect on the financial condition, operations or prospects of the Town or ability of the Town to comply with all the requirements set forth in the Official Statement, the Resolution, the Town Documents or the Obligations;

(q) Prior to the Closing, and to the extent it may legally agree to do so, the Town will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which will secure the Obligations without the prior approval of the Representative;

(r) The representations of the Town set forth herein and in the Resolution and the Town Documents are, as of the date hereof, true and correct, and between the date hereof and the date of the Closing, the Town shall not take any action that will cause the representations and warranties made herein to be untrue as of the date of the Closing;

(s) The officers and officials of the Town executing the Official Statement and the Town Documents and the Obligations and the officers and officials of the Town listed on the certificate of the Town to be delivered at the Closing have been or will have been duly appointed and are or will be qualified to serve as such officers and officials of the Town, and any certificate, signed by any official of the Town authorized to do so in connection with the transactions contemplated by this Purchase Contract shall be deemed a representation and warranty by the Town to the Underwriters as to the statements made therein; and

(t) The Town is the only “obligated person” (as defined in the Rule) with respect to the Obligations, and there have not been and, as of the Closing, there will not have been, any instances during the preceding five years in which the Town failed to comply, in all material respects, with any previous continuing disclosure agreement made by the Town for purposes of the Rule, except as disclosed under “CONTINUING DISCLOSURE” in the Official Statement.

5. Closing. The Closing shall take place at 8:30 a.m. Mountain Standard Time, on June \_\_, 2020 (the “Closing”), at the offices of the Greenberg Traurig, LLP, or at such other time, date and place as shall have been mutually agreed upon by the Town and the Representative. On the date of Closing, the Trustee will, subject to the terms and conditions hereof, execute, deliver and register the Obligations in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”) pursuant to the executed Blanket Issuer Letter of Representations between the Town and DTC and delivered to the Trustee pursuant to DTC’s “F.A.S.T.” delivery procedures. The Obligations shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one certificate for each maturity of the Obligations. Also on the date of Closing, the Underwriters will, subject to the terms and conditions hereof, accept delivery of the Obligations and the items identified in Section 6(k) hereof and pay the purchase price of the Obligations as set forth in Section 1 of this Purchase Contract by wire transfer payable in immediately available funds to the Trustee.

6. Closing Conditions. The Underwriters have entered into this Purchase Contract in reliance upon the representations, warranties, covenants and agreements of the Town contained herein and in reliance upon the representations, warranties, covenants and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Town of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the obligations of the Underwriters pursuant to this Purchase Contract to purchase, to accept delivery of and to pay for the Obligations shall be conditioned upon the performance by the Town of its obligations to be performed hereunder and pursuant to such documents and instruments at or prior to the Closing and shall also be subject to the following additional conditions, including the delivery by the Town of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative:

(a) The representations and warranties of the Town contained herein and in the Town Documents shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) All representations, warranties and covenants made herein, and in certificates or other instruments delivered pursuant hereto or in connection herewith, shall be deemed to have been relied upon by the Underwriters notwithstanding any investigation heretofore or hereafter made by the Underwriters or on their behalf, and that all representations, warranties and covenants made by the Town herein and therein and all of the Underwriters' rights, hereunder and thereunder shall survive the offering of the Obligations;

(c) The Town and the Trustee shall have performed and complied with all covenants, agreements and conditions required by the Town Documents to be performed or complied with by the Town and the Trustee prior to or at the Closing;

(d) As of the date of the Closing, (i) the Town Documents and the Obligations shall be in full force and effect in the form heretofore approved by the Representative and shall not have been amended or modified; (ii) the Official Statement shall not have been amended or supplemented, except in any such case as may have been agreed to by the Representative; and (iii) all actions of the Town required to be taken by the Town shall be performed in order for Special Counsel and counsel to the Underwriters to deliver their respective opinions referred to hereafter;

(e) As of the date of the Closing, all official action of the Town relating to the Obligations and the Town Documents shall be in full force and effect and shall not have been amended, modified or supplemented;

(f) As of or prior to the Closing, the Town Documents shall have been duly executed and delivered by the Town and the Trustee shall have duly executed and delivered the Obligations;

(g) As of the date of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Town, from those set forth in the Official Statement that, in the judgment of the Representative, is material and adverse and that makes it, in the judgment of the Representative, impractical to market the Obligations on the terms and in the manner contemplated in the Official Statement;

(h) As of the date of the Closing, no "event of default" shall have occurred or be existing pursuant to the Town Documents nor shall any event have occurred which, with the passage of time or the giving of notice, or both, shall constitute an event of default pursuant to the Town Documents;

(i) The Town shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(j) All steps to be taken, all instruments and other documents to be executed and all other legal matters in connection with the transactions contemplated by this Purchase Contract shall be reasonably satisfactory in legal form and effect to the Representative;

(k) On the date of or prior to the Closing, the Underwriters shall have received two copies of the transcript of all proceedings of the Town relating to the execution and delivery of the Obligations, certified, as necessary, by appropriate officials of the Town, including, but not limited to, the following opinions, certificates and other documents:

(1) The unqualified approving opinion of Greenberg Traurig, LLP, as Special Counsel as to the Obligations, dated the date of the Closing, addressed to the Town and substantially in the form included in the Official Statement;

(2) A supplemental opinion of Special Counsel addressed to the Underwriters, substantially to the effect that:

i. The statements and information contained (but not incorporated by reference) under the headings entitled “INTRODUCTORY STATEMENT,” “THE OBLIGATIONS,” “SECURITY AND SOURCES OF PAYMENT,” “TAX EXEMPTION” and “CONTINUING DISCLOSURE” (other than information relating to the Town’s compliance with prior undertakings, as to which no opinion need be expressed) in the Official Statement, and in APPENDIX B – “PROPOSED FORM OF OPINION OF SPECIAL COUNSEL,” APPENDIX C – “SUMMARY OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS” and APPENDIX E – “FORM OF CONTINUING DISCLOSURE UNDERTAKING” therein, insofar as such information purports to summarize certain provisions of the laws of the State and the United States of America, the Obligations and the Town Documents are accurate in all material respects; 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 such Special Counsel’s participation in the transaction as Special Counsel, nothing has come to its attention that would lead it to believe that the information and statements in the Preliminary Official Statement, as of its date and as of June \_\_, 2020, and the Final 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 such Special Counsel’s opinion may state that it expresses no view as to the financial statements of the Town, any other financial forecast, technical or statistical data, and any information in the Preliminary Official Statement or the Final Official Statement regarding DTC and that it has not undertaken to review or determine independently, and assumes no responsibility for, the accuracy or completeness of the information in the Preliminary Official Statement or the Final Official Statement except to the extent indicated hereinabove;

ii. The Mayor and Common Council of the Town have duly approved and authorized the distribution and use of the Preliminary Official Statement and the Official Statement;

iii. The Town has all requisite power and authority under the Constitution and laws of the State (a) to adopt the Resolution and to enter into and perform its covenants and agreements under the Purchase Agreement, the Trust Agreement, the Undertaking and the Purchase Contract; (b) to approve and authorize the use and distribution of the Preliminary Official Statement and the Official Statement and the execution of the Official Statement; (c) to cause the execution and delivery of the Obligations as provided in the Resolution and the Purchase Contract and (d) to carry out and consummate all other transactions contemplated by the Purchase Agreement, the Trust Agreement, the Undertaking and the Purchase Contract. The Town has complied with all applicable material provisions of law and has taken all material actions required to be taken by it to the date hereof in connection with the transactions contemplated by the aforesaid documents and the Official Statement;

iv. The Mayor and Common Council of the Town have adopted the Resolution and authorized (a) the due performance of the obligations of the Town under the Resolution, (b) the execution and delivery of, and the due performance of its obligations under, the Purchase Agreement, the Trust Agreement, the Undertaking and the Purchase Contract and (c) the taking of any and all actions as may be required on the part of the Town to carry out, give effect to and consummate the transactions contemplated by such documents and the Official Statement;

v. The Undertaking and the Purchase Contract have been duly authorized, executed and delivered by the Town and, assuming due and valid authorization, execution and delivery by, and enforceability against, the Underwriters in the case of the Purchase Contract, constitute legal, valid and binding obligations of the Town enforceable in accordance with their terms, subject to the qualification that the enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights and except that the availability of equitable remedies is subject to the discretion of the court before which any proceedings may be brought;

vi. The adoption of the Resolution, the execution and delivery by the Town of the Purchase Agreement, the Trust Agreement, the Undertaking and the Purchase Contract and the compliance with the provisions of the Resolution, the Purchase Agreement, the Trust Agreement, the Undertaking and the Purchase Contract do not and will not conflict with or violate any federal or Arizona constitutional or statutory provision; and

vii. It is not necessary in connection with the issuance and sale of the Obligations to the public to register the Obligations under the Securities Act of 1933, as amended, or to qualify the Trust Agreement or the Resolution under the Trust Indenture Act of 1939, as amended;

(3) An opinion of Counsel to the Town addressed to the Underwriters and Bond Counsel, substantially in the form attached as Schedule IV;

(4) An opinion of Squire Patton Boggs (US) LLP, as counsel to the Underwriters, dated the date of the Closing, addressed to the Underwriters and in form and substance reasonably satisfactory to the Representative;



(5) A certificate, dated the date of Closing and signed by the Mayor, the Town Manager and the Chief Financial Officer of the Town, to the effect that to the best of their knowledge (i) the representations and warranties of the Town contained herein are true and correct in all material respects on and as of the date of the Closing with the same effect if made on the date of the Closing; (ii) there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency, public board or body pending or threatened in any way affecting the existence of the Town or the titles of its officials to their respective positions, or seeking to restrain or to enjoin the sale or delivery of the Obligations, or the levy, collection, receipt or pledge, as applicable, of the Excise Tax Revenues or the State Shared Revenues to pay all the Payments, or the imposition thereof, or in any way contesting or affecting the validity or enforceability of the Obligations or the Town Documents, or contesting in any way the completeness or accuracy of the Official Statement or the exclusion from gross income of interest with respect to the Obligations, or contesting the powers of the Town or its authority with respect to the Obligations or the Town Documents and (iii) the Town 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;

(6) A certificate, dated the date of Closing and signed by the Mayor, the Town Manager and the Chief Financial Officer of the Town, to the effect that to the best of their knowledge after due investigation (i) the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances pursuant to which they were made, not misleading; (ii) the financial statements of the Town contained in the Official Statement fairly present the financial position and results of operations and changes in fund balances of the Town as of the dates and for the periods therein set forth and the Town has no reason to believe that such financial statements have not been prepared in accordance with generally accepted accounting principles consistently applied; (iii) since June 30 of the last fiscal year presented in the audited financial statements of the Town included in the Official Statement, the Town has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the results of operations or financial condition of the Town that is not described in the Official Statement, whether or not arising from transactions in the ordinary course of business, nor are there any deficits in any fund of the Town except as disclosed in the Official Statement; (iv) no event affecting the Town has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein with respect to the Town in order to make the information therein in the light of the circumstances pursuant to which they were made or set forth not misleading in any material respect; and (v) the Town has complied with all of the terms of this Purchase Contract and the Town Documents to be complied with by it prior to or concurrently with the Closing;

(7) A specimen of the Obligations;

(8) A certified copy of the Resolution along with the items required by the Resolution as conditions for issuance of the Obligations;

(9) A counterpart original of the Official Statement manually executed on behalf of the Town by the Mayor of the Town;

(10) A non-arbitrage certificate with respect to the Obligations of the Town in form and substance satisfactory to Special Counsel (the “Tax Agreement”);

(11) A filing copy of the Information Return Forms 8038-G for the Obligations and of the Report Relating to Bond and Security Issuance (Arizona State Treasurer’s Office) for the Obligations;

(12) An executed copy of each of the other of the Town Documents;

(13) A certificate or certificates, dated the date of the Closing, signed by an authorized representative of the Trustee and in form and substance satisfactory to Special Counsel and the Underwriters, in which such official to the best of his/her knowledge after due investigation states that (i) the representations and warranties of the Trustee contained in the Purchase Agreement, the Trust Agreement (collectively for purposes of this paragraph, the “Trustee Documents”) are true and correct in all material respects as of the date of the Closing, the Trustee has duly executed and delivered the Trustee Documents and the Trustee has complied with all agreements and satisfied all conditions on its part to be performed or satisfied pursuant to the Trustee Documents at or prior to the Closing and (ii) no litigation is pending or threatened against the Trustee before any judicial, quasi-judicial or administrative forum (A) to restrain or enjoin the performance by the Trustee of its obligations and duties pursuant to the Trustee Documents, (B) in any way contesting or affecting any authority for, or the validity of, the Obligations or the applications of the proceeds of the Obligations or (C) in any way contesting the existence or corporate trust powers of the Trustee, together with evidence of the authority of the Trustee to execute and deliver the Trustee Documents and execute and deliver the Obligations and an incumbency certificate;

(14) A letter from Standard & Poor’s Ratings Services, a Standard & Poor’s Ratings Services, confirming that the Obligations have been rated “\_\_” and (b) a letter from Fitch Ratings confirming that the Obligations have been rated “\_\_,” which ratings shall be in effect on the date of Closing;

(15) A copy of the fully-executed DTC Blanket Issuer Letter of Representations; and

(16) Such additional opinions, letters, certificates, instruments and other documents as the Representative or counsel to the Underwriters may reasonably deem necessary to satisfy conditions to the execution and delivery of the Obligations and to evidence the truth and accuracy as of the date of the Closing, or prior to such time, of the representations, warranties and covenants of the Town and the due performance or satisfaction by the Town of all agreements then to be performed and all conditions then to be satisfied by the Town.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Representative.

If the Town shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Obligations contained in this

Purchase Contract, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriters nor the Town shall be under any further obligation hereunder, except that the respective obligations of the Town and the Underwriters set forth in Section 8(c) hereof shall continue in full force and effect.

7. Termination. The Underwriters shall have the right to cancel their obligation to purchase the Obligations if, between the date of this Purchase Contract and the Closing, the market price or marketability of the Obligations shall be materially adversely affected, in the sole judgment of the Representative, by the occurrence of any of the following:

(a) Any event or circumstance occurs or information becomes known, which, in the professional judgment of the Representative, makes untrue any statement of a material fact set forth in the Preliminary Official Statement or the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(b) The market for the Obligations or the market prices of the Obligations or the ability of the Underwriters to enforce contracts for the sale of the Obligations shall have been materially and adversely affected, in the professional judgment of the Representative, by:

(c) An amendment to the Constitution of the United States or the State of Arizona shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation (whether or not then introduced) shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed (whether or not then introduced) for consideration by either such Committee by any member thereof or presented as an option for consideration (whether or not then introduced) by either such Committee by the staff of such Committee or by the staff of the joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United States or of the State of Arizona or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State of Arizona authority, with respect to federal or State of Arizona taxation upon revenues or other income of the general character to be derived by the Town or upon interest received on obligations of the general character of the Obligations which, in the judgment of the Representative, may have the purpose or effect, directly or, indirectly, of affecting the tax status of the Town, its property or income, its securities (including the

Obligations) or the interest thereon, or any tax exemption granted or authorized by State of Arizona legislation; or

(d) The declaration of war or engagement in or escalation of military hostilities by the United States or the occurrence of any other national emergency or calamity or terrorism affecting the operation of the government of, or the financial community in, the United States; or

(e) The declaration of a general banking moratorium by federal, New York or Arizona authorities; or

(f) The occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market; or

(g) Additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(h) The general suspension of trading on any national securities exchange; or

(i) Legislation enacted, introduced in the Congress or recommended for passage (whether or not then introduced) by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter shall have been made or issued to the effect that the Obligations, other securities of the Town or obligations of the general character of the Obligations are not exempt from registration under the 1933 Act, or that the Indenture is not exempt from qualification under the Trust Indenture Act; or

(j) Any change in or particularly affecting the Town, the Resolution, the Town Documents or the Excise Tax Revenues or the State Shared Revenues as the foregoing matters are described in the Preliminary Official Statement or the Official Statement, which in the professional judgment of the Representative materially impairs the investment quality of the Obligations; or

(k) An order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Obligations, or the issuance, offering or sale of the Obligations, including any or all underlying obligations, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect; or

(l) A stop order, ruling, regulation or official statement by the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the execution, delivery, offering or

sale of the Obligations, or the execution and delivery of any Town Documents, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the 1933 Act, the Securities Exchange Act of 1934 or the Trust Indenture Act, each as amended and as then in effect; or

(m) Any change or any development involving a prospective change in or affecting the business, properties or financial condition of the Town, except for changes which the Preliminary Official Statement and Official Statement discloses are expected to occur.

(n) Any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Obligations, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Resolution, the Town Documents or the existence or powers of the Town with respect to its obligations under the Town Documents; or

(o) A reduction or withdrawal in any of the following assigned ratings, or, as of the Closing Date, the failure by any of the following rating agencies to assign the following ratings, to the Obligations: the long-term ratings assigned by Standard & Poor's Financial Services, LLC: "\_\_\_"; and Fitch Ratings, Inc.: "\_\_\_."

#### 8. Expenses.

(a) The Underwriters shall be under no obligation to pay, and the Town shall pay, any expenses incident to the performance of the obligations of the Town hereunder, including, but not limited to (i) the cost of preparation and printing of the Obligations, the Preliminary Official Statement, the Official Statement and the Town Documents in reasonable quantities and all other documents (other than as set forth in the next succeeding paragraph) prepared in connection with the transactions contemplated hereby, (ii) the fees and disbursements of Special Counsel, counsel to the Town and the Trustee; (iii) the fees and disbursements of any other accountants, and other experts, consultants or advisers retained by the Town; and (iv) the fees for bond ratings and of DTC. The Town acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Obligations.

(b) The Underwriters shall pay (i) all advertising expenses in connection with the public offering of the Obligations, (ii) fees and disbursements of counsel to the Underwriters, and (iii) all other expenses incurred by the Underwriters in connection with the public offering of the Obligations.

(c) If this Purchase Contract shall be terminated by the Underwriters because of any failure or refusal on the part of the Town to comply with the terms or to fulfill any of the conditions of this Purchase Contract, the Town shall reimburse the Underwriters for all "out-of-pocket" expenses reasonably incurred by the Underwriters in connection with this Purchase Contract and the offering contemplated hereunder.

9. Notices. Any notice or other communication to be given to the Town pursuant to this Purchase Contract may be given by delivering the same in writing at the address set forth on



the first page of this Purchase Contract to the attention of the Town Manager, and any notice or other communication to be given to the Underwriters pursuant to this Purchase Contract may be given by delivering the same in writing to BofA Securities, Inc., 333 S. Hope Street, Suite 3820, Los Angeles, CA 90071, Attention: Jack Tsang, Director.

10. Parties in Interest. This Purchase Contract as heretofore specified shall constitute the entire agreement between us relating to the subject matter hereof and supersedes all oral statements, prior writings and representations with respect thereto and is made solely for the benefit of the Town and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Purchase Contract may not be assigned by the Town. All of the representations, warranties and agreements of the Town contained in this Purchase Contract shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriters; (ii) delivery of and payment for the Obligations pursuant to this Purchase Contract and (iii) any termination of this Purchase Contract.

11. Effectiveness. This Purchase Contract shall become effective upon the acceptance hereof by the Town and the Trustee, and shall be valid and enforceable at the time of such acceptance.

12. Choice of Law; Venue. This Purchase Contract shall be governed by and construed in accordance with the law of the State. The venue for any proceedings on any and all controversies arising pursuant to this Purchase Contract will be Maricopa County, Arizona.

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

14. Business Day. For purposes of this Purchase Contract, “business day” means any day on which the New York Stock Exchange is open for trading.

15. Section Headings. Section headings have been inserted in this Purchase Contract as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Purchase Contract and will not be used in the interpretation of any provisions of this Purchase Contract.

16. Counterparts; Electronic Signature. This Purchase Contract may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document. The electronic signature of a party to this Purchase Contract shall be as valid as an original signature of such party and shall be effective to bind such party to this Purchase Contract. For purposes hereof: (i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means, and (ii) “transmitted by electronic



means” means sent in the form of a facsimile or sent via the internet as a PDF or other replicating image attached to an email or internet message.

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

(Remainder of this page left blank)

If you agree with the foregoing, please sign the enclosed counterpart of this Purchase Contract and return it to the Representative. This Purchase Contract shall become a binding agreement between you and the Underwriters when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Sincerely,

BOFA SECURITIES, INC., for itself and on behalf of the Underwriters

By \_\_\_\_\_  
Authorized Representative

Accepted and agreed to at \_\_\_\_\_  
\_\_m. this \_\_\_\_ day of June, 2020

TOWN OF QUEEN CREEK, ARIZONA

By \_\_\_\_\_  
Chief Financial Officer

Attachment: Obligation Purchase Contract (2020 Excise Tax Bonds)

(Signature Page to Obligation Purchase Contract)

**SCHEDULE I**

**\$ \_\_\_\_\_  
TOWN OF QUEEN CREEK, ARIZONA  
EXCISE TAX AND STATE SHARED REVENUE OBLIGATIONS  
SERIES 2020**

Dated Date: Date of Delivery

Maturity Schedule

<u>Maturity Date (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP (74823Y)</u>
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Attachment: Obligation Purchase Contract (2020 Excise Tax Bonds)

*\* Yield calculated to the first optional redemption dated, August 1, 20\_\_*

*Optional Redemption*

The Obligations maturing before or on August 1, 20\_\_, will not subject to redemption prior to maturity. The Obligations maturing on or after August 1, 20\_\_, will be subject to

redemption in such order and from such maturities as may be selected by the Town and by lot within any maturity by such methods as may be selected by the Trustee from prepayments made at the option of the Town pursuant to the Purchase Agreement, in whole or in part on any date on or after August 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.

*Mandatory Redemption*

The Obligations maturing August 1, 20\_\_ will be subject to mandatory redemption on the following dates and in the following amounts at a price equal to the principal amount thereof plus interest accrued to the date of redemption, but without premium:

Redemption Date (August 1)	Principal Amount
_____	_____

\*

\_\_\_\_\_  
\*Maturity

The Obligations maturing August 1, 20\_\_ will be subject to mandatory redemption on the following dates and in the following amounts at a price equal to the principal amount thereof plus interest accrued to the date of redemption, but without premium:

Redemption Date (August 1)	Principal Amount
_____	_____

\*

\_\_\_\_\_  
\*Maturity

Attachment: Obligation Purchase Contract (2020 Excise Tax Bonds)

**SCHEDULE II**

**Maturities for Which the 10% Test Has Not Been Met**

**\$ \_\_\_\_\_**  
**TOWN OF QUEEN CREEK, ARIZONA**  
**EXCISE TAX AND STATE SHARED REVENUE OBLIGATIONS**  
**SERIES 2020**

<u>Maturity Date (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP (74823Y)</u>
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Attachment: Obligation Purchase Contract (2020 Excise Tax Bonds)

**SCHEDULE III**  
**FORM OF ISSUE PRICE CERTIFICATE**  
 § \_\_\_\_\_  
**TOWN OF QUEEN CREEK, ARIZONA**  
**EXCISE TAX AND STATE SHARED REVENUE OBLIGATIONS**  
**SERIES 2020**

**ISSUE PRICE CERTIFICATE OF REPRESENTATIVE**

The undersigned, on behalf of BofA Securities, Inc. (“the “Representative”), on behalf of itself and RBC Capital Markets, LLC (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Obligations”).

1. **Sale of the Obligations.** [As of the date of this certificate, for each Maturity of the Obligations, the first price at which at least 10% of such Maturity of the Obligations was sold to the Public is the respective price listed in Exhibit A.] [As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Obligations was sold to the Public is the respective price listed in Exhibit A.]

2. **Initial Offering Price of the Obligations; [Hold-the-Offering-Price Maturities].**

(a) The Underwriting Group offered the Obligations to the Public for purchase at the respective initial offering prices listed in Exhibit 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 Exhibit B.

(b) As set forth in the Obligation Purchase Contract, the members of the Underwriting Group have agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, they would neither offer nor sell any of the unsold 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 retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. No member of the Underwriting Group has offered or sold any unsold Obligations of 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) General Rule Maturities means those Maturities of the Obligations listed in Exhibit A hereto as the “General Rule Maturities.”

(b) Hold-the-Offering-Price Maturities means those Maturities of the Obligations listed in Exhibit A hereto as the “Hold-the-Offering-Price Maturities.”

(c) 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 (June \_\_, 2020), or (ii) the date on which the Underwriters have 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.

(d) Issuer means the Town of Queen Creek, Arizona.

(e) 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.

(f) 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 means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) 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 Jun \_\_, 2020.

(h) 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 retail 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 the Representative'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 Arbitrage Certificate and with respect to compliance with the federal income tax rules affecting the Obligations, and by Greenberg Traurig, LLP 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 Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Obligations. The representations set forth herein are not necessarily based on personal knowledge and, in certain cases, the undersigned is relying on representations made by the other members of the Underwriting Group.

BOFA SECURITIES, INC.

By: \_\_\_\_\_  
Name:

Dated: June \_\_, 2020

**EXHIBIT A**

**SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING  
PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

**GENERAL RULE MATURITIES**

**\$ \_\_\_\_\_  
TOWN OF QUEEN CREEK, ARIZONA  
EXCISE TAX AND STATE SHARED REVENUE OBLIGATIONS  
SERIES 2020**

<u>Maturity Date (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP (74823Y)</u>
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Attachment: Obligation Purchase Contract (2020 Excise Tax Bonds)

**HOLD-THE-OFFERING-PRICE MATURITIES**  
**\$ \_\_\_\_\_**  
**TOWN OF QUEEN CREEK, ARIZONA**  
**EXCISE TAX AND STATE SHARED REVENUE OBLIGATIONS**  
**SERIES 2020**

<u>Maturity Date (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP (74823Y)</u>
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Attachment: Obligation Purchase Contract (2020 Excise Tax Bonds)

**EXHIBIT B**  
**PRICING WIRE OR EQUIVALENT COMMUNICATION**  
**(To Be Attached)**

**Attachment: Obligation Purchase Contract (2020 Excise Tax Bonds)**

**SCHEDULE IV****Form of opinion of Counsel to the Town**

[Closing Date]

Greenberg Traurig, LLP  
 2375 E. Camelback Rd.  
 Suite 700  
 Phoenix, Arizona 85016

BofA Securities, Inc.  
 333 S. Hope Street, Suite 3820  
 Los Angeles, CA 90071  
 ATTN: \_\_\_\_\_

RE: Issuance (the "Transaction") by Town of Queen Creek, an Arizona municipal corporation (the "Town"), of its \$\_\_\_\_\_ Excise Tax and State Shared Revenue Obligations, Series 2020 (together, the "Bonds")

Ladies and Gentlemen:

We have acted as Town Attorney to the Town in connection with the Transaction. Greenberg Traurig, LLP ("GT") and Morgan Stanley & Co. LLC ("BOFA"; collectively, with GT, "you", or, in certain contexts, "your") have requested our opinion about certain matters.

**ITEMS EXAMINED**

For purposes of this opinion, we have examined such questions of law and fact as we have deemed necessary or appropriate. We have examined only the following documents (collectively, the "Documents") and have made no other investigation or inquiry except as above stated. Each of the Documents has been or will be executed by each of the signatory parties thereto and dated as noted:

1. Resolution No. \_\_\_\_\_ (the "Resolution"), a resolution of the Mayor and Common Council of the Town (collectively, the "Governing Body"), dated \_\_\_\_\_, 2020;
2. Obligation Purchase Contract (the "Purchase Contract"), dated June \_\_, 2020, by and between the Town and BOFA (individually and on behalf of RBC Capital Markets, LLC);
3. Continuing Disclosure Undertaking (the "Undertaking"), dated of even date, from the Town;

4. Fourth Purchase Agreement (the “Purchase Agreement”), dated as of June 1, 2020, between the Town and The Bank of New York Mellon Trust Company, N.A., as Trustee (herein so called);
5. Third Trust Agreement (the “Trust Agreement”), dated as of June 1, 2020, between the Town and the Trustee;
6. The Preliminary Official Statement (herein so called) with respect to the Bonds, dated June \_\_, 2020; and
7. The Official Statement (herein so called) with respect to the Bonds, dated June \_\_, 2020.

In addition, we have reviewed the following documents related to the initial incorporation of the Town (collectively, the “Incorporation Documents”).

1. Petition for Incorporation or for election for the incorporation of the Community of Queen Creek, Arizona;
2. Resolution No. 6129, passed and adopted by the City Council of the City of Mesa, Arizona on May 15, 1989, approving the incorporation of the Town;
3. Resolution No. 901, passed and adopted by the Mayor and Town Council of the Town of Gilbert, Arizona on April 12, 1988, approving the incorporation of the Town;
4. Certified copies of an extract from the minutes of a Maricopa County, Arizona Board of Supervisors’ meeting held September 5, 1989, evidencing the approval of an Incorporating Resolution (herein so called) finding that the statutory incorporation requirements had been satisfied and declaring the incorporation of the Town; and
5. Certification of Robert K. Corbin, Attorney General of the State of Arizona, that the incorporation of the Town was accomplished in accordance with state law, as evidenced by, and based upon, the Incorporating Resolution.

In addition, we have reviewed: (i) the Closing Certificate on Behalf of the Town of Queen Creek, of even date and executed in connection with the issuance of the Bonds (in particular, Section 7(c) thereof); and (ii) the attached Certificate of John Kross, Town Manager, dealing with certain factual matters respecting the Town and the Agreements (as hereinafter defined) and other items to which the Town is a party and by which the Town may be bound (items (i) and (ii) immediately above being herein collectively called the “Certificates”), the factual accuracy of which we have, with your permission, assumed, without further investigation, verification or inquiry.



## ASSUMPTIONS

For purposes of this opinion letter, we have, with your permission, assumed, without investigation, verification or inquiry, the following:

(a) the legal capacity of all natural persons; the genuineness of all signatures; the authenticity and completeness of all documents submitted to us as originals; the conformity to original documents of all documents submitted to us as copies; the authenticity and completeness of the originals of such copies; and the absence of any understandings, waivers or amendments which would vary the terms of any of the documents which we have examined or which would have an effect on the opinions rendered herein;

(b) all parties to Agreements are duly organized, validly existing and in good standing under the laws of their respective jurisdictions of incorporation or formation, except to the extent we express opinions respecting the Town in Paragraph 1 below;

(c) the execution and delivery of, and performance of the respective obligations under, the Agreements are within the powers of, and have been duly authorized by, each of the parties thereto, except to the extent we express opinions respecting the Town in Paragraphs 1, 2, 3 and 4 below;

(d) each of the parties to each of the Agreements has complied or will comply with all laws, regulations and orders applicable to it in connection with the consummation of the transactions contemplated thereby, except to the extent we express opinions respecting the Town in Paragraphs 1 and 5 below;

(e) the execution, delivery and performance of the documents by all parties of each of the Agreements was and will be free of intentional or unintentional mistake, fraud, undue influence, duress or criminal activity;

(f) each of the Agreements is a legal, valid and binding obligation of, and is enforceable in accordance with its respective terms against, each of the parties thereto, except to the extent we express opinions in Paragraph 4 below regarding enforceability against the Town; and

(g) As to questions of fact relevant to this opinion letter, we have relied upon certificates and/or representations and warranties of officers and representatives of the Town or of the public officials, including, without limitation, the representations and warranties of the Town contained in the Agreements. We have assumed the truth and accuracy of the representations and warranties of the Town contained in the Agreements and the Certificates. We have not undertaken any independent investigation or verification as to such matters, and we have assumed without investigation that there has been no relevant change or development with respect to such information since the date of such certificates, representations and warranties.

## OPINIONS

Based on the foregoing, and subject to the assumptions, qualifications and limitations set forth below, it is our opinion that:

1. Based on the Incorporation Documents and our knowledge, the Town is duly authorized and validly existing as a municipal corporation and political subdivision under the Constitution and laws of the State of Arizona, and has all requisite power and authority thereunder to: (a) adopt the Resolution and to enter into and perform its covenants and agreements under the Resolution and the Purchase Contract, the Undertaking, the Purchase Agreement and the Trust Agreement (such Purchase Contract, Undertaking, Purchase Agreement and Trust Agreement being collectively hereinafter referenced as the “Agreements”); (b) approve and authorize the use and distribution of the Preliminary Official Statement and the Official Statement and the execution of the Official Statement; (c) issue and execute the Bonds as provided in the Resolution; and (d) carry out and consummate all other transactions contemplated by the Resolution and the Agreements. The Town 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.

2. The Resolution was duly and properly adopted by the Governing Body at a duly-called and held meeting thereof, and remains in full force and effect as of the date hereof, and, to our knowledge, no petition to modify, revoke or alter the Resolution has been filed with any authorized representative of the Town.

3. The Town has duly authorized: (a) the Resolution and the due performance of the obligations of the Town under the Resolution; (b) the execution and delivery of, and the due performance of its obligations under, the Agreements; and (c) the taking of any and all actions as may be required on the part of the Town to carry out, give effect to and consummate the transactions contemplated by the Agreements, the Bonds and the Official Statement.

4. The Agreements have been duly authorized, executed and delivered by the Town and constitute legal, valid and binding obligations of the Town, enforceable in accordance with their respective terms.

5. The execution and performance by the Town of the Agreements does not result in a violation or breach of any law, rule or regulation which is binding upon the Town or its property. To our knowledge and based solely upon the Certificates and our review of the instruments recited therein, the execution and performance by the Town of the Agreements does not result in a violation or breach of, conflict with or constitute a default under any agreement or other document to which the Town is a party or under any decree, order, rule or award of any court or other governmental authority or arbitrator which is binding upon the Town or its property.

6. We have reviewed the Sections of the Official Statement entitled “LEGAL MATTERS” and “LITIGATION” and Appendix A thereto, and, based upon that review, nothing has come to our attention which leads us to believe that those Sections/Appendix of the Official Statement contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. We express no opinion as to financial statements, financial data, supporting schedules and statistical data contained in such Sections/Appendix of the Official Statement, as to which we have not been asked to comment.

## LITIGATION CERTIFICATION

Except as described in the Official Statement, to our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or threatened: (a) in any way affecting the powers of the Town, the existence or boundaries of the Town or the title to office of any of the officials of the Town; (b) seeking to restrain or enjoin the issuance, sale or delivery of the Bonds; (c) in any way contesting or affecting the validity or enforceability of the Bonds, the Resolution or any of the Agreements; (d) contesting in any way the completeness or accuracy of the Official Statement; or (e) questioning the tax-exempt status of the Bonds.

## LIMITATIONS AND QUALIFICATIONS

The opinions herein expressed are subject to the following limitations and qualifications:

(a) The enforceability of the rights and remedies under the Agreements is subject to the effect of any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, and to the discretionary nature of specific performance, injunctive relief and other equitable remedies, including the appointment of a receiver.

(b) Enforceability of the Agreements is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), including, without limitation, requirements of reasonableness, good faith, fair dealing and conscionability in the exercise of rights and remedies under any of the Agreements.

(c) No opinion is expressed as to the effect, if any, of the provisions of Section 548 of the U.S. Bankruptcy Code and the Arizona Uniform Fraudulent Transfer Act (A.R.S. §§ 44-1001, *et seq.*) or any other Federal or State laws pertaining to fraudulent conveyances or transfers or dividends or distributions by corporations, limited liability companies or other entities, upon the validity, binding character and enforceability of the Agreements.

(d) We express no opinion as to: (i) any rights and remedies available on account of a breach of any of the Agreements which might be determined by a court to be non-material (including a material breach of a non-material provision), or where the exercise of such rights or the enforcement of such remedies might be found not to have been taken in good faith or in a reasonable or commercially reasonable manner; (ii) rights and remedies available in respect of a breach of any of the Agreements which might be found to be the proximate result of actions or omissions by the parties to the Agreements; (iii) the effect of any provision of any of the Agreements which waives, relinquishes or releases statutory rights (including rights of redemption and the right to assert claims and counterclaims); (iv) the choice-of-law provisions in the Agreements; or (v) any provision of the Agreements: (A) relating to the imposition of penalties, the payment or reimbursement of costs and expenses or the indemnification of claims to the extent same would constitute a penalty, losses or liabilities that may be found to be unrelated to the damage suffered, vague or in excess of a reasonable amount; (B) requiring payment of amounts "grossed-up" for amounts of taxes imposed by Applicable Laws (as hereinafter defined); (C) precluding setoff; (D) negating common law or statutory defenses of guarantors or sureties; (E) creating a right to payment of additional amounts after recovery of a

judgment on any of the Agreements containing such provision; (F) waiving trial by jury; (G) granting rights that may be found to be against public policy; (H) waiving objection or consenting to the jurisdiction of any court, the manner of service of process, venue, notice or the effects of delay or failure to exercise rights and remedies; (I) waiving or limiting damages; (J) permitting severability of any part of the Agreements; (K) conferring self-help or summary remedies, or equitable remedies such as specific performance and injunctive relief, or the accumulation, election or non-exclusivity of remedies; (L) establishing evidentiary standards for suits or proceedings, or materially restricting, limiting or denying access to courts; (M) avoiding or ignoring the doctrine of commercial reasonableness; (N) establishing, waiving or defining rights relating to waiver or ratification of future acts, trespass, conversion, negligence or fraud; (O) providing for arbitration or appraisal remedies or rights; (P) permitting the exercise of certain rights or the taking of certain actions without the consent of or notice to the Town, whether as attorney-in-fact or otherwise; (Q) providing for penalties, prepayment premiums, defeasance fees, forfeitures, late payment charges or increased interest rate upon delinquency, if in the nature of a penalty or forfeiture; or (R) limiting modification thereof to written agreements, to the extent that the conduct of the parties after the date of its execution (other than execution and delivery of instruments in writing signed by all parties) may result in modifications or waivers of the provisions thereof under common law principles, including, without limitation, course of dealing and estoppel.

(e) Certain provisions of the Agreements may not be enforceable, nevertheless, subject to the other limitations set forth in this opinion letter, any such unenforceability will not render the Agreements invalid as a whole.

(f) We express no opinion as to any provision of any of the Agreements which: (i) provides for the compounding of interest or payment or accrual of interest on interest; or (ii) purports to modify or re-characterize interest in the event that any such Agreement obligates any party thereto to pay an amount in excess of the maximum rate of interest permissible under Applicable Laws.

(g) Enforceability of those provisions in the Agreements relating to the payment or award of various charges and various costs and expenses, including attorneys' fees, incurred by a party in enforcing its remedies thereunder is subject to judicial discretion and, in certain cases, statutory limitations.

(h) No opinion is expressed as to any document incorporated by reference in any of the Agreements.

(i) We have not reviewed for purposes of our opinions, and nothing herein shall be construed as an opinion by us as to compliance with: any federal, state or local environmental, zoning, health, safety, building, land use or subdivision laws, ordinances, codes, rules or regulations; any federal, state or local taxation laws, rules, or regulations; any federal or state banking, securities or "blue sky" laws, rules or regulations; any federal or state labor, ERISA or other employee benefit laws, rules or regulations; any Federal or state antitrust or unfair competition laws, rules or regulations; any laws relating to fiduciary duties; any "know your customer" or anti-money laundering laws, rules or regulations or any other federal or state law, rule, or regulation concerning terrorist activities, including, without limitation, the USA

PATRIOT Act of 2001, as amended, or the foreign assets control regulations of the United States Department of the Treasury; any federal or state laws, rules, or regulations concerning transfers or assignments of claims against or amounts due from federal or state governments or their departments, agencies, or subdivisions, including without limitation the federal Anti-Claims Act (31 U.S.C. § 3727) and the federal Anti-Assignment Act (41 U.S.C. § 6305); any federal or state laws, rules, regulations or policies concerning criminal and civil forfeiture laws; any federal or state racketeering or other law providing for criminal prosecution; or any federal or state patent, trademark, copyright or other federal or state intellectual property laws, rules and regulations.

(j) We express no opinion as to the enforceability of any guarantee, or of any grant of personal property collateral, lien, or security interest, by any person or entity (a “Support Party”), if and to the extent that all or any portion of such guarantee, collateral, lien, or security interest guarantees, secures, or provides recourse to such Support Party in respect of, any “Swap Obligation” (or guarantee thereof) and which guarantee, collateral, lien, or security interest is or becomes illegal under the Commodity Exchange Act (“CEA”) (7 U.S.C. §§ 1, et seq.) or any rule, regulation or order of the Commodities Futures Trading Commission (“CFTC”) (or the application or official interpretation of any thereof), by virtue of such Support Party’s failure for any reason to constitute an “eligible contract participant” as defined in the CEA and any CFTC rule, regulation or order (or the application or official interpretation of any thereof). For purposes of this subparagraph (j), “Swap Obligation” means any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the CEA and any CFTC rule, regulation or order (or the application or official interpretation of any thereof).

Whenever our opinion, with respect to the existence or absence of facts, is qualified by the phrase “to our knowledge” or a phrase of similar import, it is intended to indicate that during the course of our representation in connection with the Agreements, the lawyers in our Firm who have been principally involved in representing the Town in connection with the Resolution and the execution and delivery of the Agreements have not obtained actual knowledge of the existence or absence of such facts, as the case may be, without the implication that we have made any investigation or inquiry to determine the existence or absence of such facts, except as expressly stated herein.

This opinion letter is limited in all respects to matters arising under the law of the State of Arizona (collectively, “Applicable Laws”). This opinion letter is predicated solely upon laws and regulations in existence as of the current date, and as they currently apply, and to the facts as they currently exist. We assume no obligation to revise or supplement this opinion letter should such matters change by legislative action, judicial decision or otherwise.

This opinion letter is limited to the matters set forth herein and no opinion is intended to be implied or may be inferred beyond those expressly stated herein.

### RELIANCE

Subject to the following sentences, this opinion letter is rendered solely for your benefit and may only be relied upon by the addressees hereof in connection with the transactions contemplated by the Agreements and may not be distributed to any other person or quoted or

reproduced, in whole or in part, in any other document, or filed with any government agency, without our prior written consent. The opinions expressed herein may be relied upon, solely in connection with the Agreements, by BOFA's successors and assignees receiving their respective assignment in accordance with the provisions of the Agreements, in each case whose reliance is actual and reasonable under the circumstances existing at the time, including any changes in law, facts or any developments known to or reasonably knowable by such person at such time. A copy of this opinion letter may be furnished by an Underwriter (as defined in the Purchase Contract) to: (a) an Underwriter's accountants, attorneys, and other professional advisors; (b) regulatory authorities having jurisdiction over an Underwriter or the transactions contemplated by the Agreements; (c) the Trustee and any other trustee or servicer of the Bonds; (d) any person having an economic interest in the Bonds to whom or which an Underwriter is required to provide copies of this opinion letter; and (e) any nationally recognized statistical rating organizations rating the Bonds by providing a copy of this opinion letter to the appropriate national agency: (i) solely for the purpose of confirming the existence of this opinion letter in connection with the transactions contemplated by the Agreements and the Bonds; and (ii) without authorization to any recipient of such a copy to rely upon this opinion letter (which reliance is not permitted except as expressly stated above in this paragraph).



**CERTIFICATE OF THE TOWN TO COUNSEL IN CONNECTION WITH OPINION  
Dated June \_\_, 2020**

This Certificate of the Town to Counsel in Connection With Opinion (this “**Opinion Certificate**”) is made with reference to the transactions contemplated by that certain Obligation Purchase Contract (the “**Purchase Contract**”), dated June \_\_, 2020, by and between Town of Queen Creek, an Arizona municipal corporation (the “**Town**”), and BofA Securities, Inc., and also in the capacity named therein (collectively, the “**Underwriter**”).

Capitalized terms used in this Opinion Certificate that are not defined herein shall have the definitions thereof specified in the Opinion (as herein defined).

The undersigned hereby certifies, individually and on behalf of the Town, to Dickinson Wright PLLC, a Michigan professional limited liability company (“**Dickinson Wright**”), in connection with an opinion letter (“**Opinion**”) of Dickinson Wright, of even date herewith and addressed to the Underwriter, that he is the authorized and acting Town Manager of the Town, and that:

(a) The representations and warranties contained in the Purchase Contract are true and correct.

(b) No action, proceeding or investigation, at law or in equity, before or by any court or governmental body, is pending or, to the best of the undersigned’s knowledge, threatened against the Town that contests or questions the creation or existence of the Town or its governing body or the authority or ability of the Town to execute or deliver the Purchase Contract and issue the Bonds or to comply with or perform its obligations under the Purchase Contract or seeks to restrain or enjoin the execution, delivery or performance by the Town of the Purchase Contract or the issuance of the Bonds.

(c) Except for the agreements or other documents listed on the Schedule attached to this Certificate (true copies of which have been furnished to Dickinson Wright by the Town in connection with the Opinion), and except as contemplated by the Purchase Contract, the Town is not a party to any agreements of any kind, type or nature (including, without limitation, instruments in favor of any security holder or creditor or relating to any assets of the Town, whether now owned or Purchase Contract or hereafter acquired) which: (1) constrain or limit its ability to incur debt, to execute the Purchase Contract or to issue the Bonds; (2) would require the consent of any security holder or creditor; (3) would result in or require the creation or imposition of any lien upon or with respect to any property now owned or leased or hereafter acquired by the Town; or (4) would result in a default under, or would, with the giving of notice or the lapse of time or both, constitute a default under, or would cause or permit the acceleration of any obligation owed under, any mortgage, indenture or loan or credit agreement or any other contractual obligation to which the Town is a party or by which the Town or any of its property

is bound, in any such case (1) – (4) as a result of the execution and delivery of, or performance by the Town of its obligations under, the Purchase Contract or the issuance of the Bonds.

(c) The person signing this Opinion Certificate on behalf of the Town: (1) has reviewed each of the documents above-described; (2) is fully authorized by all necessary action to execute this Opinion Certificate on behalf of the Town; (3) has the legal capacity to enter into and execute this Opinion Certificate; and (4) has executed and delivered this Opinion Certificate without duress and of his own free will.

**IN WITNESS WHEREOF**, the undersigned has executed this Opinion Certificate on behalf of the Town as of the date first written above and hereby authorizes Dickinson Wright to rely on the representations above for the purposes of the Opinion rendered by Dickinson Wright as a condition of consummation of the transactions contemplated by the Purchase Contract and the issuance of the Bonds.

Town of Queen Creek, an Arizona municipal corporation

By: \_\_\_\_\_  
Name: John Kross  
Title: Town Manager

Attachment: Obligation Purchase Contract (2020 Excise Tax Bonds)

## TOWN OF QUEEN CREEK, ARIZONA

### PROCEDURES FOR COMPLIANCE WITH CONTINUING DISCLOSURE UNDERTAKINGS

**IMPLEMENTED JUNE 3, 2020**

These Procedures for Compliance with Continuing Disclosure Undertakings (these “Procedures”) set forth procedures of the Town of Queen Creek, Arizona (the “Issuer”) to assist in compliance with the continuing disclosure undertakings (“Continuing Disclosure Undertakings”) entered into by the Issuer in connection with the offering of obligations of the Issuer subject to the continuing disclosure requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

These Procedures document practices and describe various procedures for preparing and disseminating annual financial information and reporting “listed events” for the benefit of the holders of the Issuer’s obligations and to assist Participating Underwriters (within the meaning of the Rule) in complying with the Rule.

Compliance with pertinent law is an ongoing process; necessary during the entire term of any obligations issued by the Issuer, and is an integral component of the Issuer’s debt management. Implementation of these Procedures will require ongoing monitoring and consultation with bond/disclosure counsel and the Issuer’s accountants and advisors.

#### **General Policies and Procedures**

1. The Chief Financial Officer of the Issuer (the “Compliance Officer”) will be responsible for monitoring post-issuance compliance.
2. The Compliance Officer will coordinate procedures for record retention and review of such records.
3. All documents and other records relating to obligations issued by the Issuer shall be maintained by or at the direction of the Compliance Officer.
4. The Compliance Officer will review post-issuance compliance procedures and systems on a periodic basis, but not less than annually.
5. The Compliance Officer will review the annual information required to be filed pursuant to each Continuing Disclosure Undertaking.
6. The Compliance Officer will train at least one other employee of the Issuer with respect to the matters contained in these Procedures to facilitate compliance with the Continuing Disclosure Undertakings in the event the Compliance Officer is no longer employed by the Issuer.

#### **Continuing Disclosure**

In order to monitor compliance by the Issuer with its Continuing Disclosure Undertakings, the Compliance Officer will take the actions listed below, if and as required by such Continuing Disclosure Undertakings. The Compliance Officer may coordinate with staff, and may engage a dissemination

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agent, counsel, and/or other professionals to assist in discharging the Compliance Officer's duties under these Procedures as the Compliance Officer deems necessary.

**A. Compilation of Currently Effective Continuing Disclosure Undertakings**

The Compliance Officer shall compile and maintain a set of all currently effective Continuing Disclosure Undertakings of the Issuer. Such agreements are included in the transcript of proceedings for the Issuer's respective obligation issue. Continuing Disclosure Undertakings are "Currently Effective" for purposes of these Procedures (and hence shall be included in the set of Currently Effective Continuing Disclosure Undertakings) for so long as the obligations to which they relate are outstanding. As obligations are completely repaid or redeemed, the Compliance Officer shall remove the related Continuing Disclosure Undertakings from the set of Currently Effective Continuing Disclosure Undertakings.

**B. Compilation of Currently Effective Financial Obligations**

The Compliance Officer shall compile and maintain a list of all currently effective Financial Obligations of the Issuer. "Financial Obligations" means, for purposes of the Rule, a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, and existing or planned debt obligation, or (iii) a guarantee of (i) or (ii). For purposes of the Rule, Financial Obligation shall not include municipal securities of the Issuer as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule and as to which a continuing disclosure undertaking has been executed and delivered by the Issuer consistent with the Rule.

Such list shall include key terms of each Financial Obligation, such as date of incurrence, principal amount, maturity, amortization, interest rate, default rates, security and source of payment and key covenants.

**C. Annual Review and Annual Reporting Requirements**

The Compliance Officer shall ensure that all necessary financial statements, financial information and operating data is filed in the manner and by the filing dates set forth in the Currently Effective Continuing Disclosure Undertakings. The Compliance Officer shall review the set of Currently Effective Continuing Disclosure Undertakings annually, prior to each annual filing, keeping in mind:

- The financial information and operating data required to be reported under a particular Continuing Disclosure Undertaking may differ from the financial information and operating data required to be reported under another Continuing Disclosure Undertaking; and
- The timing requirements for reporting under a particular Continuing Disclosure Undertaking may differ from the timing requirements for filing under another Continuing Disclosure Undertaking.

**D. Calendar; EMMA Notification System**

The Compliance Officer shall keep a calendar of all pertinent filing dates required under the Issuer's Currently Effective Continuing Disclosure Undertakings. The Compliance Officer shall also subscribe to notification services made available through the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.

### **E. Annual Review of Prior Filings**

As part of the annual review process, the Compliance Officer shall also review prior filings made within the past five years subsequent to the last such review of prior filings. If the Compliance Officer discovers any late or missing filings, the Compliance Officer (after discussing the circumstances with the Issuer's dissemination agent, counsel or other agents as necessary) shall file the missing information.

### **F. Monitoring of Listed Events**

The Compliance Officer shall monitor the occurrence of any of the following events and/or other events set forth in the Currently Effective Continuing Disclosure Undertakings and shall provide notice of the same in the required manner and by the relevant reporting deadline (generally within 10 days of the occurrence):

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 with respect to the tax status of the Issuer's obligations, or other material events affecting the tax status of the Issuer's obligations;
7. Modification to rights of holders of the Issuer's obligations, if material;
8. Calls of the Issuer's obligations, if material, and tender offers;
9. Defeasances of the Issuer's obligations;
10. Release, substitution or sale of property securing repayment of the Issuer's obligations, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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 Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

The list of Currently Effective Financial Obligations compiled pursuant to B. above will assist in making determinations with respect to Listed Events 15 and 16.

**G. Review of Official Statements**

The Compliance Officer shall review drafts of any offering document for a new offering of obligations, with assistance from its dissemination agent, counsel or other agents of the Issuer as necessary, and shall determine that the offering document accurately and completely describes the Issuer’s continuing disclosure compliance history within the five years prior to the date of the respective Official Statement. This compliance review is not meant to limit the Issuer’s other reviews of or diligence procedures relating to its offering documents.

**H. Record Retention**

The Compliance Officer shall retain documentation evidencing the Issuer’s annual reviews and its reviews of offering documents in connection with new offerings as set forth above. This Issuer shall retain this documentation, for each Continuing Disclosure Undertaking, for the period that the related obligations are outstanding.

**I. Annual Review Checklist**

The Compliance Officer may use and retain the attached Annual Review Checklist to assist in implementing these Procedures.

**CONTINUING DISCLOSURE ANNUAL REVIEW CHECKLIST**

- 1. **Fiscal Year Ending:** \_\_\_\_\_
- 2. **Compliance Officer:** \_\_\_\_\_
- 3. **Checklist Completion Date:** \_\_\_\_\_
- 4. **Obligations for which there are Currently Effective Continuing Disclosure Undertakings**

**- Attach Agreements:**

- \$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_
- \$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_
- \$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_
- \$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_
- \$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_
- \$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_
- \$ \_\_\_\_\_, \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_

**5. Have any new Obligations subject to Continuing Disclosure Been Issued this Year?**

\_\_\_\_\_ No

\_\_\_\_\_ Yes (Add Agreement to Currently Effective Continuing Disclosure Undertakings)



If Yes, did the Compliance Officer review the Offering Document’s Description of the Issuer’s Continuing Disclosure Compliance History within the Prior 5 Years?

Circle: Y/ N (If N, review and discuss any issues with counsel.)

6. Have any Obligations subject to Continuing Disclosure Been Completely Paid or Redeemed this Year?

\_\_\_\_\_ No

\_\_\_\_\_ Yes (Remove Agreement from Currently Effective Continuing Disclosure Undertakings)

7. (a) Has the Compliance Officer Reviewed the Annual Continuing Disclosure Filing to Ensure that all Necessary Financial Statements, Financial Information and Operating Data is Included?

\_\_\_\_\_ Yes

\_\_\_\_\_ No (Compliance Officer must review the Annual Continuing Disclosure Filing)

(b) For purposes of this review, please keep in mind:

- |   |          |
|---|----------|
|   | Checked? |
| Different Continuing Disclosure Undertakings may require different information to be file (so check each one).  | Y / N    |
| Different Continuing Disclosure Undertakings may have different filing timing requirements (so check each one). | Y / N    |

8. Have any of the Following Listed Events Occurred this Year?

Event	Circle
1. Principal and interest payment delinquencies.	Y / N
2. Non-payment related defaults, if material.	Y / N
3. Unscheduled draws on debt service reserves reflecting financial difficulties.	Y / N
4. Unscheduled draws on credit enhancements reflecting financial difficulties.	Y / N
5. Substitution of credit or liquidity providers, or their failure to perform.	Y / N
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 with respect to the tax status of the Issuer’s obligations, or other material events affecting the tax status of the Issuer’s obligations.	Y / N
7. Modification to rights of holders of the Issuer’s obligations, if material.	Y / N
8. Calls of the Issuer’s obligations, if material, and tender offers.	Y / N
9. Defeasances of the Issuer’s obligations.	Y / N
10. Release, substitution or sale of property securing repayment of the Issuer’s obligations, if material.	Y / N

- 11. Rating changes. Y / N
- 12. Bankruptcy, insolvency, receivership or similar event of the Issuer. Y / N
- 13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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. Y / N
- 14. Appointment of a successor or additional trustee or the change of name of a trustee, if material. Y / N
- 15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material. Y / N
- 16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties. Y / N

**9. If any such Event Occurred, was Proper Notice Provided?**

- Yes
- No (Call your dissemination agent or counsel immediately to discuss)
- N/A

**10. Has the Issuer Retained a Dissemination Agent?**

- Yes: Name/Contact: \_\_\_\_\_
- No

Attachment: Post-Issuance Continuing Disclosure Compliance Procedures (2020 Excise Tax Bonds)



Requesting Department

Town Manager

**TO: HONORABLE MAYOR AND TOWN COUNCIL**

**FROM: JOHN KROSS, TOWN MANAGER, ICMA-CM , COUNCIL BUDGET COMMITTEE AND SCOTT MCCARTY, FINANCE DIRECTOR**

**RE: CONSIDERATION AND POSSIBLE ACTION ON THE TOWN'S FY 2020/21 TENTATIVE BUDGET OF \$409.1M AND REQUEST TO SET THE PUBLIC HEARING FOR JUNE 17, 2020 FOR BOTH THE FINAL BUDGET AND THE TRUTH-IN-TAXATION PER REQUIREMENTS UNDER ARIZONA STATE STATUTES.**

**DATE: June 3, 2020**

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**Council Budget Committee Recommendation:**

The Town Council Budget Committee recommended approval of the Town Manager's FY 2020/21 Recommended Budget of \$409.1 million.

**Budget Committee Approval:**

The Town Council Budget Committee considered the Town Manager's FY 2020/21 Recommended Budget on May 11, 2020, hearing from the Town Manager and Finance Director. By a unanimous vote, the Budget Committee recommended approval of the Town Manager's Recommended Budget of \$409.1 million. The FY2020/21 Budget is now presented for full Council consideration.

**Proposed Motion:**

Motion to approve the Town's FY 2020/21 Tentative Budget of \$409.1 million and to set the public hearing for both the FY 2020/21 Final Budget and the Truth-in-Taxation hearing requirement for primary property taxes under Arizona State statutes. Such hearings will occur on June 17, 2020 at 6:30 p.m. in the Town Council Chambers.

**Relevant Council Goals:**



Effective Government



Superior Infrastructure - Capital Improvement Program



Safe Community - Public Safety

### **Discussion:**

The budget is one of the most significant policy documents considered by the Town Council. The FY 2020/21 Tentative Budget is balanced and allocates resources consistent with the needs of a growing community. It was developed in accordance with the Council's strategic priorities identified in the Corporate Strategic Plan.

The budget was also developed in the midst of an unprecedented economic upheaval caused by the COVID-19 pandemic that has dramatically altered the economies of virtually every nation, state, and municipality in the world. It is too early to know the long-term impacts of the pandemic to the economy, but the financial impacts are tied to the severity and duration of the health crisis. In this challenging environment, the Town Manager worked with the Town Council members and department directors to reduce budgeted expenses to match lower revenue estimates, while still maintaining the Town Council's priority goals for public safety and infrastructure.

The Tentative Budget totals \$409.1 million. Consistent with the needs of our growing community and the Council's priorities, the budget includes funding for a new Queen Creek Police Department and new staffing for the Town's fifth fire station. It is estimated that the transition to a new police department will take about 18 months. The budget also includes funding to continue our investments in new streets, fire facilities, water and wastewater infrastructure, and the possible acquisition of water rights to meet our long-term water plans.

The Capital Improvements (CIP) budget totals \$291.2 million and comprises 71% of the budget. A portion of the CIP budget continues the Town's 10-year roads program, and includes \$20 million for roadways outside of Town boundaries that connect to the future SR24. The CIP budget also includes funding for new fire facilities, parks and trails, water and wastewater infrastructure, and \$60 million for water rights.

### **GUIDING PRINCIPLES AND KEY ISSUES**

The following guiding principles and key issues shaped the FY 2020/21 budget:

- Prioritization of Resources. The budget uses the Corporate Strategic Plan to prioritize its allocation of resources. Guidance to the organization is found within our strategic priorities adopted by the Town Council as follows:
  - o Effective Government;
  - o Safe Community;
  - o Secure Future;
  - o Superior Infrastructure; and
  - o Quality Lifestyle.
- Protect Existing Service Levels. Despite the economic downturn, the budget was developed to maintain existing service levels, with no reductions to staff or services recommended except where those service levels were directly tied to revenue-generating activities, such as recreation classes and HPEC events.

- Public Safety and Transportation. The budget continues investments in these critical areas to ensure we are providing appropriate levels of service to our current residents as well as those who will live, work, and shop here in the future.
- Maintain a Balanced Five-Year Operating Budget. We expect the economic fallout from the COVID-19 pandemic to extend beyond the current fiscal year. This requires us to re-balance the five-year plan for the Operating Budget. This will take several months to complete and therefore a revised five-year plan is not included in the Tentative Budget at this time.

## BUDGET HIGHLIGHTS

Following are the highlights of the FY 2020/21 Tentative Budget:

- Police Services. Following the Town Council's direction, the budget includes funding to create a Queen Creek Police Department. \$2.8M has been allocated to hire a police chief and command staff, and to acquire the necessary software, hardware, equipment and fleet vehicles in anticipation of bringing on the new department in FY 2021/22. Also, the Budget includes four additional positions in information technology and fleet services to assist the new police department with initial start-up activities. As discussed at the May 20<sup>th</sup> Town Council meeting, approximately \$4.5 million of spending authority for additional police start-up costs is included in a separate contingency fund where it can be accessed as needed, with Council approval.
- Fire/EMS Staffing. With a permanent Fire Station #5 expected to be built and operational by summer 2021, the budget includes funding for 15 new firefighters to staff this facility in the southeast section of the Town.
- Comprehensive Capital Improvement Plan (CIP). As a growing community, the need for new infrastructure for transportation, water, and wastewater is a priority. Resources are budgeted to build such infrastructure as well as continue planning for future infrastructure needs. Contingency allocations have been included to ensure we have the authority to meet the dynamic environment's infrastructure needs. The FY 2020/21 budget acknowledges the critical nexus infrastructure plays in increasing opportunities for private sector investment within the community, particularly as it relates to the opening of the new State Route 24 freeway in middle-to-late 2022, the Town's first freeway frontage/access.
- Acquisition of Water Rights. Ensuring the Town has adequate water resources is a top priority of the Town Council. As a result, \$60 million is included in the budget for the potential acquisition of additional water rights and groundwater extinguishment credits.
- Staffing and Employee Compensation. In light of the economic conditions caused by the COVID-19 pandemic, the budget does not include any new positions (except for public safety as described above), and all currently vacant positions are being held open indefinitely. Moreover, in an effort to preserve levels of service, the budget does not include any funding for market/step or merit increases for current employees.

- Healthcare Costs. The Town has a very active wellness program, which is a positive factor that has helped manage healthcare costs for both the Town and our employees. Our major medical provider has once again issued a rate pass for the upcoming year and hence, the budget includes no increases in medical premiums for either the employer or employees

## **TENTATIVE BUDGET**

The purpose of the Tentative Budget is to establish the maximum budget, or budget ceiling, for the next fiscal year. Approving the Tentative Budget is the required first step by state law. Once the Tentative Budget is approved, the Final Budget can go no higher; however, the Final Budget can be reduced or re-allocated between programs and/or funds.

As part of approving the Tentative Budget, the Town Council also approves the time and place for conducting the public hearing on the Town's Final Budget. The public hearing and final action on the Town's FY 2020/21 Final Budget is scheduled for the Town Council meeting on June 17, 2020. In addition, the Town Council will conduct a public hearing that evening on the Truth-in-Taxation requirement for primary property taxes. This item is discussed later in this report.

Adoption of the Final Budget on June 17, 2020 is predicated on the Town Council approving the Tentative Budget on June 3, 2020. The legal posting requirements to adopt the Final Budget on this timeline must begin by June 4<sup>th</sup> with submittal of the required newspaper budget advertisement.

## **PRIMARY PROPERTY TAXES (TRUTH IN TAXATION REQUIREMENTS)**

For FY 2020/21, primary property taxes are estimated to be \$10.4 million. The primary property tax is dedicated to fund Public Safety, and funds about 41% of the Public Safety Budget of \$25.3M. The public safety budget includes the Queen Creek Fire and Medical Department and Law Enforcement Services via contract with the Maricopa County Sheriff's Office, as well as first-year start-up costs of the Queen Creek Police Department.

The Tentative Budget includes a \$1.95 primary property tax levy rate. However, even though the tax rate remains unchanged at \$1.95 per \$100 of assessed value, the appreciation of property values (exclusive of the increase from new construction) results in more revenue and triggers the "Truth in Taxation" requirements in State law. As a result, the Town is required to publish a prescribed notice and have a public hearing in anticipation of the Town Council accepting the increase in revenues. As indicated, the Town Council will be conducting a public hearing on these requirements as part of the June 17<sup>th</sup> Council meeting. Required notices are scheduled for publication to meet this deadline.

### **Fiscal Impact:**

The Tentative Budget for FY 2020/21 totals \$409.1 million. The required Auditor General Schedules, which provide all the allocations by fund, are included as an Attachment to this staff report.

### **Alternatives:**

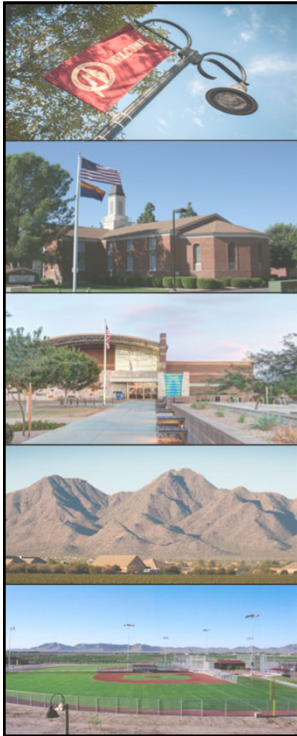


The Town Council can modify the Tentative Budget in any manner prior to adoption. The Council could delay adoption of the Tentative Budget until the next Council meeting on June 17, which would delay adoption of the Final Budget until July 15 and move the Truth-in-Taxation hearing for property taxes to August 5<sup>th</sup>. The Town would also be required to re-publish the Truth-in-Taxation notices in the newspaper.

The Town Council could also meet on July 1 to adopt the Final Budget, which would move the Truth-in-Taxation hearing to July 17. However, the Council is currently not scheduled to meet on July 1.

**Attachment(s):**

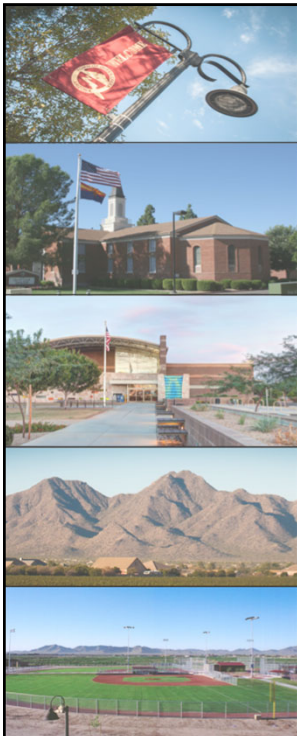
1. Presentation entitled "FY 2020/21 Tentative Budget Adoption"
2. Required State Budget Forms (Schedules A-G)
3. FY 20-21 Budget Committee Follow-Up Memo
4. Ordinance 730-20 Reserves, Pensions and Debt Funding
5. 2020 Council Strategic Planning Session Follow-Up: QC Accomplishments Memo
6. 2020 Council Strategic Planning Session Follow-Up: QC Accomplishments Presentation



# FY 2020-21 TENTATIVE BUDGET ADOPTION

Town Council Meeting  
June 3, 2020

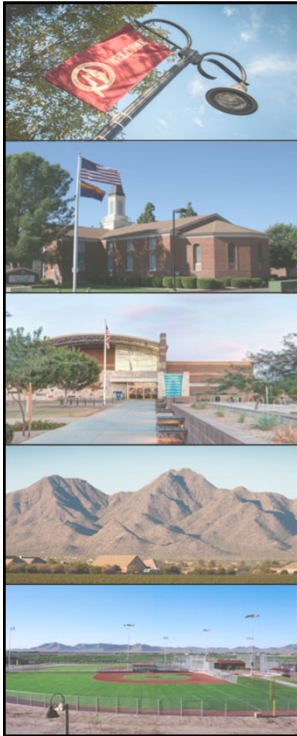
Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)



## Purpose of Presentation

### FY 2020-21 Budget Overview

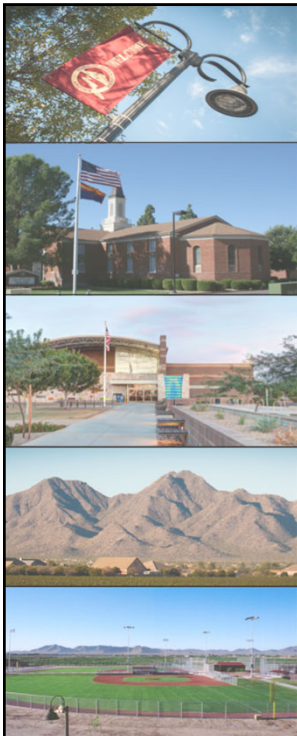
- Economic Overview
- Growth Projections
- Total Budget
- Operating Budget
- Other Major Budgets
- Infrastructure Budgets
- Debt Budgets
- Contingencies
- Policy Issues
- Budget Adoption Calendar



# ECONOMIC OVERVIEW

3

Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)



## Today's Thoughts

- Financial Impacts are Tied to Severity and Duration of the COVID-19
  - Unemployment
  - Consumer Confidence
- Type of Recovery Unknown
  - Short ("V")
  - Medium ("U")
  - Long ("Nike Swoosh")

4

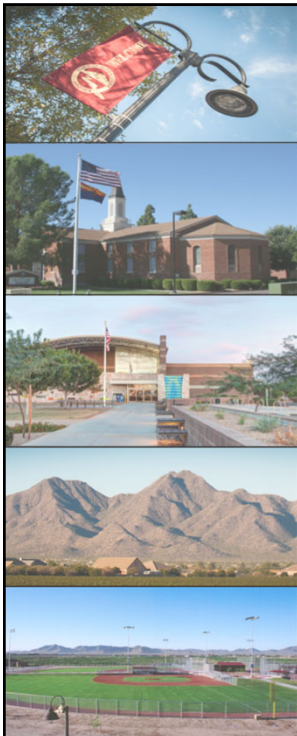


## Today's Thoughts (concluded)

- Impacts Will Vary by Sector
  - Retail, Food Services, Entertainment, Tourism
- Federal Stimulus Matters
- "Look Past It" for Long-Term Decisions

5

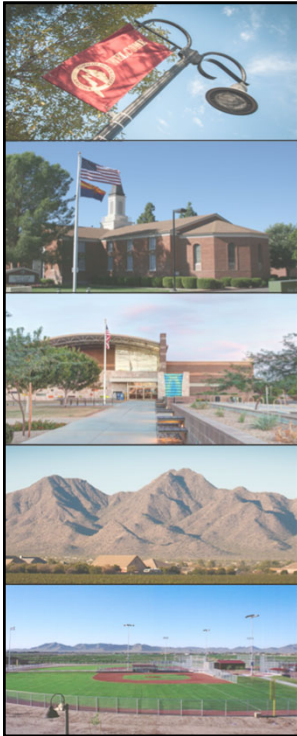
Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)



## State Financial Perspective

- Environment is highly unpredictable
- Pandemic will have implications until at least through end of FY 20-21
- JLBC reports FY21 shortfall to be \$1.1B but could vary by \$500mM – in either direction
- Will revisit in June

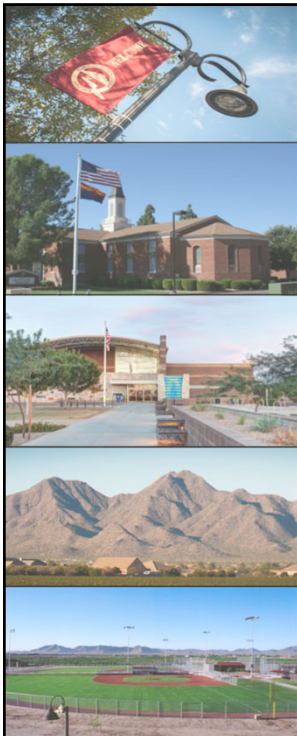
6



## QC's Guiding Principles

1. \$16.7M 6/30/19 Reserves Will Not Be Used to Mitigate Revenue Reductions
  - Preserve for Use Later if Situation Warrants
2. Public Safety and Transportation Remains a Town Council Priority
  - Create a Police Department
  - Build Infrastructure per Fire Master Plan
  - Continue with 10-Year Transportation Plan

7

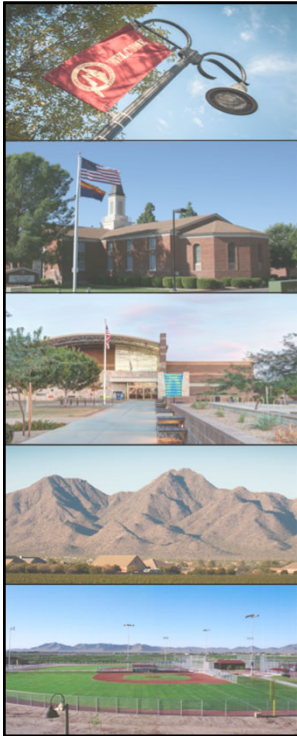


## QC's Guiding Principles (continued)

3. Maintain Existing Essential Service Levels
4. Identify Expense Reductions that Directly Correlate to Revenue Reductions
5. Re-Balance the 5-Year Operating Budget Plan

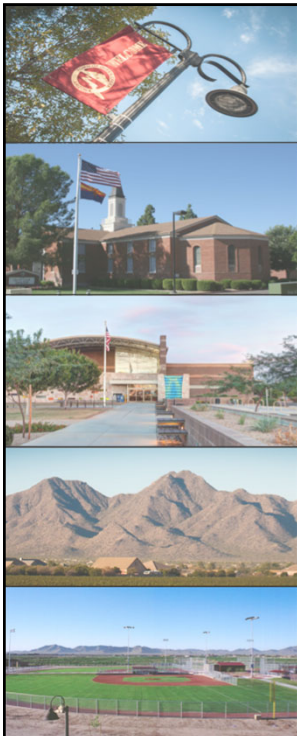
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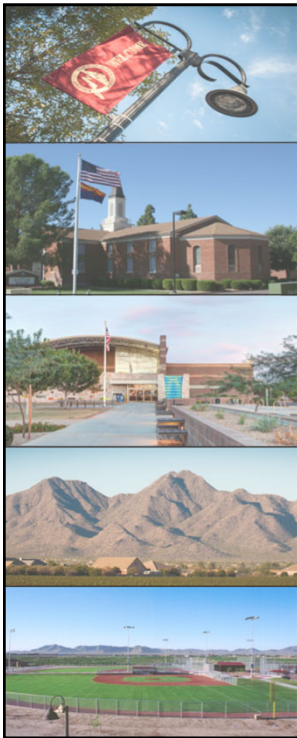
### QC's Guiding Principles (concluded)

- 6. Develop Multiple Scenarios to Provide Town Council Options to Make Adjustments As Needed
- 7. Process Matters !!!
  - Monitor
  - Report Timely
  - Discuss
  - Reconcile Actual Results to Expected Results

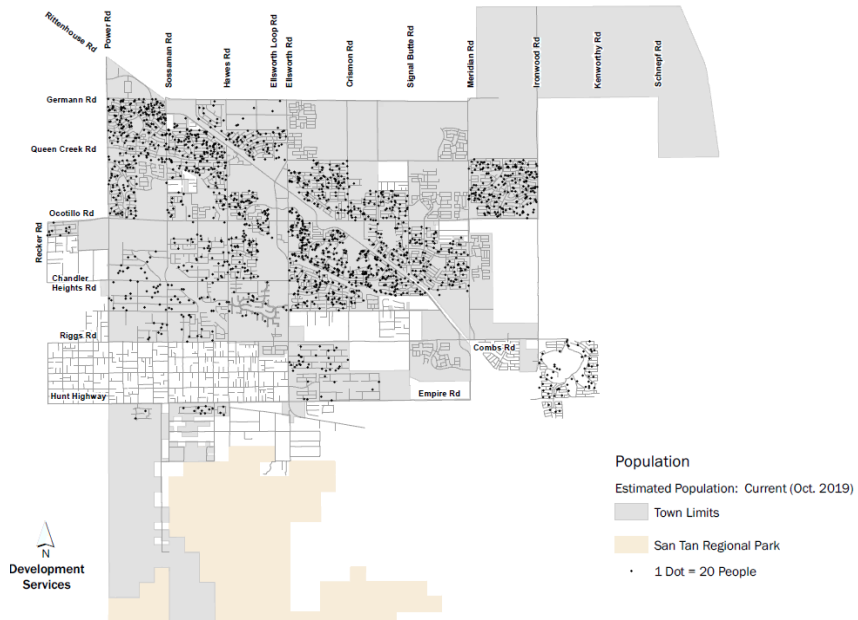


## GROWTH PROJECTIONS / FTE SUMMARY





# POPULATION DENSITY @ 6/30/2020: 59.7K

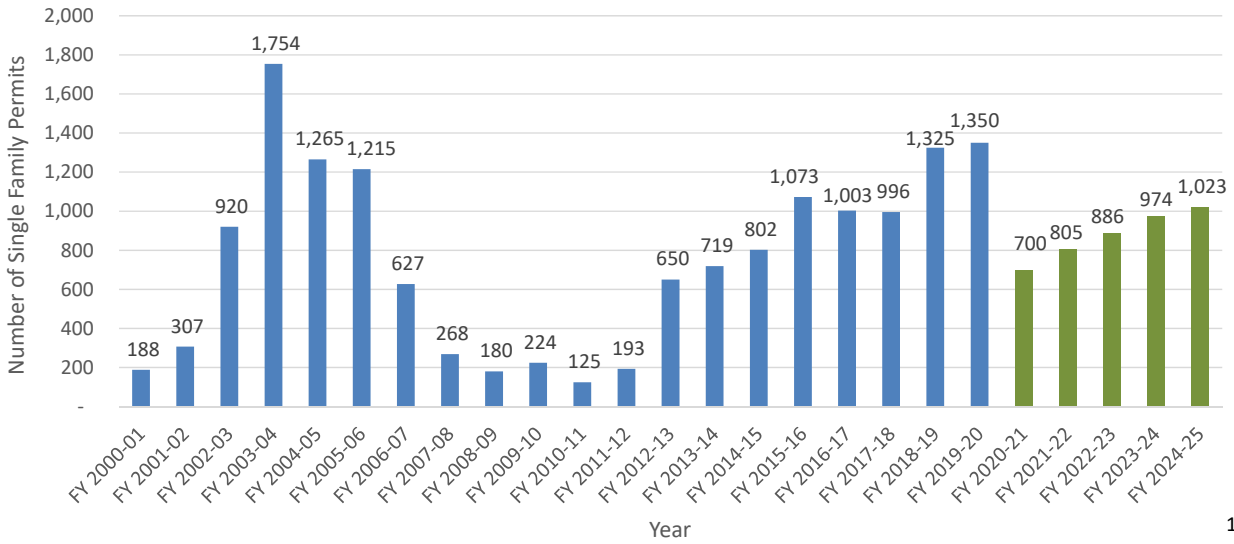


Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)

## SINGLE FAMILY RESIDENTIAL: FY 20-21

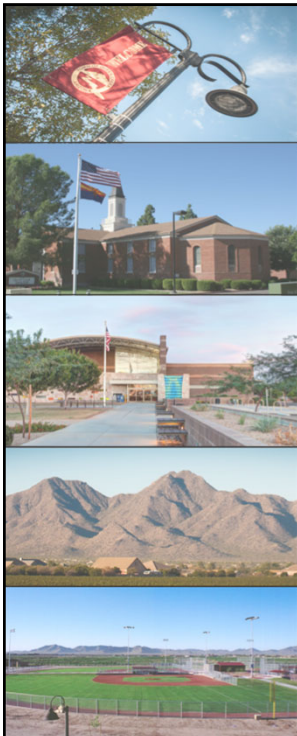
- New Single Family building permits: 700
  - Basis for building revenue estimates
- Home closings: 665
  - Basis for construction sales tax revenue estimate
  - Includes assumption for canceled closings

# NEW HOUSING STARTS



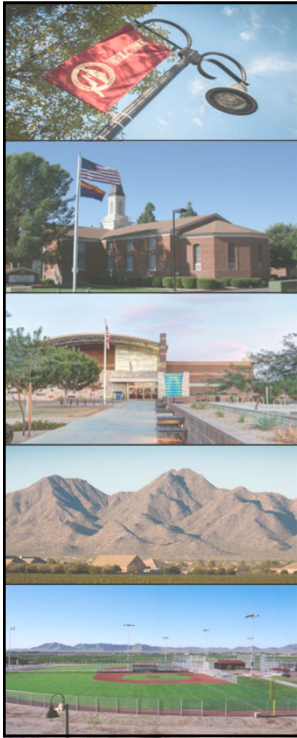
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Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)



# TOTAL BUDGET

14



# FY20-21 TENTATIVE BUDGET

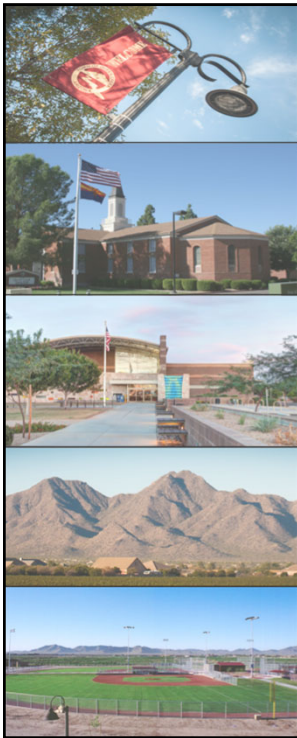
(IN MILLIONS)

	FY 19/20 Revised	FY 20/21 Tentative	\$ Change	% Change
<b>Total Expenses</b>	<b>\$452.7</b>	<b>\$409.1</b>	<b>-\$43.6</b>	<b>-10%</b>

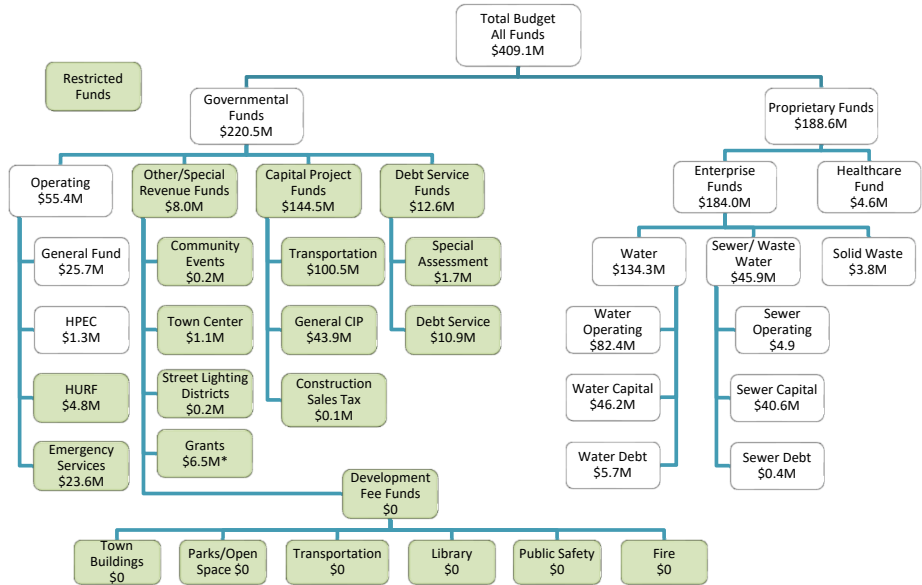
	FY 19/20 Revised	FY 20/21 Tentative	\$ Change	% Change
<b>Revenues</b>	<b>\$331.5</b>	<b>\$288.1*</b>	<b>-\$43.4</b>	<b>-13%</b>
<b>Use of Fund Balance</b>	<b>\$121.2</b>	<b>\$121.0</b>		
<b>Total Sources</b>	<b>\$452.7</b>	<b>\$409.1</b>		

\*Bond Proceeds of \$150M are included in FY 20/21 Revenues (\$60M for new water rights, \$90M for water and wastewater CIP projects).

Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)



## BUDGET/FUND STRUCTURE : \$409.1M



\* Includes Police Services Reserve of \$4.5M

## BUDGET SUMMARY AND COMPARISON\*

	FY 2019/20 Revised	FY 2020/21 Tentative	\$ Change from FY19/20
Operating Budget	\$56.3	\$55.4	(\$0.9)
Enterprise/Utilities	<u>\$30.1</u>	<u>\$31.1</u>	<u>\$1.0</u>
Subtotal Operating	\$86.4	\$86.5	\$0.1
Transportation Infrastructure	\$120.3	\$100.5	(\$19.8)
Water Infrastructure	\$62.0	\$46.2	(\$15.8)
Wastewater Infrastructure	\$38.6	\$40.6	\$2.0
Water Rights	\$50.0	\$60.0	\$10.0
All Other Infrastructure	<u>\$17.2</u>	<u>\$43.9</u>	<u>\$26.7</u>
Subtotal - Infrastructure	\$288.1	\$291.2	\$3.1
Debt	\$70.4	\$18.8	(\$51.6)
All Other Funds	<u>\$7.8</u>	<u>\$12.6</u>	<u>\$4.8</u>
Total Budget	\$452.7	\$409.1	(\$43.6)

\*Excludes Transfers

17

## FY 20-21 NEW POSITIONS: 23

- Fire Station #5 Staffing: 15 Positions
- Police Department: 8 Positions
  - 4 Police Positions (1 Chief, 2 Lieutenants, 1 Admin. Assistant)
  - 4 Support Positions (3 IT, 1 Fleet)
- Vacant Positions Not Being Filled: 9
  - Fire: 2
  - Finance: 3
  - Recreation: 1
  - Water: 3

18

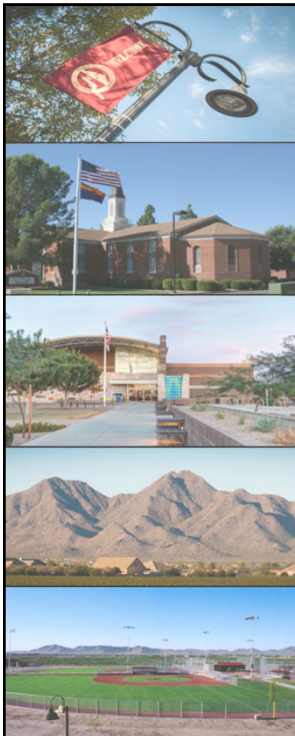
Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)

# FTE HISTORICAL SUMMARY

Department	FY 2015/16 Actual	FY 2016/17 Actual	FY 2017/18 Actual	FY 2018/19 Actual	FY 2019/20 Revised	FY 2020/21 Tentative
Mayor & Town Council	7.00	7.00	7.00	7.00	7.00	7.00
Town Manager, Clerk, Legislative & Legal Services	7.00	8.00	8.00	8.00	8.00	8.00
Finance	11.98	17.98	22.18	30.48	32.48	32.48
Workforce & Technology	11.00	12.00	12.00	14.00	15.00	18.00
Communications, Marketing & Recreation Services	13.71	16.71	16.71	22.06	23.06	23.06
Economic Development	12.00	12.00	12.00	12.00	12.00	12.00
Development Services	26.48	25.48	25.50	25.50	26.50	26.50
Public Works	50.36	50.86	56.93	69.43	72.43	73.43
Solid Waste	4.00	4.00	4.00	4.00	4.00	4.00
Utilities	44.00	39.00	41.00	50.00	56.00	56.00
Fire & Medical	36.00	51.00	51.00	63.00	65.00	80.00
Police	-	-	-	-	-	4.00
<b>Total Full Time Equivalents</b>	<b>223.53</b>	<b>243.03</b>	<b>256.32</b>	<b>305.47</b>	<b>321.47</b>	<b>344.47</b>
<b># Change from Prior Year</b>	<b>7.98</b>	<b>19.5</b>	<b>13.29</b>	<b>49.15</b>	<b>16.0</b>	<b>23.00</b>
<b>% Change from Prior Year</b>	<b>4%</b>	<b>9%</b>	<b>5%</b>	<b>19%</b>	<b>5%</b>	<b>7%</b>
<b>Population Growth</b>	<b>6%</b>	<b>11%</b>	<b>21%</b>	<b>8%</b>	<b>13%</b>	<b>8%</b>

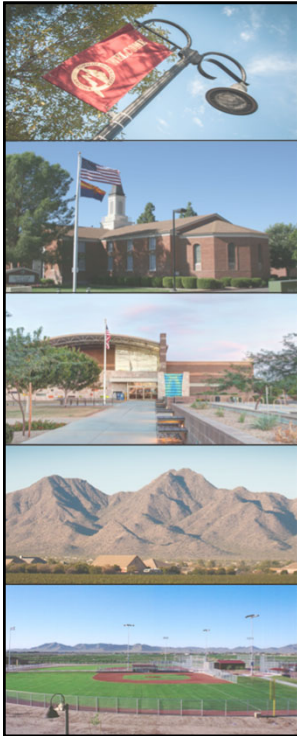
19

Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)



# OPERATING BUDGET

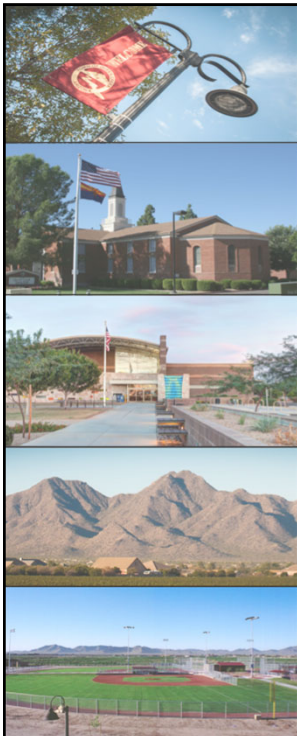
20



## 5-YEAR PLANNING GOALS

1. Create QC Police Department
2. Staff a 5<sup>th</sup> Fire Station
3. New Library Operating Costs
4. Fully Fund ASRS Pension Reserves
5. No Tax Rate Increases
6. Address Financial Impacts of COVID-19

21

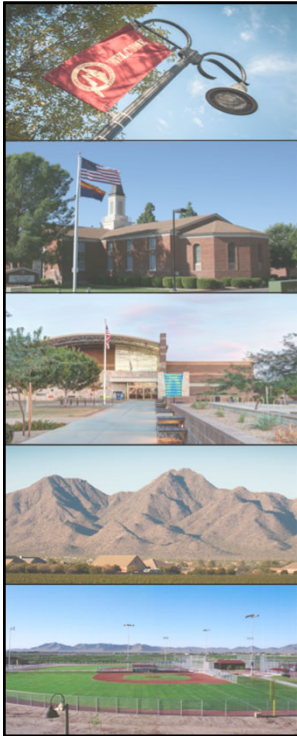


## BUDGET PARAMETERS

- Maintain Existing Service Levels
- No Increased Service Levels
- No New Services or Programs

22



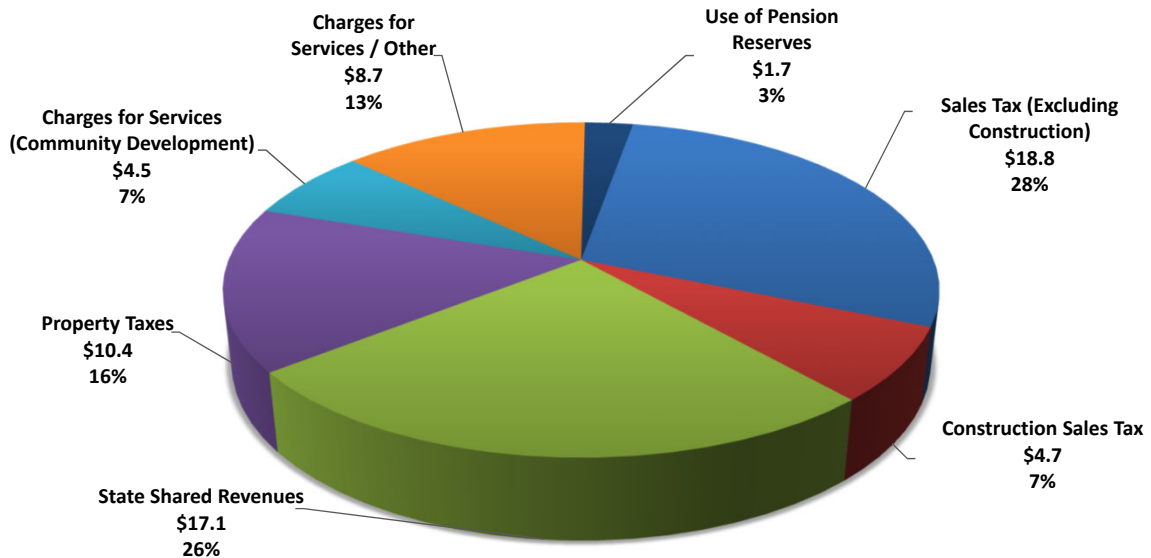


# OPERATING BUDGET REVENUE / SOURCES PROJECTIONS

23

Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)

## FY 20-21 OPERATING REVENUES / SOURCES \$65.9M



24

## REVENUE / SOURCES SUMMARY

	FY 19-20 Revised Budget	FY 20-21 Tentative	\$ Change	% Change
Sales Tax	\$24.8	\$18.8	(\$6.0)	(24%)
Construction Sales Tax	\$8.9	\$4.7	(\$4.2)	(47%)
State Shared Revenue	\$14.8	\$17.1	\$2.3	16%
Property Tax	\$8.3	\$10.4	\$2.1	25%
Charges for Services	\$6.2	\$5.7	(\$0.5)	(8%)
Building Revenues	\$6.1	\$4.5	(\$1.6)	(26%)
Utility ROI for Public Safety	\$2.8	\$3.0	\$0.2	7%
<b>Subtotal</b>	<b><u>\$71.9</u></b>	<b><u>\$64.2</u></b>	<b><u>(\$7.7)</u></b>	<b><u>(11%)</u></b>
Use of Pension Reserves (MCSO)	\$1.7	\$1.7	\$ -	- %
<b>Total Revenue</b>	<b>\$73.6</b>	<b>\$65.9</b>	<b>(\$7.7)</b>	<b>(10%)</b>

25

## SALES TAX BREAKOUT

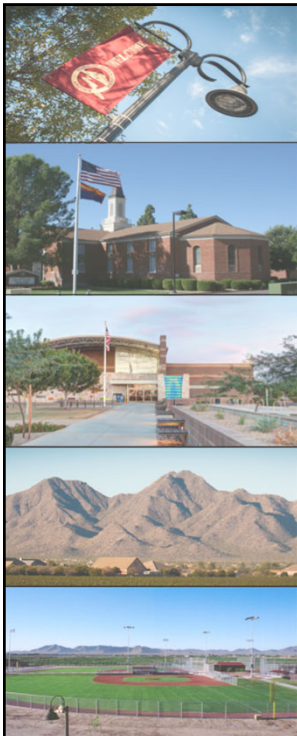
	FY 19-20 Revised Budget	FY 20-21 Tentative	\$ Change	% Change
Construction Sales Tax	\$8.9	\$4.7	(\$4.2)	(47%)
Retail	\$16.0	\$12.0	(\$4.0)	(25%)
Restaurants / Bars	\$3.6	\$1.8	(\$1.8)	(50%)
Communications / Utilities	\$1.8	\$1.8	(\$0)	- %
Real Estate, Rental, & Leasing	\$1.9	\$1.9	(\$0)	- %
All Other	<u>\$1.5</u>	<u>\$1.3</u>	<u>(\$0.2)</u>	<u>(13%)</u>
<b>Total Sales Tax</b>	<b>\$33.7</b>	<b>\$23.5</b>	<b>(\$10.2)</b>	<b>(30%)</b>

26

Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)

## STATE SHARED REVENUES

	FY 19-20 Revised Budget	FY 20-21 Tentative	\$ Change	% Change
State Sales Tax	\$4.4	\$5.0	\$0.6	14%
Income Tax	\$5.5	\$7.2	\$1.7	31%
Vehicle License Tax	\$1.9	\$2.2	\$0.3	16%
HURF	<u>\$3.0</u>	<u>\$2.7</u>	<u>(\$0.3)</u>	<u>(10%)</u>
<b>Total State Shared Revenue</b>	<b>\$14.8</b>	<b>\$17.1</b>	<b>\$2.3</b>	<b>16%</b>

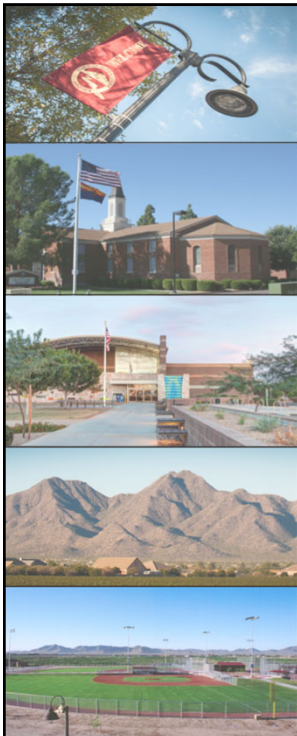


## *OPERATING BUDGET EXPENSE PROJECTIONS*



# EXPENSE SUMMARY

- Create QC Police Department (\$2.8M)
  - \$0.8M For Administration Staff
  - \$1.9M for Start-Up Capital (additional \$4.5M held in Contingency)
  - \$0.1M for IT and Fleet Support Staff
- Increase Fire Staffing (\$1.6M)
  - 15 New Firefighters for Station #5
- \$1.7M Debt Service for Non-Growth Share of Infrastructure
  - \$1.3M for Transportation
  - \$0.4M for Fire

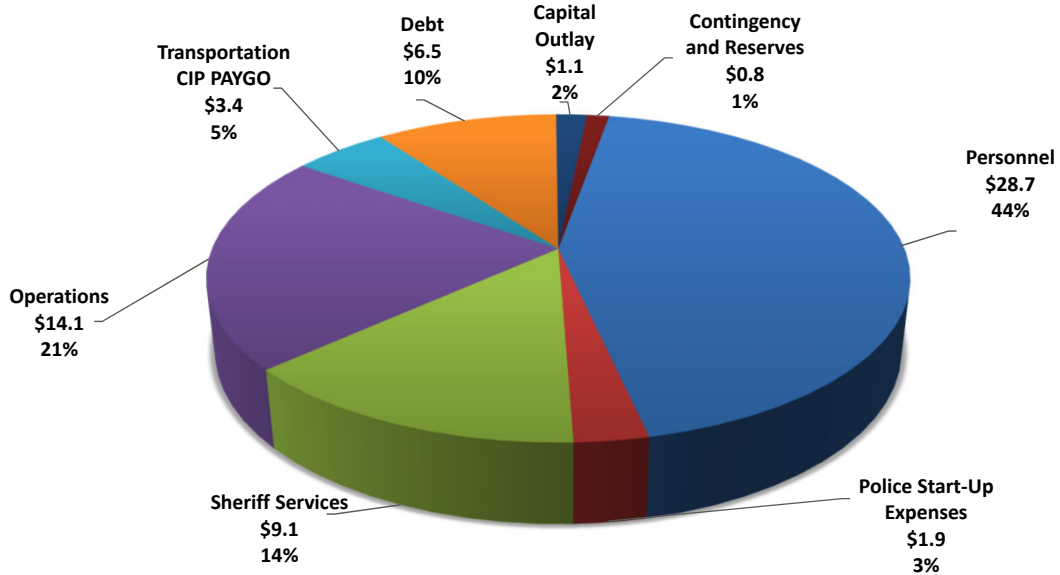


# EXPENSE SUMMARY

(CONCLUDED)

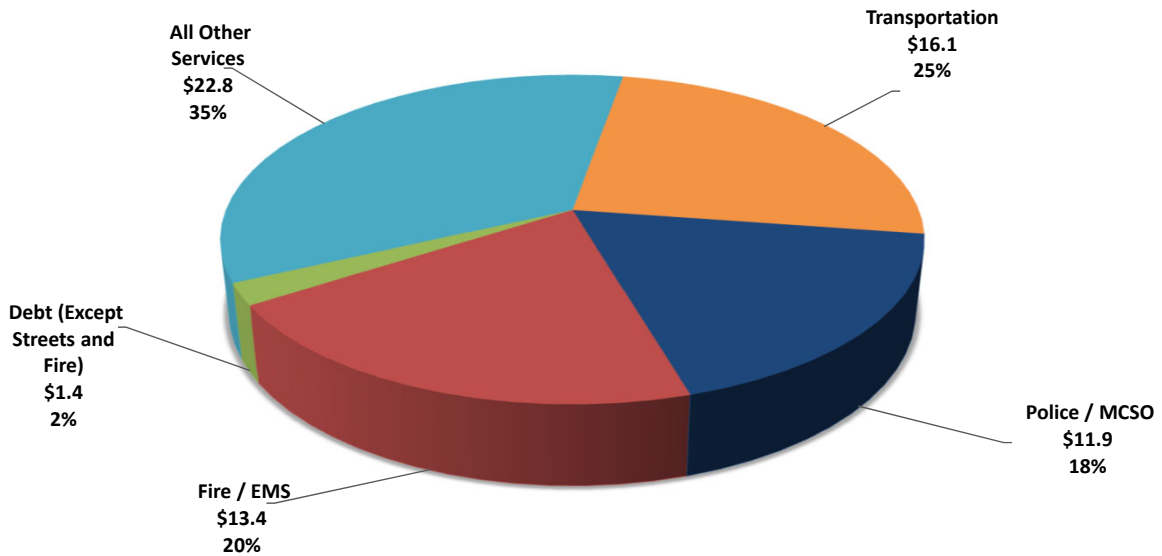
- Other Highlights
  - No New, Non-Public Safety Personnel
  - No Employee Market Increase
  - No Employee Merit / Step Program
  - Travel Eliminated
  - R&R Programs Reduced or Suspended
  - Outside Agency Funding Reduced
    - Visit Mesa reduced 50% to \$18,000
    - Performing Arts Center reduced 50% to \$67,500
    - Boys and Girls Club reduced 100% to \$0
    - Nonprofit in-kind support only, no cash awards

## FY 20-21 OPERATING EXPENSES / USES \$65.6M BY CATEGORY



31

## FY 20-21 OPERATING EXPENSES / USES \$65.6M BY PROGRAM



32

Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)

## EXPENSE SUMMARY

	FY 19-20 Revised Budget	FY 20-21 Preliminary	\$ Change	% Change
Personnel	\$26.2	\$28.7	\$2.5	+10%
Operating	\$18.0	\$14.1	(\$3.9)	(22%)
Sheriff Services (MCSO)	\$8.4	\$9.1	\$0.7	+8%
Police Start-Up	\$ -	\$1.9	\$1.9	- %
Capital Outlay	\$3.7	\$1.1	(\$2.6)	(70%)
Contingency	\$ -	\$0.5	\$0.5	- %
Subtotal Expense	\$56.3	\$55.4	(\$0.9)	(2%)
Debt	\$4.8	\$6.5	\$1.7	+35%
CIP PAYGO Funding	\$7.4	\$3.4	(\$4.0)	(54%)
25% Reserve Requirement	\$ -	\$0.3	\$0.3	- %
<b>Total Expenses / Uses</b>	<b>\$68.5</b>	<b>\$65.6</b>	<b>(\$2.9)</b>	<b>(4%)</b>

33

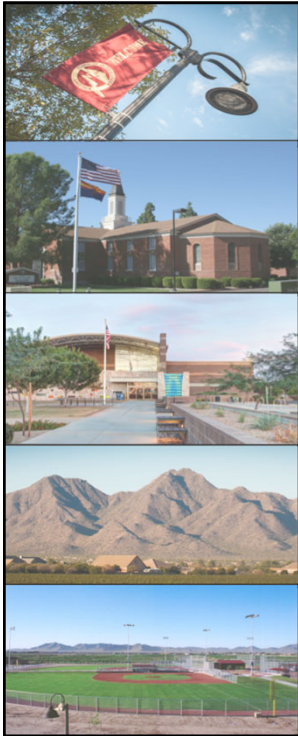
## IMPORTANT OPERATING EXPENSES NET CHANGE FROM FY 19-20 = (\$2.9M)

Item	
Police Department – Personnel + Start-up Costs + Non-PD Support FTE	\$2.8M
Debt Service – New 2020 Transportation & Fire Issue	\$1.7M
Fire Station #5 Staffing	\$1.6M
MCSO Contract Increase	\$0.7M
Fueling Station – Town Center	\$0.5M
Traffic Studies and Software	\$0.2M
Subtotal	\$7.5M
Contingency + 25% Reserve Requirement	\$0.8M
CIP PAYGO Funding	(\$4.0M)
Reductions to Capital Budgets	(\$3.1M)
Reductions to Operating Budgets	(\$3.0M)
Transportation Development Agreements (ended in FY2019-20)	(\$1.1M)
<b>Total</b>	<b>(\$2.9M)</b>

34

Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)



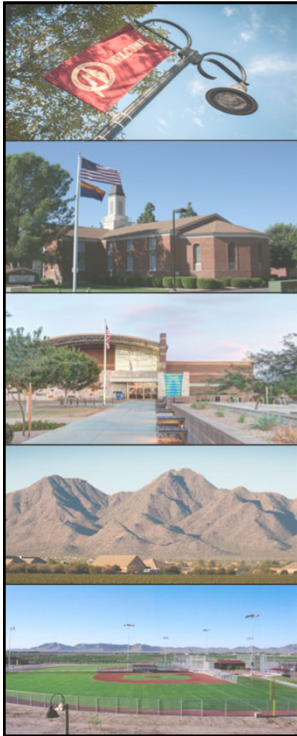


# OPERATING BUDGET RESERVES

Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)

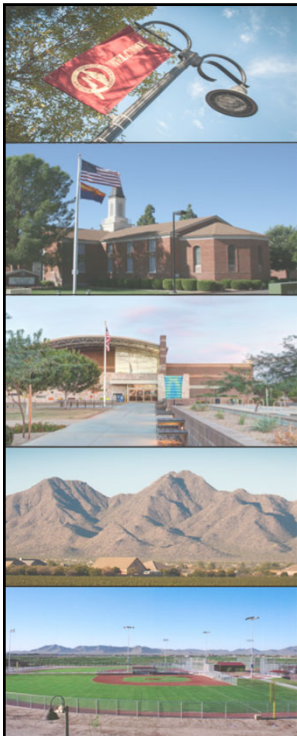
## FY 2020-21 ENDING RESERVES

	FY 2020-21 Estimates	
Revenues / Sources	<b>\$65.9</b>	
Uses	<b>(\$65.6)</b>	
ASRS Pension Funding per Policy	<b><u>(\$0.3)</u></b>	
Net FY 20-21	<b><u>\$0</u></b>	
Ending Fund Balance		<b>\$42.5</b>
Restrictions:		
25% Revenue Reserve Requirement	<b>\$17.0</b>	
MSCO Pension Liability Reserve	<b>\$18.6</b>	
ASRS Pension Liability Reserve	<b><u>\$ 6.9</u></b>	
Total Restrictions		<b><u>\$42.5</u></b>



## OTHER MAJOR BUDGETS

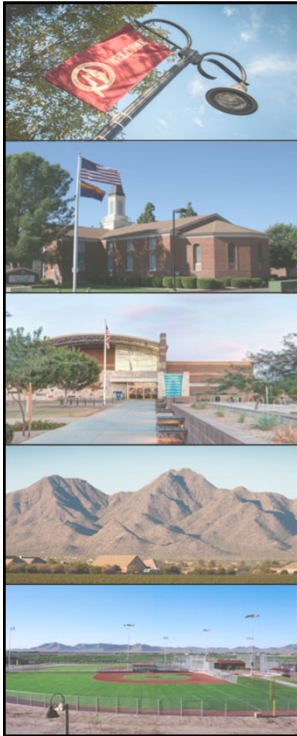
37



## STREETLIGHT IMPROVEMENT DISTRICTS

- Property Tax Assessments: \$56K
  - Reduced by \$500K Because Town Now Owns and Maintains Streetlights
- Number of SLIDs: 101 (9 with a Levy)
- Number of Parcels: 15,000 (1,197 with a Levy)

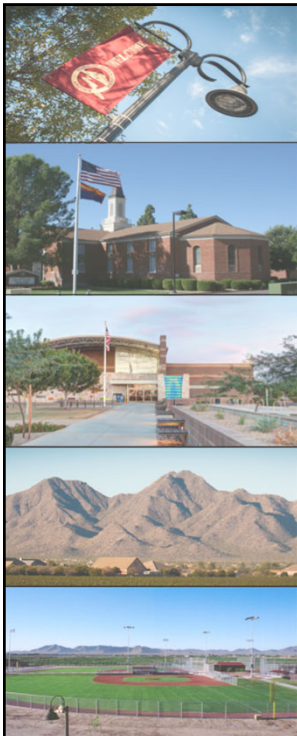
38



## WATER FUND (SELF-FUNDED)

- \$60M Placeholder for Potential Water Rights Purchases
- \$50M Interim Financing for CIP Projects
- Operational Increases Due to System Growth and Increased Water Wheeling / Pumping
  - \$0.5M Additional Surface Water Orders
  - \$0.3M Well Site Electricity
  - \$0.3M New / Replacement Meters
  - \$0.3M Pumping Reclaimed Water for Recharge
- No Rate Increase but Rate Study Underway

39



## WASTEWATER FUND (SELF-FUNDED)

- \$40M Interim Financing for CIP
- Operational Increases due to Vehicle Replacements and GWRP O&M
  - \$0.5M Vac & Heavy Truck Replacement
  - \$0.3M GWRP O&M
- No Rate Increase but Study Underway
  - Residential Rate Cap

40

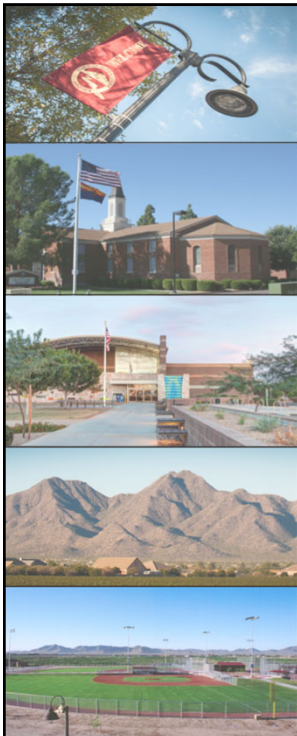


## SOLID WASTE/RECYCLING FUND (SELF-FUNDED)

- Service Provider Costs increasing 32% due to Account Growth (\$638K)
- Revenue from New Accounts Will Cover Increased Costs
  - Encanterra: 1,800 Households
- Contract Renewed through 2027
  - Followed by Option to Renew for 3 Years
- No Rate Increase in FY 20-21

41

Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)

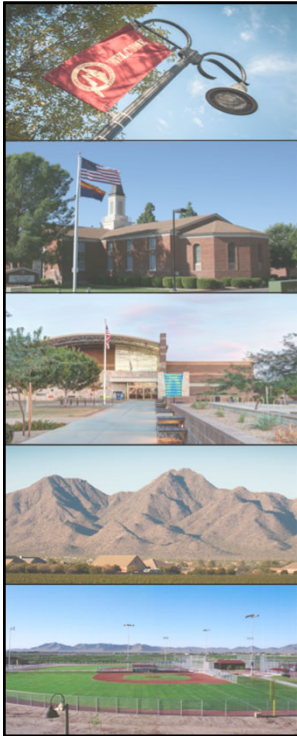


## TOWN CENTER FUND

- Dedicated 0.25% Sales Tax: \$0.7M
- Implement Town Center Master Plan
  - Drainage Improvements
  - Transportation and Utilities Infrastructure (Budgeted Separately in Those Funds)

42

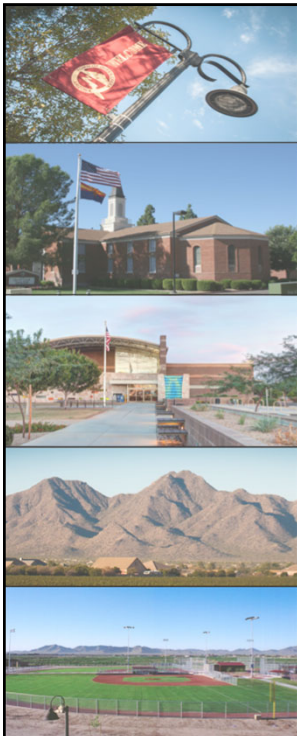




# HEALTHCARE FUND

- Self-Funded
- Revenues: \$4.6M
  - No Change to Employer Premiums
  - No Change to Employee Premiums
- Healthcare Claims/Costs: \$4.6M
- Objective to build reserves to offset future premium increases

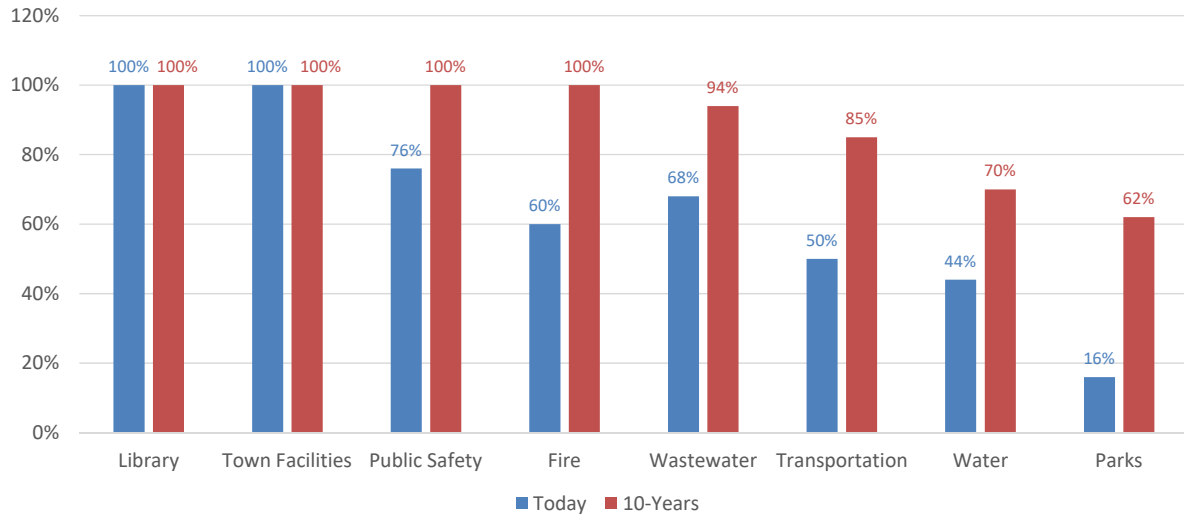
43



# *INFRASTRUCTURE BUDGETS*

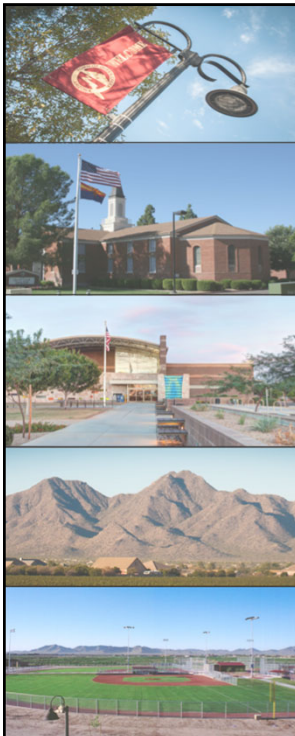
44

## TOWN INFRASTRUCTURE % COMPLETE TODAY VS FUTURE 10-YEARS



45

Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)

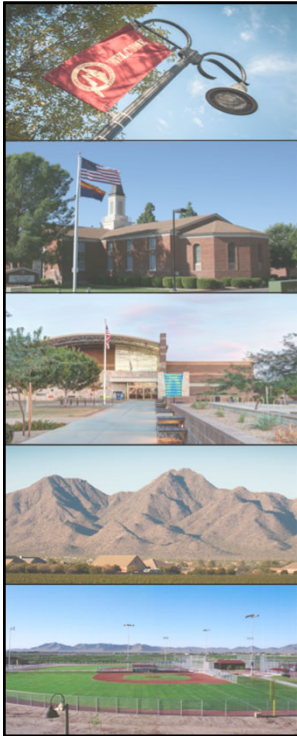


## INFRASTRUCTURE SUMMARY

	Projects Under Contract	Previously Approved Projects	New Projects	Total FY 20-21 Budget
Transportation	\$23.4	\$13.2	\$58.9	\$95.5
Water	\$8.2	\$22.3	\$13.2	\$43.7
Wastewater	\$10.0	\$19.0	\$9.1	\$38.1
Water Rights	\$ -	\$ -	\$60.0	\$60.0
Fire	\$4.5	\$1.1	\$21.4	\$27.0
Police	\$0.7	\$ -	\$1.8	\$2.5
Parks and Trails	\$1.8	\$0.3	\$9.1	\$11.2
Municipal Facilities	\$0.1	\$0.6	\$ -	\$0.7
Contingencies	\$ -	\$ -	\$12.5	\$12.5
<b>Total Infrastructure</b>	<b>\$48.7</b>	<b>\$56.5</b>	<b>\$186.0</b>	<b>\$291.2</b>

46





# STREET INFRASTRUCTURE

- Re-Balanced 10-Year Capital Plan
  - Prior IIP Amount: \$195M
  - Total CIP Amount: \$286M (+\$91M)
  - Reasons for the Change
    1. IIP Cost Updates: \$64M
    2. New Projects: \$7M
    3. Outside QC Projects: \$20M

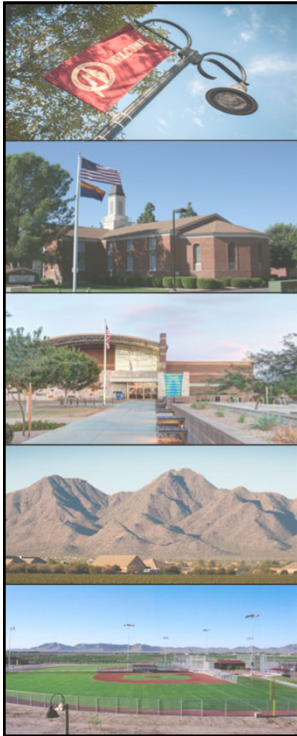
Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)

## NEW STREETS FINANCING (CONCLUDED)

Growth (Impact Fee) and Non-Growth (Operating Budget) Allocation

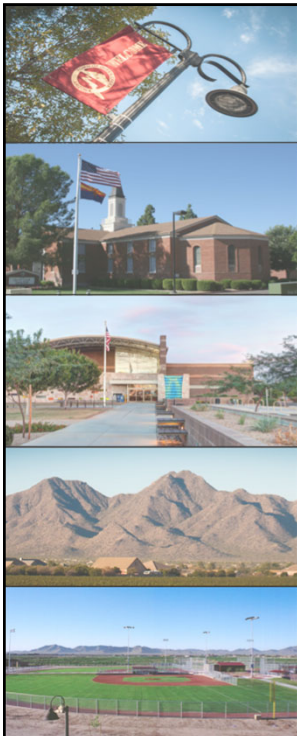
Purpose	Total (Amount / Annual Payment)	Impact Fees (Amount / Annual Payment)	Construction Sales Tax (Amount / Annual Payment)	Operating Budget (Amount / Annual Payment)
Streets – IIP	\$40M / \$2.2M	\$7M / \$0.3M	\$5M / \$0.3M	\$28M / \$1.6M
Streets – New *	\$7M / \$0.4M	\$ - / \$ -	\$ - / \$ -	\$7M / \$0.4M
Streets – Outside Town *	<u>\$20M / \$0.9M</u>	<u>\$ - / \$ -</u>	<u>\$ - / \$ -</u>	<u>\$20M / \$0.9M</u>
<b>Total</b>	<b>\$67M / \$3.5M</b>	<b>\$7M / \$0.3M</b>	<b>\$5M / \$0.3M</b>	<b>\$55M / \$2.9M</b>

\*Projects included in the Towns' Capital Improvement Plan but not included in the Infrastructure Improvement Plan for Impact Fees



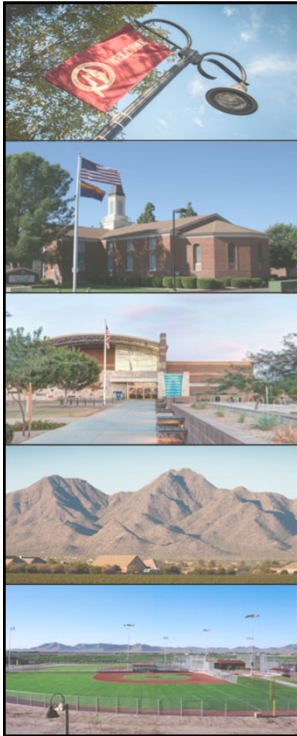
# WATER INFRASTRUCTURE

- Re-Balanced 10-Year Capital Plan
  - Prior Amount: \$105.8M
  - New Amount: \$135.7M (+\$29.9M)
  - Reasons for the Change
    1. Costs Increases: \$16.2M
    2. New Projects: \$10.6M
    3. Encanterra Water Exchange Project (from Sewer): \$8.9M
    4. Projects Reduced / Removed from Plan: (\$5.8M)



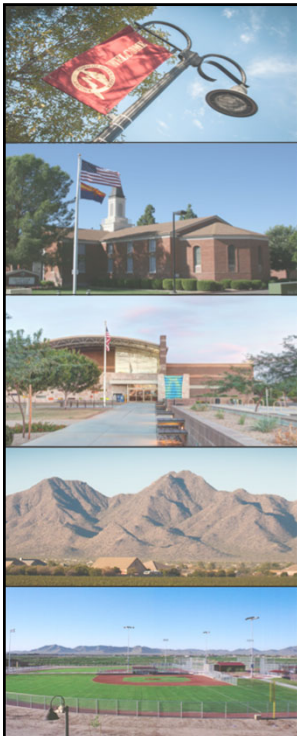
# WASTEWATER INFRASTRUCTURE

- Re-Balanced 10-Year Capital Plan
  - Prior Amount: \$67.4M
  - New Amount: \$72.5M (+\$5.1M)
  - Reasons for the Change
    1. Costs Increases: \$3.0M
    2. New Projects: \$16.4M
    3. Encanterra Water Exchange Project (to Water): (\$8.9M)
    4. Projects Reduced / Removed from Plan: (\$5.4M)



# FIRE

- Fire: \$28.0M
  1. Station #4 (New): \$6.4M (under construction)
  2. Station #5 (New): \$8.7M (in design)
  3. Station #2 (Reconstruct): \$7.9M (in design)
  4. Resource Center (New): \$5.0M (pre-design)



# PARKS AND TRAILS INFRASTRUCTURE: \$11.2M

- Trails \$2.6M
  - \$0.4M Sonoqui Wash design, 2 segments(Carry forward from FY 19-20)
  - \$2.2M Sonoqui Wash construction, 2 segments(New budget for FY20-21)
- Parks \$8.6M
  - \$1.6M East Park Design for Site/Drainage, design to 60% (Carry forward from FY 19-20)
  - \$7.0M East Park Site Drainage(New budget for FY 20-21)



# DEBT BUDGETS

## OUTSTANDING BONDED DEBT<sup>(1)</sup>

Purpose	Outstanding Amount 6/30/20	% of Total	Proposed 2020 Issue	Total Outstanding Amount	% of Total <sup>(2)</sup>
Transportation	\$88.3M	74%	\$67M	\$155.3M	73%
Fire	\$6.4M	5%	\$28M	\$34.4M	16%
Law Enforcement	\$1.8M	2%	-	\$1.8M	1%
Library	\$5.0M	4%	-	\$5.0M	2%
Town Buildings	\$4.7M	4%	-	\$4.7M	2%
Parks	\$3.8M	3%	-	\$3.8M	2%
HPEC	\$4.8M	4%	-	\$4.8M	2%
Recreation Annex	\$4.3M	4%	-	\$4.3M	2%
<b>TOTAL</b>	<b>\$119.1M</b>	<b>100%</b>	<b>\$95M</b>	<b>\$214.1M</b>	<b>100%</b>

(1) Excludes Water, Wastewater, and Non-Town Improvement District Debt.

NOTE: 90% of outstanding debt will be for Transportation, Fire, and Law Enforcement.

## ANNUAL BOND DEBT PAYMENT\*

Funding Source	Current Payment	2021 Payment	Total Annual Payment
Operating Budget	\$4.8M	\$1.7M	\$6.5M
Dedicated Transportation Sales Tax	\$1.3M	\$0.1M	\$1.4M
Town Center Sales Tax	\$0.3M	-	\$0.3M
Transportation Impact Fees	\$0.6M	\$0.2M	\$0.8M
Fire Impact Fees	\$0.5M	\$0.3M	\$0.8M
Law Enforcement Impact Fees	\$0.1M	-	\$0.1M
Library Impact Fees	\$0.2M	-	\$0.2M
Town Building Impact Fees	\$0.3M	-	\$0.3M
Parks Impact Fees	<u>\$0.5M</u>	-	<u>\$0.5M</u>
<b>TOTAL</b>	<b>\$8.6M</b>	<b>\$2.3M</b>	<b>\$10.9M</b>

\*Excludes Water, Wastewater, and Non-Town Improvement District Debt

55

## OPERATING BUDGET PAYMENT

Purpose	Current Payment	2021 Payment	Total Annual Payment
Transportation	\$3.4M	\$1.3M	\$4.7M
Fire	-	\$0.4M	\$0.4M
Library	\$0.3M	-	\$0.3M
Town Buildings	\$0.3M	-	\$0.3M
HPEC	\$0.3M	-	\$0.3M
Parks	\$0.2M	-	\$0.2M
Recreation	<u>\$0.3M</u>	-	<u>\$0.3M</u>
<b>TOTAL</b>	<b>\$4.8M</b>	<b>\$1.7M</b>	<b>\$6.5M</b>

56

Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)

## OUTSTANDING BONDED DEBT - UTILITIES

Purpose	Outstanding Amount 6/30/20	% of Total	Proposed 20-21 Issue	Total Outstanding Amount	% of Total
Water – Company Acquisitions	\$53.2M	47%	\$ -	\$ 53.2M	20%
Water – Water Resources	\$56.2M	50%	\$60M	\$116.2M	45%
Water – CIP	-	-	\$50M	\$50.0M	19%
Wastewater – GWRP Buy-in	\$ 2.9M	3%	-	\$ 2.9M	1%
Wastewater – CIP	---	---	<u>\$40M</u>	<u>\$40.0M</u>	<u>15%</u>
<b>TOTAL</b>	<b>\$112.3M</b>	<b>100%</b>	<b>\$150M</b>	<b>\$262.3M</b>	<b>100%</b>

57

## ANNUAL DEBT SERVICE - UTILITIES

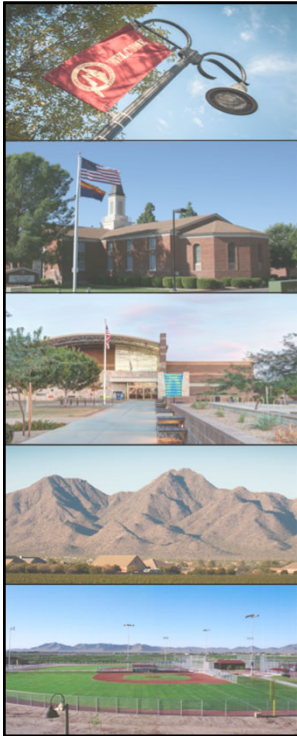
Purpose	Annual Payment FY19- 20	Annual Payment After New Debt Issues <sup>(1)</sup>
Water – Company Acquisitions	\$5.7M	\$4.3M
Water – Water Resources	\$0.8M	\$2.7M
Water – CIP	\$ -	\$3.5M
Wastewater – GWRP Buy-in	\$ 0.4M	\$0.4M
Wastewater – CIP	<u>\$---</u>	<u>\$2.3M</u>
<b>TOTAL</b>	<b>\$6.9M</b>	<b>\$13.2M</b>

(1) Timing of debt service payments for new debt issues will likely begin in FY 21-22.

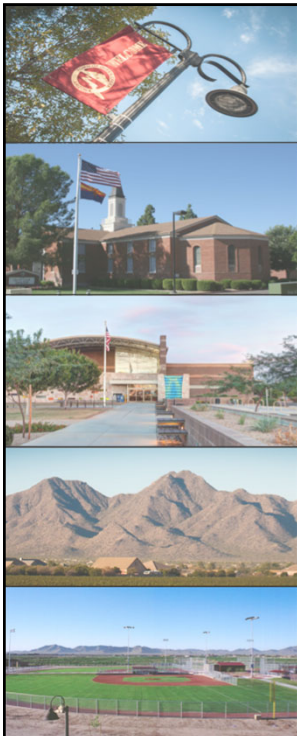
58

Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)



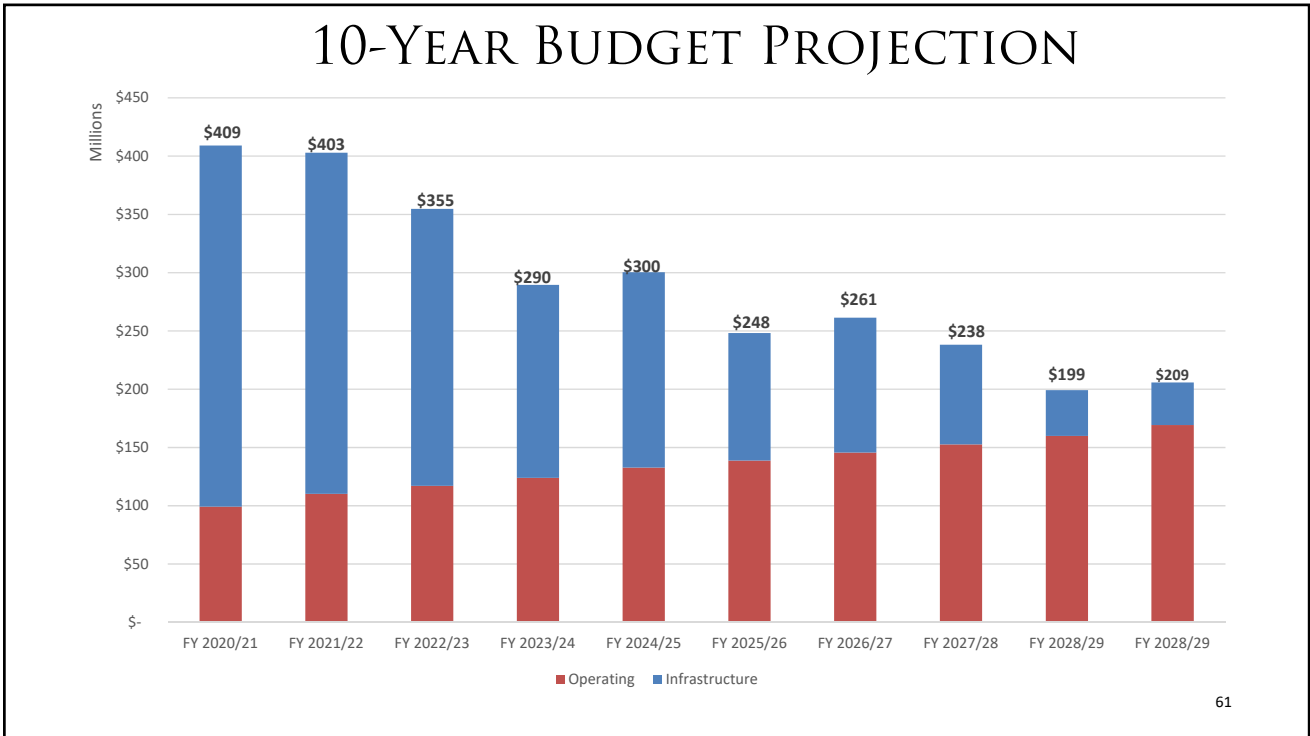


# CONTINGENCIES

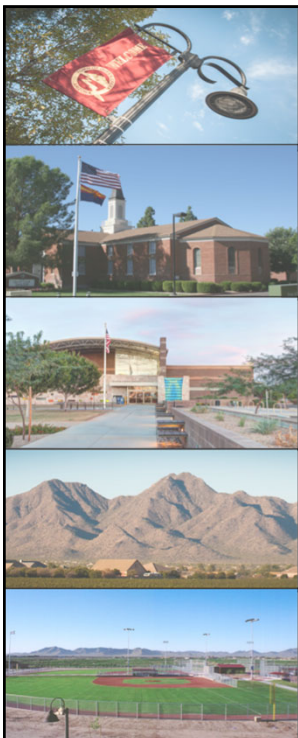


# INFRASTRUCTURE CARRY FORWARD/CONTINGENCIES

Purpose	Description	Amount
1. Projects Under Contract	Carryforward of approved contracts into FY 20-21	\$48.7M
2. Project Budgets Approved – Not yet under Contract	Expenditure authority for projects approved in FY 19-20 but not under contract by end of fiscal year	\$56.5M
3. Unanticipated Expenses	Expenditure authority for private development partnerships, new projects, or emergency needs	<u>\$12.5M</u>
	<b>Total CIP Contingency</b>	\$117.7
4. Police Services Contingency	Expenditure authority for additional Police Department start-up costs	\$4.5M
	<b>Total FY 20-21 Contingency</b>	<b><u>\$122.2M</u></b>

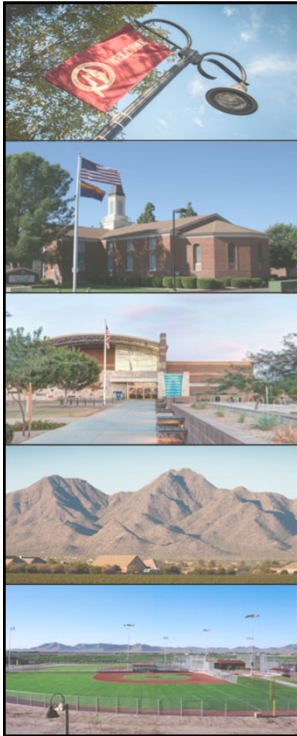


Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)



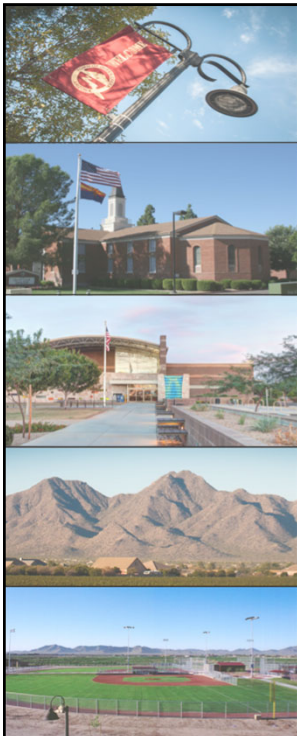
## *BUDGET ADOPTION CALENDAR*

62

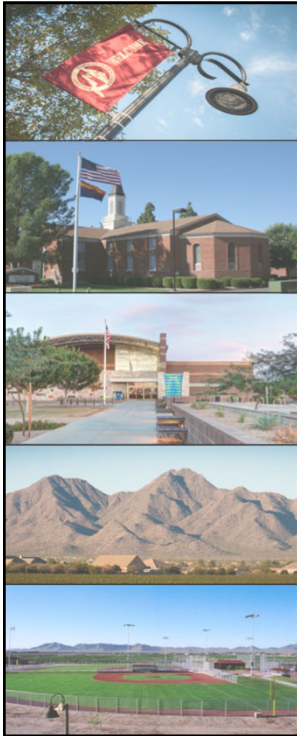


# KEY BUDGET DATES

Date	Item
May 11	Budget Committee Meeting
June 3	Tentative Budget Approval
June 17	Truth in Taxation Hearing (Property Tax) Final Budget Hearing – Budget Adoption
July 15	Property Tax Levy Adoption <ul style="list-style-type: none"> <li>• Primary Property Tax</li> <li>• SLIC Levy Adoption</li> </ul>

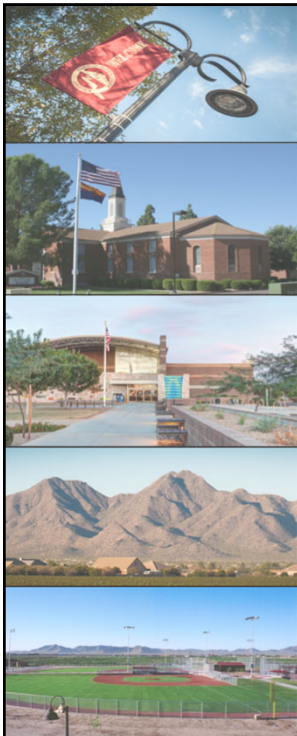


# *POLICY ISSUES*



# PENSION FUNDING POLICY

1. Fire (Fully Funded)
  - \$1.5M Unfunded Liability Paid off in FY 2014/15
  - Annual Savings: \$140K
2. MCSO (Fully Funded)
  - Internal Reserve Amount: \$18.6M
  - Annual Savings: \$1.7M
3. ASRS (Partially Funded)
  - Internal Reserves Amount: \$9.5M (\$19.9M needed)
  - Annual Savings: \$254K



# RECOMMENDED FINANCIAL POLICY CHANGES

1. Create a Police Services Reserve
  - Year-End Excess of Revenues Over Expenses in the Operating Budget in FY 19-20 up to \$4.5M
  - This Reserve Will Be Used to Fund Start-Up Expenses related to the Police Department above what is already included in the FY 20-21 Budget, only as needed and only with Town Council Approval



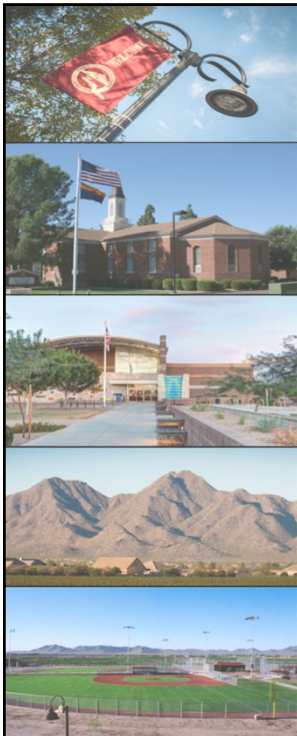
## RECOMMENDED FINANCIAL POLICY CHANGES

### 2. Create a COVID-19 Reserve

- Year-End Excess of Revenues Over Expenses in the Operating Budget in FY 19-20 after Police Services Reserve Will Be Used to Create a COVID-19 Reserve
- This Reserve Will Be Used to Mitigate Revenue Losses

67

Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)



## RECOMMENDED FINANCIAL POLICY CHANGES (CONTINUED)

### 3. Clarification Regarding How Pension Liabilities are Funded and Establish Debt Reserves

- Year-End Excess of Revenues Over Expenses Will be Used to Fund Pension Reserves in the Following Order:
  1. Fire
  2. Police
  3. All Other Employees
- Once Pension Reserves Fully Funded, then Debt Reserves Accumulated

68

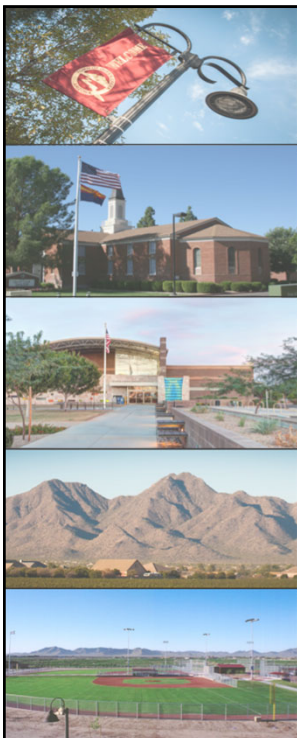




## RECOMMENDED FINANCIAL POLICY CHANGES (CONTINUED)

### 4. The Following Reports Will be Adopted by the Town Council

- Impact Fees (annually)
- Capacity Fees (annually)
- Impact Fee Audit (every two years)



## RECOMMENDED FINANCIAL POLICY CHANGES (CONCLUDED)

### 5. Budgets for projects already underway will automatically roll forward into the next year

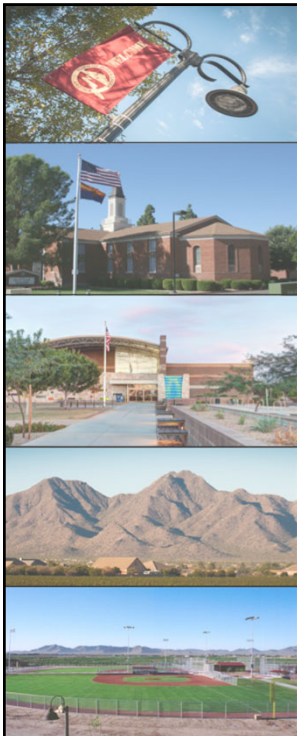
- Formal Town Council approval not required to move funds from “contingency” into individual projects at the beginning of a fiscal year





# PROPERTY TAXES

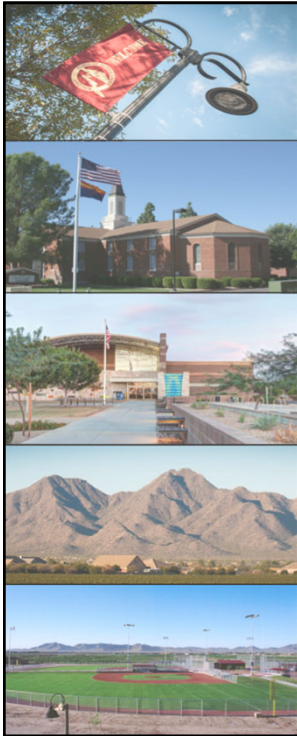
71



## FY 20-21 ASSESSED VALUE INCREASE

	Assessed Value	% Change
FY 19-20	\$427.9M	
FY 20-21 Increases:		
Existing Property	\$29.1M	+6%
Annexed Property	\$45.8M	+11%
New Construction	<u>\$32.9M</u>	+8%
<b>FY 20-21 Increase</b>	<b>\$107.8M</b>	
<b>FY 20-21</b>	<b>\$535.7M</b>	<b>+25%</b>

72

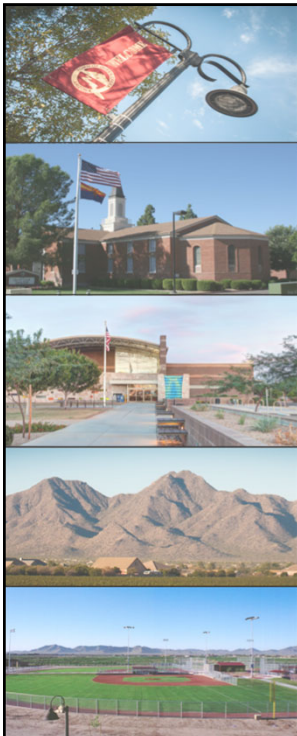


# PROPERTY TAX FORMULA

<p>Assessed Value (AV)</p> <p><b>\$536M</b></p> <p>Maricopa / Pinal County</p>	<p><b>X</b></p>	<p>Levy Rate (per \$100 AV)</p> <p><b>\$1.95</b></p>	<p><b>=</b></p>	<p>Annual Revenues</p> <p><b>\$10.4M</b></p> <p>Town Council</p>
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73

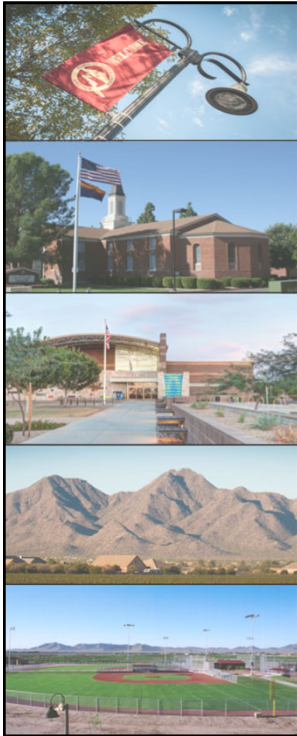
Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)



# DISCUSS FINANCIAL IMPACTS

1. Aggregate Impact
2. Individual Parcel Impacts

74



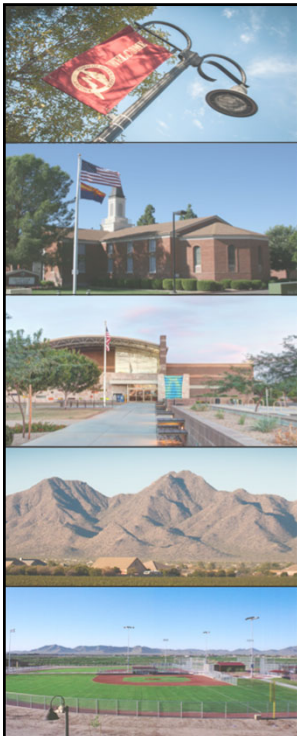
# AGGREGATE IMPACT

## Three Options

- Option A: Same Revenue as Current Year (\$8.3M)
  - \$2.1M Less than the Maximum
- Option B: Same Revenue as Current Year Plus New Construction (\$9.8M) (including Encanterra)
  - \$0.6M Less than the Maximum
- Option C: Maximum Revenue (\$10.4M)
  - \$2.1M Increase Over Current Year
    - \$1.5M Increase From New Construction (including Encanterra)
    - \$0.6M Increase From Existing Properties

75

Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)



# INDIVIDUAL PARCEL IMPACT

- About 27K Parcels
- Property Taxes Paid by Each Parcel Could Increase, Decrease, or Have No Change from the Prior Year (See Next Slide)
  - The Individual Parcel Appreciation Increase is Limited by State Statute to 5% (Assuming Land Use Remains the Same)

76

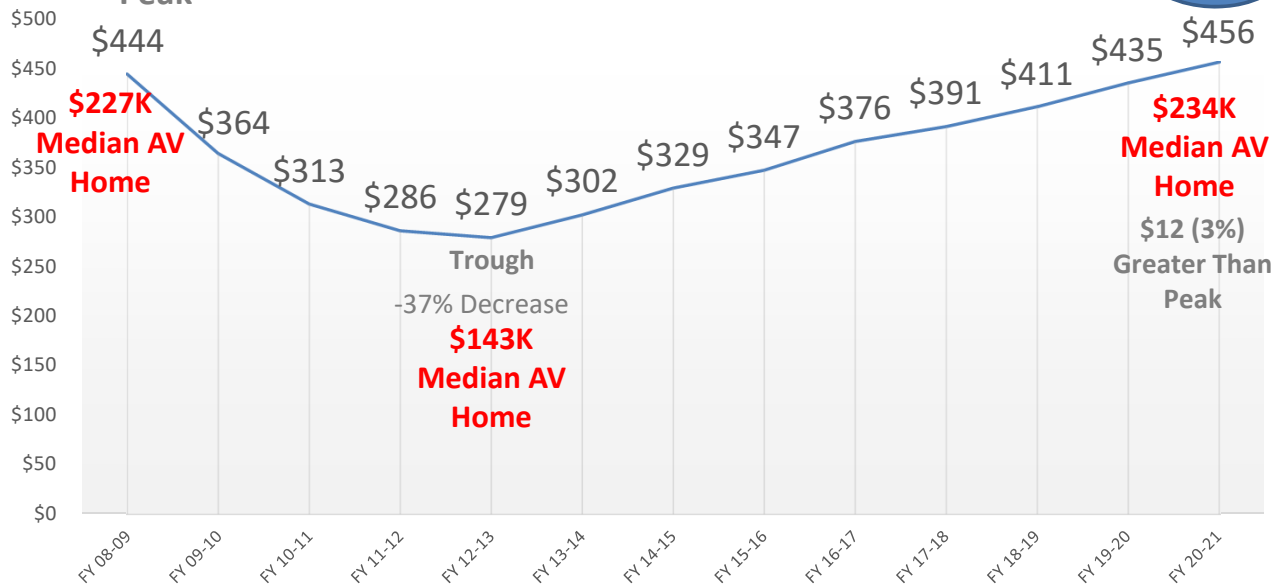
# INDIVIDUAL PARCEL IMPACT

(CONTINUED)

	~Median Home Value	Option A Same Revenue as FY 19-20 \$1.56 Levy	Option B Same Revenue as FY 19-20 (plus new construction only) \$1.83 Levy	Option C Maximum Revenue \$1.95 Levy
FY 19-20	\$223K			\$435
Scenarios:				
AV +5% ("Most Likely")	\$234K	\$365 (-\$70)	\$428 (-\$7)	\$456 (+\$21)
AV +7%	\$239K	\$373 (-\$62)	\$437 (+\$2)	\$466 (+\$31)

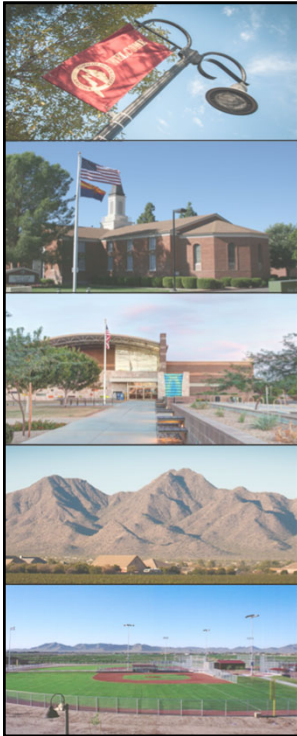
77

## QC PROPERTY TAX PAID ON A MEDIAN VALUE HOME



78

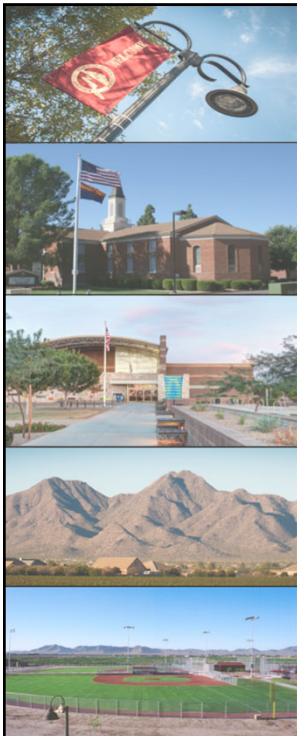
Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)



# PROPOSED MOTION

Move to Approve the FY 2020/21 Tentative Budget of \$409.1M and Set June 17, 2020 as the date of the Public Hearing for the FY 2020/21 Final Budget and the Truth-in-Taxation Hearing as required under Arizona Revised Statutes

Attachment: Presentation entitled "FY 2020/21 Tentative Budget Adoption" (FY21 Tentative Budget)



# DISCUSSION AND QUESTIONS



## REDUCTIONS TO OPERATING BUDGET DUE TO COVID-19 = \$17.4M (21%)\*

Item	
Police Department – Adjust Timing of Expenses	\$4.5M
Personnel – No COLA, merits, or new employees except PD	\$1.8M
Restructure Debt Service on New Bond Issue	\$2.0M
Reduce Operating Contingencies	\$1.3M
Reduce 25% Reserves Funding	\$0.9M
Estimated Savings from MCSO Contract Credits	\$1.1M
Reduce Repair/Replacements and New Facilities	\$1.8M
Delay / Eliminate New Software, Vehicles, and Equipment	\$1.2M
Reduce Contract and Consulting Services	\$0.7M
Reduce Outside Agency Support	\$0.2M
Reduce Planned Streets Maintenance	\$1.4M
Misc. Operating Budget Reductions (Travel, Advertising, etc.)	<u>\$0.5M</u>
<b>Total</b>	<b><u>(\$17.4M)</u></b>

\* Compared to FY 20/21 Budget Released March 19th

81

## REDUCTIONS TO TOTAL BUDGET DUE TO COVID-19 = (\$27.7M) (6%)

Item	
Total Recommended Budget, 3/19/2020	\$436.8M
Operating Budget Expense Reductions (excludes Debt and Reserves Transfers)	(\$14.6M)
Water / Wastewater Operating Budget Reductions	(\$1.4M)
Capital Budget Reductions / Adjustments	(\$8.8M)
Debt Service Reductions by Restructuring New Debt	<u>(\$2.9M)</u>
<b>Total Reductions</b>	<b><u>(\$27.7M)</u></b>
Total Recommended Budget, 4/23/2020	<u>\$409.1M</u>

82



**TOWN OF QUEEN CREEK**  
**Summary Schedule of Estimated Revenues and Expenditures/Expenses**  
**Fiscal Year 2021**

Fiscal Year	S c h	FUNDS								
		General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Permanent Fund	Enterprise Funds Available	Internal Service Funds	Total All Funds	
2020	Adopted/Adjusted Budgeted Expenditures/Expenses*	E	27,876,916	37,333,021	10,384,436	133,650,457	0	239,313,987	4,160,101	452,718,918
2020	Actual Expenditures/Expenses**	E	27,876,917	35,176,480	10,384,436	37,978,484	0	96,762,204	4,160,101	212,338,622
2021	Fund Balance/Net Position at July 1***		45,395,642	12,504,319	2,064	129,985,448	0	(5,514,368)	310,906	182,684,011
2021	Primary Property Tax Levy	B	0	10,445,761	0	0				10,445,761
2021	Secondary Property Tax Levy	B	0	0	0	0				0
2021	Estimated Revenues Other than Property Taxes	C	40,864,277	26,273,256	1,736,651	13,433,922	0	190,747,231	4,611,515	277,666,852
2021	Other Financing Sources	D	0	0	0	0	0	0	0	0
2021	Other Financing (Uses)	D	0	0	0	0	0	0	0	0
2021	Interfund Transfers In	D	0	11,852,303	10,952,351	29,681,910	0	36,012,685	0	88,499,249
2021	Interfund Transfers (Out)	D	20,704,624	32,531,057	0	0	0	35,263,568	0	88,499,249
2021	Reduction for Amounts Not Available:									
2021	Total Financial Resources Available		65,555,295	28,544,582	12,691,066	173,101,280	0	185,981,980	4,922,421	470,796,624
2021	Budgeted Expenditures/Expenses	E	25,577,989	37,945,251	12,689,002	144,299,956	0	183,987,629	4,611,515	409,111,342

**EXPENDITURE LIMITATION COMPARISON**

Budgeted expenditures/expenses	
Add/subtract: estimated net reconciling items	
Budgeted expenditures/expenses adjusted for reconciling items	
Less: estimated exclusions	
Amount subject to the expenditure limitation	
EEC expenditure limitation	

	2020	2021
Budgeted expenditures/expenses	\$ 452,718,918	\$ 409,111,342
Budgeted expenditures/expenses adjusted for reconciling items	452,718,918	409,111,342
Amount subject to the expenditure limitation	\$ 452,718,918	\$ 409,111,342
EEC expenditure limitation	\$ 452,718,918	\$ 409,111,342

□

\* Includes Expenditure/Expense Adjustments Approved in the current year from Schedule E.  
 \*\* Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.  
 \*\*\* Amounts on this line represent Fund Balance/Net Position amounts except for amounts not in spendable form (e.g., prepaids and inventories) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).

Attachment: Required State Budget Forms (Schedules A-G) (FY21 Tentative Budget)

**TOWN OF QUEEN CREEK**  
**Tax Levy and Tax Rate Information**  
**Fiscal Year 2021**

	<u>2020</u>	<u>2021</u>
1. Maximum allowable primary property tax levy. A.R.S. §42-17051(A)	\$ <u>13,145,028</u>	\$ <u>15,716,317</u>
2. Amount received from primary property taxation in the <b>current year</b> in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18)	\$ <u>                    </u>	
3. Property tax levy amounts		
A. Primary property taxes	\$ <u>8,343,197</u>	\$ <u>10,445,761</u>
B. Secondary property taxes	<u>0</u>	<u>0</u>
C. Total property tax levy amounts	\$ <u>8,343,197</u>	\$ <u>10,445,761</u>
4. Property taxes collected*		
A. Primary property taxes		
(1) <b>Current</b> year's levy	\$ <u>8,343,197</u>	
(2) Prior years' levies	<u>93,224</u>	
(3) Total primary property taxes	\$ <u>8,436,421</u>	
B. Secondary property taxes		
(1) <b>Current</b> year's levy	\$ <u>0</u>	
(2) Prior years' levies	<u>0</u>	
(3) Total secondary property taxes	\$ <u>0</u>	
C. Total property taxes collected	\$ <u>8,436,421</u>	
5. Property tax rates		
A. City/Town tax rate		
(1) Primary property tax rate	<u>1.9500</u>	<u>1.9500</u>
(2) Secondary property tax rate	<u>                    </u>	<u>                    </u>
(3) Total city/town tax rate	<u>1.9500</u>	<u>1.9500</u>
B. Special assessment district tax rates		
Secondary property tax rates - As of the date the proposed budget was prepared, the city/town was operating <u>102</u> special assessment districts for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact the city/town.		

\* Includes actual property taxes collected as of the date the proposed budget was prepared, plus estimated property tax collections for the remainder of the fiscal year.

Attachment: Required State Budget Forms (Schedules A-G) (FY21 Tentative Budget)

**TOWN OF QUEEN CREEK**  
**Revenues Other Than Property Taxes**  
**Fiscal Year 2021**

SOURCE OF REVENUES	ESTIMATED REVENUES 2020	ACTUAL REVENUES* 2020	ESTIMATED REVENUES 2021
<b>GENERAL FUND</b>			
<b>Local taxes</b>			
City Sales Tax	\$ 21,335,300	\$ 22,073,300	\$ 16,692,324
Construction Sales Tax	4,888,900	7,920,000	4,134,393
<b>Licenses and permits</b>			
Business Licenses	89,100	89,100	75,000
Liquor License	10,200	10,200	10,500
Building Revenue	5,398,400	6,093,700	4,545,000
<b>Intergovernmental</b>			
State Sales Tax	4,490,100	4,378,658	5,011,800
Urban Revenue Sharing	5,510,900	5,496,252	7,200,700
<b>Charges for services</b>			
Recreation User Fees	545,600	660,600	327,842
<b>Interest on investments</b>			
Interest Income	266,800	426,800	472,000
<b>Miscellaneous</b>			
Telecommunications	157,600	157,600	160,000
Building Lease Revenue	57,800	57,800	-
Gas Franchises	110,900	110,900	115,000
Cable Licenses	323,600	323,600	330,000
Miscellaneous	103,500	103,500	103,500
Departmental Support Revenue	1,682,480	1,682,480	1,686,218
<b>Total General Fund</b>	<b>\$ 44,971,180</b>	<b>\$ 49,584,490</b>	<b>\$ 40,864,277</b>
<b>SPECIAL REVENUE FUNDS</b>			
<b>Highway User Revenue Fund</b>			
Highway Users Revenue	\$ 2,542,900	\$ 3,011,676	\$ 2,725,200
Pinal County Taxes	23,600	23,600	23,600
Vehicle License Tax	1,804,700	1,894,479	2,186,800
Interest Income	-	-	-
<b>Total Highway User Revenue Fund</b>	<b>\$ 4,371,200</b>	<b>\$ 4,929,755</b>	<b>\$ 4,935,600</b>
<b>Municipal Town Center Fund</b>			
City Sales Tax	\$ 1,005,830	\$ 1,005,830	\$ 669,998
Building Lease Revenue	-	-	80,650
Signage Revenue	20,000	20,000	13,200
Interest Income	21,000	21,000	6,500
<b>Total Municipal Town Center Fund</b>	<b>\$ 1,046,830</b>	<b>\$ 1,046,830</b>	<b>\$ 770,348</b>
<b>Construction Sales Tax Fund</b>			
2% Construction Sales Tax	\$ 4,888,900	\$ 7,920,000	\$ 4,134,393
<b>Total Construction Sales Tax Fund</b>	<b>\$ 4,888,900</b>	<b>\$ 7,920,000</b>	<b>\$ 4,134,393</b>
<b>Grants &amp; Contingency Fund</b>			
Grants	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Contingency	-	-	-
<b>Total Grants &amp; Contingency Fund</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>
<b>Parks Development Fund</b>			
Parks Development Fee	\$ 2,813,154	\$ 5,386,853	\$ 2,532,510
3rd Party Contributions	-	-	-
Interest Income	20,000	20,000	77,040
Miscellaneous	295,840	295,840	-

Attachment: Required State Budget Forms (Schedules A-G) (FY21 Tentative Budget)

**TOWN OF QUEEN CREEK**  
**Revenues Other Than Property Taxes**  
**Fiscal Year 2021**

SOURCE OF REVENUES	ESTIMATED REVENUES 2020	ACTUAL REVENUES* 2020	ESTIMATED REVENUES 2021
<b>Total Parks Development Fund</b>	\$ 3,128,994	\$ 5,702,693	\$ 2,609,550
<b>Town Buildings Fund</b>			
Town Building & Vehicle Development Fee	\$ 70,665	\$ 553,420	60,720
Interest Income	27,750	27,750	22,610
<b>Total Town Buildings Fund</b>	\$ 98,415	\$ 581,170	\$ 83,330
<b>Transportation Development Fee Fund</b>			
Transportation Development Impact Fee	\$ 2,121,906	\$ 2,432,715	1,975,820
Interest Income	0	0	
<b>Total Transportation Development Fee Fund</b>	\$ 2,121,906	\$ 2,432,715	\$ 1,975,820
<b>Library Development Fee Fund</b>			
Library Development Impact Fee	\$ 155,392	\$ 794,881	\$ 133,380
Interest Income	20,000	20,000	17,540
<b>Total Library Development Fee Fund</b>	\$ 175,392	\$ 814,881	\$ 150,920
<b>Public Safety Development Fee Fund</b>			
Public Safety Development Fees	\$ 172,936	\$ 431,672	\$ 506,020
Interest Income	-	-	2,380
<b>Total Public Safety Development Fee Fund</b>	\$ 172,936	\$ 431,672	\$ 508,400
<b>Emergency Services Fund</b>			
City Sales Tax	\$ 2,666,900	\$ 2,759,100	\$ 2,086,540
Construction Sales Tax	611,100	1,011,000	527,601
County Island Fire District	1,493,400	1,419,731	1,445,000
Fire Inspections	76,500	76,500	56,250
PSPRS Premium Tax Credit	102,000	137,080	144,000
ROI Utility Revenue	2,835,055	2,763,269	3,034,871
IGA - School District	65,300	65,300	155,000
Wildland Reimbursement	66,300	66,300	65,000
Building Lease Revenue			28,000
Miscellaneous	23,400	23,400	35,000
<b>Total Emergency Services Fund</b>	\$ 7,939,955	\$ 8,321,680	\$ 7,577,262
<b>Fire Development Fee Fund</b>			
Fire Development Fees	\$ 875,277	\$ 1,012,239	\$ 954,070
Interest Income			
<b>Total Fire Development Fee Fund</b>	\$ 875,277	\$ 1,012,239	\$ 954,070
<b>Streetlight Improvement Districts</b>			
Special Assessment	\$ 700,000	\$ 700,000	\$ 67,370
Interest Income	-	-	
<b>Total Streetlight Improvement Districts</b>	\$ 700,000	\$ 700,000	\$ 67,370
<b>Community Events Fund</b>			
Contributions/Donations	\$ 75,000	\$ 75,000	\$ 75,000
<b>Total Community Events Fund</b>	\$ 75,000	\$ 75,000	\$ 75,000
<b>Horseshoe Park &amp; Equestrian Center (HPEC) Fund</b>			
Park Revenues	\$ 757,500	\$ 757,500	\$ 431,193
<b>Total HPEC Fund</b>	\$ 757,500	\$ 757,500	\$ 431,193
<b>Total Special Revenue Funds</b>	\$ 28,352,305	\$ 36,726,135	\$ 26,273,256
<b>DEBT SERVICE FUNDS</b>			
<b>Special Assessment Fund</b>			
Property Assessments	\$ 1,735,235	\$ 1,735,235	\$ 1,736,651
Interest Income	-	-	
<b>Total Special Assessment Fund</b>	\$ 1,735,235	\$ 1,735,235	\$ 1,736,651

Attachment: Required State Budget Forms (Schedules A-G) (FY21 Tentative Budget)

**TOWN OF QUEEN CREEK**  
**Revenues Other Than Property Taxes**  
**Fiscal Year 2021**

SOURCE OF REVENUES	ESTIMATED REVENUES 2020	ACTUAL REVENUES* 2020	ESTIMATED REVENUES 2021
<b>Total Debt Service Funds</b>	\$ 1,735,235	\$ 1,735,235	\$ 1,736,651
<b>CAPITAL PROJECTS FUNDS</b>			
<b>Drainage &amp; Transportation Fund</b>			
Reimbursement from Government Agency	\$ 11,683,333	\$ 11,683,333	\$ 7,433,922
Other Funding	65,000,000	-	-
Bond/Loan Proceeds	25,000,000	90,000,000	-
<b>Total Drainage &amp; Transportation Fund</b>	<b>\$ 101,683,333</b>	<b>\$ 101,683,333</b>	<b>\$ 7,433,922</b>
<b>General CIP</b>			
Contributions from Outside Agencies	\$ -	\$ 1,805,393	\$ 6,000,000
<b>Total General CIP</b>	<b>\$ -</b>	<b>\$ 1,805,393</b>	<b>\$ 6,000,000</b>
<b>Total Capital Projects Funds</b>	<b>\$ 101,683,333</b>	<b>\$ 103,488,726</b>	<b>\$ 13,433,922</b>
<b>INTERNAL SERVICE FUNDS</b>			
<b>Healthcare Self-Insurance</b>			
Premiums	\$ 4,270,949	\$ 4,270,949	\$ 4,498,615
Stop Loss Reimbursement	150,000	150,000	100,000
Interest Income	10,000	10,000	12,900
<b>Total Healthcare Self-Insurance</b>	<b>\$ 4,430,949</b>	<b>\$ 4,430,949</b>	<b>\$ 4,611,515</b>
<b>ENTERPRISE FUNDS</b>			
<b>Sewer Utility Funds</b>			
User Fees	\$ 6,335,334	\$ 6,777,764	\$ 6,841,556
Miscellaneous	711,336	711,336	768,078
Bond/Loan Proceeds	-	-	40,000,000
Capacity Fee	2,632,192	4,604,041	1,863,540
Interest Income	283,900	283,900	86,000
<b>Total Sewer Utility</b>	<b>\$ 9,962,762</b>	<b>\$ 12,377,041</b>	<b>\$ 49,559,174</b>
<b>Water Fund</b>			
Water Revenues/User Fees	\$ 25,140,415	\$ 24,000,824	\$ 24,683,892
Capacity Fee	2,199,067	4,601,579	1,973,055
Miscellaneous	404,998	404,998	448,447
Interest Income	394,692	394,692	248,618
Other Funding	100,000,000	50,000,000	110,000,000
<b>Total Water Fund</b>	<b>\$ 128,139,172</b>	<b>\$ 79,402,093</b>	<b>\$ 137,354,012</b>
<b>Solid Waste Fund</b>			
User Fees	\$ 2,935,058	\$ 2,935,058	\$ 3,625,735
Recycling	21,000	21,000	21,000
Cart Fees	189,000	189,000	176,310
Interest Income	5,560	5,560	11,000
Miscellaneous	-	-	-
<b>Total Solid Waste</b>	<b>\$ 3,150,618</b>	<b>\$ 3,150,618</b>	<b>\$ 3,834,045</b>
<b>Total Enterprise Funds</b>	<b>\$ 141,252,552</b>	<b>\$ 94,929,752</b>	<b>\$ 190,747,231</b>
<b>TOTAL ALL FUNDS</b>	<b>\$ 322,425,554</b>	<b>\$ 290,895,287</b>	<b>\$ 277,666,852</b>

\* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

Attachment: Required State Budget Forms (Schedules A-G) (FY21 Tentative Budget)

**TOWN OF QUEEN CREEK**  
**Other Financing Sources/(Uses) and Interfund Transfers**  
**Fiscal Year 2021**

FUND	OTHER FINANCING 2021		INTERFUND TRANSFERS 2021	
	SOURCES	(USES)	IN	(OUT)
<b>GENERAL FUND</b>				
Debt Service	\$	\$	\$	\$ 5,539,621
Interfund Loan				
Infrastructure (CIP)				3,377,700
Emergency Services Fund				10,432,373
Horseshoe Park & Equestrian Center Fund				1,232,769
HURF				97,161
Community Events				25,000
<b>Total General Fund</b>	\$ -	\$ -	\$ -	\$ 20,704,624
<b>SPECIAL REVENUE FUNDS</b>				
Library Development Fee Fund	\$	\$	\$	\$ 232,910
Emergency Services Fund			10,432,373	360,000
Grants Fund				
Parks Development				4,978,457
Public Safety Development Fee Fund				1,893,637
Town Buildings & Vehicles Development Fee				286,957
Fire Development Fee Fund				10,204,296
Transportation Development Fund				6,903,453
Construction Sales Tax				6,714,416
Town Center				398,875
HURF			97,161	263,871
Community Events			90,000	
Horseshoe Park & Equestrian Center Fund			1,232,769	294,185
<b>Total Special Revenue Funds</b>	\$ -	\$ -	\$ 11,852,303	\$ 32,531,057
<b>DEBT SERVICE FUNDS</b>				
Special Assessment Fund	\$	\$	\$	\$
Debt Service			10,952,351	
<b>Total Debt Service Funds</b>	\$ -	\$ -	\$ 10,952,351	\$ -
<b>CAPITAL PROJECTS FUNDS</b>				
Transportation CIP	\$	\$	\$ 14,080,459	\$
General CIP			15,601,451	
<b>Total Capital Projects Funds</b>	\$ -	\$ -	\$ 29,681,910	\$ -
<b>ENTERPRISE FUNDS</b>				
Water Fund	\$	\$	\$ 749,117	\$ 15,238,796
Water Capacity				8,199,938
Water CIP			13,141,002	
Water Debt			10,297,732	
Sewer/Wastewater Fund				4,053,338
Sewer/Wastewater Capacity				7,771,496
Sewer/Wastewater CIP			9,152,918	
Sewer/Wastewater Debt			2,671,916	
<b>Total Enterprise Funds</b>	\$ -	\$ -	\$ 36,012,685	\$ 35,263,568
<b>TOTAL ALL FUNDS</b>	\$ -	\$ -	\$ 88,499,249	\$ 88,499,249

Attachment: Required State Budget Forms (Schedules A-G) (FY21 Tentative Budget)



**TOWN OF QUEEN CREEK  
Expenditures/Expenses by Fund  
Fiscal Year 2021**

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/EXPENSES	EXPENDITURE/EXPENSE ADJUSTMENTS APPROVED	ACTUAL EXPENDITURES/EXPENSES*	BUDGETED EXPENDITURES/EXPENSES
	2020	2020	2020	2021
<b>GENERAL FUND</b>				
Town Council	\$ 439,120	\$ -	\$ 439,120	\$ 439,120
Town Manager	1,098,102	-	1,098,102	1,168,570
Legal Services	465,000	-	465,000	465,000
Town Clerk	268,922	-	268,922	306,598
Finance	2,469,288	534,800	3,004,088	2,203,392
Workforce & Technology	4,082,656	171,053	4,253,709	4,364,109
Communications, Marketing & Recreation	2,419,059	169,225	2,588,284	2,212,438
Economic Development	902,931	-	902,931	790,833
Development Services	3,534,044	778	3,534,822	3,319,502
Public Works	6,887,374	874,573	7,761,947	7,714,677
Centralized Services	4,512,125	(952,134)	3,559,992	2,593,750
<b>Total General Fund</b>	<b>\$ 27,078,621</b>	<b>\$ 798,295</b>	<b>\$ 27,876,917</b>	<b>\$ 25,577,989</b>
<b>SPECIAL REVENUE FUNDS</b>				
<b>HURF</b>				
Public Works	\$ 5,651,257	\$ 50,612	\$ 5,701,869	\$ 4,768,890
<b>Municipal Town Center Fund</b>				
Economic Development	874,900	309,953	1,028,312	1,146,441
<b>Streetlight Improvement District</b>				
General Operations	700,000	-	700,000	181,600
<b>Grants &amp; Contingency Fund</b>				
General Operations	2,000,000	-	-	6,262,796
<b>Construction Sales Tax Fund</b>				
Capital	317,900	-	317,900	146,147
<b>Parks Development Fund</b>				
Comm, Marketing & Recreation	6,090,148	(1,539,538)	4,550,610	-
Carryforward Allowance	-	-	-	-
<b>Town Buildings &amp; Vehicles Fund</b>				
General Operations	-	-	-	-
<b>Transportation Development Fund</b>				
Public Works	-	-	-	-
<b>Library Development Fund</b>				
Comm, Marketing & Recreation	-	-	-	-
<b>Public Safety Development Fund</b>				
Emergency Management Services	-	19,568	19,568	-
<b>Fire Development Fund</b>				
Emergency Management Services	-	19,568	19,568	-
<b>Emergency Services Fund</b>				
Emergency Management Services	20,209,170	548,181	20,757,351	23,905,600
<b>Community Events Fund</b>				
Comm, Marketing & Recreation	165,000	-	165,000	165,000
<b>HPEC Fund</b>				
Economic Development	1,587,453	328,849	1,916,302	1,368,777
<b>LTAf</b>				
Public Works	-	-	-	-
<b>Total Special Revenue Funds</b>	<b>\$ 37,595,828</b>	<b>\$ (262,807)</b>	<b>\$ 35,176,480</b>	<b>\$ 37,945,251</b>
<b>DEBT SERVICE FUNDS</b>				
<b>Special Assessment Fund</b>				
General Operations	\$ 1,735,235	\$ 0	\$ 1,735,235	\$ 1,736,651
<b>Debt Service Fund</b>				
General Operations	9,894,201	(1,245,000)	8,649,201	10,952,351
<b>Total Debt Service Funds</b>	<b>\$ 11,629,436</b>	<b>\$ (1,245,000)</b>	<b>\$ 10,384,436</b>	<b>\$ 12,689,002</b>

Attachment: Required State Budget Forms (Schedules A-G) (FY21 Tentative Budget)

**TOWN OF QUEEN CREEK**  
**Expenditures/Expenses by Fund**  
**Fiscal Year 2021**

FUND/DEPARTMENT	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2020	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2020	ACTUAL EXPENDITURES/ EXPENSES* 2020	BUDGETED EXPENDITURES/ EXPENSES 2021
<b>CAPITAL PROJECTS FUNDS</b>				
<b>Drainage &amp; Transportation</b>				
Public Works	\$ 121,883,321	\$ (5,058,457)	\$ 116,824,864	\$ 100,359,623
Carryforward Allowance			(86,586,571)	
<b>General CIP -</b>				
General Operations	10,970,774	5,854,819	16,825,593	43,940,333
Carryforward Allowance			(9,085,402)	
<b>Total Capital Projects Funds</b>	<b>\$ 132,854,095</b>	<b>\$ 796,362</b>	<b>\$ 37,978,484</b>	<b>\$ 144,299,956</b>
<b>ENTERPRISE FUNDS</b>				
<b>Sewer/Wastewater Funds</b>				
Sewer Operating	\$ 4,200,650	\$ (252,592)	\$ 3,948,058	\$ 4,891,774
Sewer Capacity	-		-	-
Sewer Capital	38,559,409	(1,258)	38,558,151	40,594,713
Sewer Debt	392,700		392,700	392,100
Carryforward Allowance			(28,941,795)	-
<b>Subtotal Sewer/Wastewater</b>	<b>\$ 43,152,759</b>	<b>\$ (253,850)</b>	<b>\$ 13,957,114</b>	<b>\$ 45,878,587</b>
<b>Water Funds</b>				
Water Operating	72,543,299	2,658	72,545,957	82,353,030
Water Capacity	-		-	-
Water Capital	61,958,712	(2,658)	61,956,054	46,184,438
Water Debt	58,374,865		58,374,865	5,737,529
Carryforward Allowance			(113,609,988)	-
<b>Subtotal Water</b>	<b>\$ 192,876,876</b>	<b>\$ -</b>	<b>\$ 79,266,888</b>	<b>\$ 134,274,997</b>
<b>Solid Waste Fund</b>	<b>3,371,202</b>	<b>167,000</b>	<b>3,538,202</b>	<b>3,834,045</b>
<b>Total Enterprise Funds</b>	<b>\$ 239,400,837</b>	<b>\$ (86,850)</b>	<b>\$ 96,762,204</b>	<b>\$ 183,987,629</b>
<b>INTERNAL SERVICE FUNDS</b>				
<b>Healthcare / Self-Insurance Fund</b>				
Healthcare	\$ 4,160,101	\$ -	\$ 4,160,101	\$ 4,611,515
<b>Subtotal Healthcare</b>	<b>\$ 4,160,101</b>	<b>\$ -</b>	<b>\$ 4,160,101</b>	<b>\$ 4,611,515</b>
<b>Total Internal Service Funds</b>	<b>\$ 4,160,101</b>	<b>\$ -</b>	<b>\$ 4,160,101</b>	<b>\$ 4,611,515</b>
<b>TOTAL ALL FUNDS</b>	<b>\$ 452,718,918</b>	<b>\$ -</b>	<b>\$ 212,338,622</b>	<b>\$ 409,111,342</b>

\* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.

Attachment: Required State Budget Forms (Schedules A-G) (FY21 Tentative Budget)

**TOWN OF QUEEN CREEK**  
**Expenditures/Expenses by Department**  
**Fiscal Year 2021**

<b>DEPARTMENT/FUND</b>	<b>ADOPTED BUDGETED EXPENDITURES/ EXPENSES</b>	<b>EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED</b>	<b>ACTUAL EXPENDITURES/ EXPENSES*</b>	<b>BUDGETED EXPENDITURES/ EXPENSES</b>
	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2021</b>
<b>Town Council</b>				
General Fund	\$ 439,120	\$ -	\$ 439,120	\$ 439,120
<b>Town Council Total</b>	<u>\$ 439,120</u>	<u>\$ -</u>	<u>\$ 439,120</u>	<u>\$ 439,120</u>
<b>Town Manager</b>				
General Fund	\$ 1,098,102	\$ 0	\$ 1,098,102	\$ 1,168,570
<b>Town Manager Total</b>	<u>\$ 1,098,102</u>	<u>\$ 0</u>	<u>\$ 1,098,102</u>	<u>\$ 1,168,570</u>
<b>Legal Services</b>				
General Fund	\$ 465,000	\$ -	\$ 465,000	\$ 465,000
<b>Legal Services Total</b>	<u>\$ 465,000</u>	<u>\$ -</u>	<u>\$ 465,000</u>	<u>\$ 465,000</u>
<b>Town Clerk</b>				
General Fund	\$ 268,922	\$ -	\$ 268,922	\$ 306,598
<b>Town Clerk Total</b>	<u>\$ 268,922</u>	<u>\$ -</u>	<u>\$ 268,922</u>	<u>\$ 306,598</u>
<b>Finance</b>				
General Fund	\$ 2,469,288	\$ 534,800	\$ 3,004,088	\$ 2,203,392
<b>Finance Total</b>	<u>\$ 2,469,288</u>	<u>\$ 534,800</u>	<u>\$ 3,004,088</u>	<u>\$ 2,203,392</u>
<b>Communications, Marketing &amp; Recreation</b>				
General Fund	\$ 2,419,059	\$ 169,225	\$ 2,588,284	\$ 2,212,438
Parks Development Fund	6,090,148	(1,539,538)	4,550,610	0
Library Development Fund	0	0	0	0
Community Events Fund	165,000	-	165,000	165,000
<b>Communications, Marketing</b>	<u>\$ 8,674,207</u>	<u>\$ (1,370,313)</u>	<u>\$ 7,303,894</u>	<u>\$ 2,377,438</u>
<b>Development Services</b>				
General Fund	\$ 3,534,044	\$ 778	\$ 3,534,822	\$ 3,319,502
<b>Development Services Total</b>	<u>\$ 3,534,044</u>	<u>\$ 778</u>	<u>\$ 3,534,822</u>	<u>\$ 3,319,502</u>
<b>Public Works</b>				
General Fund	\$ 6,887,374	\$ 874,573	\$ 7,761,947	\$ 7,714,677
HURF	5,651,257	50,612	5,701,869	4,768,890
Solid Waste Fund	3,371,202	167,000	3,538,202	3,834,045
LTAf	-	-	-	-
Transportation Development Fund	0	0	0	-
Drainage & Transportation Fund	121,883,321	(5,058,457)	30,238,293	100,359,623
<b>Public Works Total</b>	<u>\$ 137,793,154</u>	<u>\$ (3,966,272)</u>	<u>\$ 47,240,311</u>	<u>\$ 116,677,235</u>
<b>Workforce &amp; Technology</b>				
General Fund	\$ 4,082,656	\$ 171,053	\$ 4,253,709	\$ 4,364,109
<b>Workforce &amp; Technology Total</b>	<u>\$ 4,082,656</u>	<u>\$ 171,053</u>	<u>\$ 4,253,709</u>	<u>\$ 4,364,109</u>
<b>Economic Development</b>				
General Fund	\$ 902,931	\$ 0	\$ 902,931	\$ 790,833
Municipal Town Center Fund	874,900	309,953	1,028,312	1,146,441
Horseshoe Park Fund	1,587,453	328,849	1,916,302	1,368,777
<b>Economic Development Total</b>	<u>\$ 3,365,284</u>	<u>\$ 638,802</u>	<u>\$ 3,847,545</u>	<u>\$ 3,306,051</u>

Attachment: Required State Budget Forms (Schedules A-G) (FY21 Tentative Budget)

**TOWN OF QUEEN CREEK**  
**Expenditures/Expenses by Department**  
**Fiscal Year 2021**

DEPARTMENT/FUND	ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2020	EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2020	ACTUAL EXPENDITURES/ EXPENSES* 2020	BUDGETED EXPENDITURES/ EXPENSES 2021
<b>Emergency Management Services (EMS)</b>				
Emergency Services Fund	\$ 20,209,170	\$ 548,181	\$ 20,757,351	\$ 23,905,600
Public Safety Development Fund	-	19,568	19,568	-
Fire Development Fund	-	19,568	19,568	-
<b>EMS Total</b>	<b>\$ 20,209,170</b>	<b>\$ 587,317</b>	<b>\$ 20,796,487</b>	<b>\$ 23,905,600</b>
<b>Utilities Department</b>				
Sewer Utility Fund	\$ 4,200,650	\$ (252,592)	\$ 3,948,058	\$ 4,891,774
Sewer Capacity Fund	-	0	0	-
Sewer Capital Fund	38,559,409	(1,258)	38,558,151	40,594,713
Sewer Debt Fund	392,700	-	392,700	392,100
Carryforward Allowance			(28,941,795)	
Water Operating Fund	72,543,299	2,658	72,545,957	82,353,030
Water Capacity Fund	-	0	0	-
Water Capital Fund	61,958,712	(2,658)	61,956,054	46,184,438
Water Debt Fund	58,374,865	-	58,374,865	5,737,529
Carryforward Allowance			(113,609,988)	
<b>Utilities Department Total</b>	<b>\$ 236,029,635</b>	<b>\$ (253,850)</b>	<b>\$ 93,224,002</b>	<b>\$ 180,153,584</b>
<b>Centralized Services/General Operations</b>				
General Fund	\$ 4,512,125	\$ (952,134)	\$ 3,559,992	\$ 2,593,750
General CIP	10,970,774	5,854,819	7,740,191	43,940,333
Construction Sales Tax	317,900	0	317,900	146,147
Town Buildings & Vehicle Develop	-	0	0	-
Grants & Contingency Fund	2,000,000	-	0	6,262,796
Streetlight Improvement Districts	700,000	-	700,000	181,600
Special Assessments Fund	1,735,235	0	1,735,235	1,736,651
Debt Service Fund	9,894,201	(1,245,000)	8,649,201	10,952,351
Healthcare / Self-Insurance	4,160,101	-	4,160,101	4,611,515
<b>Centralized Services/General Operations Total</b>	<b>\$ 34,290,336</b>	<b>\$ 3,657,685</b>	<b>\$ 26,862,620</b>	<b>\$ 70,425,143</b>
<b>Total All Departments</b>	<b>\$ 452,718,918</b>	<b>\$ -</b>	<b>\$ 212,338,622</b>	<b>\$ 409,111,342</b>

Attachment: Required State Budget Forms (Schedules A-G) (FY21 Tentative Budget)

**TOWN OF QUEEN CREEK  
Full-Time Employees and Personnel Compensation  
Fiscal Year 2021**

<b>FUND</b>	<b>Full-Time Equivalent (FTE)</b>	<b>Employee Salaries and Hourly Costs</b>	<b>Retirement Costs</b>	<b>Healthcare Costs</b>	<b>Other Benefit Costs</b>	<b>Total Estimated Personnel Compensation</b>
	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
<b>GENERAL FUND</b>						
Town Council	7.00	\$ 205,094	\$ -	\$ 69,765	\$ 46,361	= \$ 321,220
Town Manager	6.00	846,569	107,105	68,174	93,922	= 1,115,770
Town Clerk	2.00	161,354	19,351	21,232	14,431	= 216,368
Finance	18.18	1,437,890	174,219	124,883	125,550	= 1,862,542
Communications, Marketing & Rec	22.06	1,301,478	130,975	80,155	130,485	= 1,643,093
Development Services	26.60	2,214,613	265,887	279,157	240,575	= 3,000,232
Public Works	48.43	2,999,058	353,116	464,607	339,765	= 4,156,546
Workforce & Technology	15.40	1,393,855	169,761	186,750	123,858	= 1,874,224
Economic Development	4.10	442,130	54,342	41,699	40,392	= 578,563
Non-Departmental		-				= -
<b>Total General Fund</b>	<b>149.77</b>	<b>\$ 11,002,041</b>	<b>\$ 1,274,756</b>	<b>\$ 1,336,422</b>	<b>\$ 1,155,339</b>	<b>= \$ 14,768,558</b>
<b>SPECIAL REVENUE FUNDS</b>						
Emergency Services	84.00	\$ 7,913,001	\$ 1,489,179	\$ 1,082,197	\$ 973,512	= \$ 11,457,889
HPEC	7.00	513,206	59,072	56,456	67,461	= 696,195
HURF	18.00	1,127,277	125,304	184,385	132,894	= 1,569,860
<b>Total Special Revenue Funds</b>	<b>109.00</b>	<b>\$ 9,553,484</b>	<b>\$ 1,673,555</b>	<b>\$ 1,323,038</b>	<b>\$ 1,173,867</b>	<b>= \$ 13,723,944</b>
<b>Capital Funds</b>						
Drainage & Transportation	7.40	\$ 608,447	\$ 72,836	\$ 61,418	\$ 64,439	= \$ 807,140
<b>ENTERPRISE FUNDS</b>						
Sewer Utility Fund	6.50	\$ 462,965	\$ 53,273	\$ 74,724	\$ 57,263	= \$ 648,225
Water Fund	66.75	4,667,714	539,582	649,950	520,524	= 6,377,770
Solid Waste Fund	5.05	354,525	42,824	56,340	34,780	= 488,469
<b>Total Enterprise Funds</b>	<b>78.30</b>	<b>\$ 5,485,204</b>	<b>\$ 635,679</b>	<b>\$ 781,014</b>	<b>\$ 612,567</b>	<b>= \$ 7,514,464</b>
<b>TOTAL ALL FUNDS</b>	<b>344.47</b>	<b>\$ 26,649,176</b>	<b>\$ 3,656,826</b>	<b>\$ 3,501,892</b>	<b>\$ 3,006,212</b>	<b>= \$ 36,814,106</b>

Attachment: Required State Budget Forms (Schedules A-G) (FY21 Tentative Budget)



**TO:** HONORABLE MAYOR AND TOWN COUNCIL

**THROUGH:** JOHN KROSS, TOWN MANAGER, ICMA-CM

**FROM:** SCOTT MCCARTY, FINANCE DIRECTOR

**RE:** FY 20-21 BUDGET COMMITTEE FOLLOW-UP MEMO

**DATE:** May 26, 2020

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During budget briefings with the Town Council, as well as during the Budget Committee Meeting on May 11, several questions and comments were raised regarding the FY 20-21 Town Manager's Recommended Budget. This memo is intended to address those items for the benefit of the full Town Council.

**1. Will landlords re-lease properties as soon as possible as a tenant leaves?**

Yes, based on our discussions with property owners, we believe landlords will re-lease space as soon as possible as tenants leave or do not re-open.

**2. Regarding the library site for which we have issued an RFP, do we know if the prospect is moving forward?**

Work continues on the Development Agreement for the Town owned land west of the Library and Community. The prospect is still interested in proceeding on their proposal at this time. Title reports for the site have been ordered. The site is zoned Downtown Core and the project will incorporate the reduced setbacks and shared parking model that the zoning allows. The prospect has ordered their own appraisal and staff is waiting for that information. The prospect continues to work with the private property owners along Ocotillo. We have not had any recent updates on the progress of negotiations between the prospect and the property owners. Staff met with the developer on May 20<sup>th</sup> to discuss their appraisal. An update will be provided to the Town Council at a future meeting.

**3. Can we eliminate the dues for Conference of Mayors?**

Yes. Annual dues paid based our population size is \$5,269 for FY20/21 and has been eliminated from the budget.

**4. Do we have flexibility to do a one-time compensation increase for staff if the economy improves?**

Yes, this is an option. This could be accomplished during the fiscal year if the finances allow.



**5. What are the Building Maintenance Costs tied to the Chamber of Commerce and Gangplank?**

Repair and maintenance expenses of \$9,000 are budgeted annually for the Chamber of Commerce location and include custodial services, pest control service, and fire inspections. Rental revenue from the Chamber totals \$4,200, or \$350 per month.

Facility repair costs at the Gangplank location are budgeted at \$3,500 due to HVAC and plumbing issues that have affected this building in the current fiscal year. Gangplank does not currently pay rent to the Town for the facility.

The budget also includes \$5,000 for repair and maintenance expenses that may occur at the Painting Wonderland and Dog House locations. Annual revenue from these vendors totals \$17,436 (\$1,453 per month) and \$10,776 (\$898 per month), respectively.

**6. What are our costs vs. revenues for the Boys and Girls Club and Aspire Academy Building?**

Costs of utilities and maintenance for the Community Center are approximately \$12,000 per year. Aspire Academy currently pays the Town \$48,690 per year for lease of their space. The lease term ends January 30, 2022, and the Town can extend the lease for up to two additional terms of one year each, not to exceed January 30, 2024.

A budget of \$155,000 is included in the FY 2020/21 Town Center Budget for improvements to the fire sprinkler system in the Community Center. The FY2018/19 budget included \$68,000 for this project based on early estimates. This amount was carried forward to FY 2019/20, but staff determined these estimates were too low once actual drawings and the fire suppression system plan were developed. The current estimate is now \$155,000, which amount is included in the Town Center Fund budget for FY 2020/21.

Aspire Academy is limited in the number of students it can serve based on building code standards because they are classified as a school. They are currently limited to five students at a time in the old library portion of the building and seven students in the sections they have recently moved into. They have a significant waiting list of potential students, and Aspire Academy desires to increase their capacities to serve more students. However, this is not possible until the fire suppression system is brought up to building code. Additionally, Aspire Academy intends to make its own improvements to the building including new/repainted flooring, painting, drywall repair, and ceiling tile replacement.

**7. How do we accommodate changes in pension assets relative to our fully funded pension policy/program?**

Annually, the actuaries for each pension system calculate the current unfunded liability for each pension plan and report this amount in their annual valuation reports. From these reports, staff calculates the balance due and transfers the appropriate funding needed to meet the requirements of the pension obligation, according to the Town's Pension Funding

Policy. The Town also includes updated pension contribution rates in the next year’s budget to ensure we are making our annual required contributions to each pension plan.

**8. For how many years has the Town been funding its pension reserves under the current policy?**

The Pension Funding Policy was adopted and first implemented in fiscal year 2014-15. The Town has complied with the policy for each year since, or six years.

**9. What is the statutory requirement for increasing the property tax rate if greater than 15%?**

State law requires that a roll call vote be taken when adopting the primary property tax levy if an increase is proposed. If the proposed levy amount (excluding increased property taxes received from new construction), constitutes an increase over the preceding tax year’s levy by 15% or more, the motion to levy the increased property taxes must be approved by a unanimous roll call vote of the Council. The 15% increase is calculated on the dollar amount of property taxes levied, not the tax rate. If the increase is less than 15%, a majority vote of the Town Council is required.

**10. How are public safety costs funded in the budget, i.e., from what revenue sources and to what degree do those revenues cover the costs?**

Revenues dedicated for Public Safety in the FY 2020/21 budget are the following:

Property Taxes	\$10.4M
Utility ROI Charges	3.0M
Local Sales Taxes	2.6M
Fire District Contract	1.5M
Other Charges and Fees	<u>0.5M</u>
Total	\$18.0M

Public Safety Costs in the FY2020/21 Budget are as follows:

Fire / EMS	\$13.4M
Police / MCSO	<u>\$11.9M</u>
Total	\$25.3M

Revenues dedicated for Public Safety cover 71% of the costs of Fire and Police services. The remaining 29% (\$7.3M) comes from the General Fund.

**11. What is funded with the \$11.2M identified in the CIP for Parks and Trails?**

Trails: \$2.6M is for two segments of the Sonoqui Wash Trail, paid for 100% with impact fees.  
Parks: \$8.6M is for design and construction of grading and drainage improvements to the areas north and east of the future East Park site. The Maricopa County Flood Control District has agreed to pay for 50% of the costs of design and grading on the site, or \$4.3M. The remaining costs will be covered by impact fees (\$2.8M) and transfers from the Operating

Budget (\$1.5M). Construction will only include earthwork and drainage improvements; there are no park amenities included in the project at this time.

## 12. What are the implications, cost savings, and revenue losses for eliminating the Recreation Program from the Operating Budget?

The following details potential losses in revenue, as well as organizational savings associated with this decision.

Currently staff in the Recreation Division coordinates the following programs:

- Working with contracted instructors to provide special interest classes throughout the year and provide customer service operations for classes and facility reservations
  - Currently there are 718 contracted classes
  - 11,599 total participants in classes annually
- Working with contracted youth sports partners to coordinate league activities, opening day and field rentals/scheduling.
  - In-Season Youth Sports Partnerships
    - Arizona Soccer Club (Winter Season)
    - Queen Creek Little League Baseball (Spring Season)
    - Queen Creek Heat Little League Softball (Spring Season)
    - San Tan Youth Football League (Fall Season)
  - Out-of-Season Youth Sports Leagues
    - Pony Baseball
    - Queen Creek Heat Little League Softball (Fall Season)
    - San Tan Youth Football League (Spring Season)
    - AZSC Club & TopSoccer (Spring, Fall Seasons)
  - Non-Season Rentals (Club teams, schools, groups)
  - 12,205 hours of sports fields/courts rentals annually
- Rental of Town-owned spaces including park ramadas, meeting space at the QC Library/Rec Annex, special events (i.e. Food Truck Festival), large meeting rooms in the Municipal Services Building and Community Chambers, and long-term leases including churches and AZ Aspire Academy
  - 3,573 hours of ramada rentals annually
  - 2,832 hours of meeting room rentals annually
- Managing internal reservation systems, including room rentals, door scheduling, site prep, etc.
- Managing the Park Rangers (although elimination of the Park Ranger program is not considered in this evaluation)
  - Customer service patrols in the parks
  - Lost and found systems
  - Lock/unlock gates; provide access to buildings/rooms
  - Ensures rental sites (ramadas, fields, rooms, etc) are open and ready for users
- Production of Town special events, including site logistics and safety, selling sponsorships and booth space, coordinating partnerships to offer event programming, and facilitating all rentals and activities. These events include
  - Spring Into QC

- Founders Day
- Trunk or Treat
- Splash Pad Party
- Love Bug Dance
- Managing the Town’s special event permitting process to facilitate event processes on public and private properties, including coordinating with all departments in the organization to ensure event safety and to reduce overall impact on Town residents (traffic, noise, lights, trash, etc.). This also includes working with Schnepf Farms and the Queen Creek Olive Mill, etc. to facilitate event processes on private properties.
- Part time, seasonal employees provide site supervision of all Town parks, including providing customer service to residents, prepping ramadas for rentals, keeping the parks trash free during high-use periods, emptying garbage cans, checking restrooms, etc.
- Managing the weekly Senior Program, including coordinating educational sessions, games, arts and crafts and social activities for participants aged 55+.
  - 80 participants weekly

### Budget and Resources Review

There are currently five full-time employees, three part-time employees, and several part-time/seasonal employees that work on an as-needed basis. The division is housed at both the Recreation Annex and the Municipal Services Building. The annual cost for staff salaries reflected in the FY 2020/21 budget, which includes all benefits, is \$828,565.

The annual operating expenses for the Recreation Division in the FY 2020/21 budget total \$276,920, which includes the Town’s payments to contracted instructors (registration fees are split 30/70, in which 70% goes to the instructors), fees for licenses, equipment, and training.

In FY 2020/21, the division was budgeted to generate approximately \$327,842 in revenues, including class registration fees and rental fees, but this was assuming that Recreation activities would cease completely for the first six months of the year due to COVID-19. Now that the stay at home order has been rescinded, and we are gearing back up to restart programming, we anticipate the revenues for FY 2020/21 to be \$616,900 assuming residents resume recreation activities at a level similar to prior years.

Revenues generated by special events, including Trunk or Treat, Spring into QC and Founders Day, are used to offset the Town’s seed funding for these events, so the budget does not reflect any net revenues for these events.

In summary, should the Town eliminate all programs other than the Park Rangers, whose supervisor also manages all youth sports contracts, as well as all staffing, the Town would realize a net annual savings of approximately \$488,585.

Outstanding questions or issues, should this direction be pursued, include:

- What is the future of the Recreation Annex? This space was initially identified as the library expansion in the early 2000’s when initial programming occurred. As population increases to the library patron standards, eventual expansion into this space is inevitable.
- Would library room rentals be coordinated by Maricopa County Library District (including revenues associated with rentals)?
- Special event permits would need to be either eliminated entirely or be shifted to another department.
- How would field, ramada and court rentals be handled? Are they rented out at all or allow as a customer first-come, first-serve prioritization?
- Levels of service for field maintenance would likely need to be reduced or the budget increased to accommodate heavier field use without a reservation system.
- Park Rangers management would be assigned likely to Code Enforcement (Development Services) or the Police Department once the PD transition is completed.

**13. Can the Town Center Police Department fueling station be eliminated if the Town acquires the QCUSD property?**

Yes. The fueling station is included in the budget at \$0.5M.

**14. Did the state legislature extend the deadline for paying property taxes?**

No, the legislature did not extend the property tax payment deadline this year.

**15. Are HOA’s included in SLID assessments?**

No, HOA parcels are excluded from the list of parcels when a SLID is created and hence they do not receive a SLID assessment.

**16. Why is there no non-growth funding allocated for the police facilities within the new fire stations (slide 64 of the Budget Committee presentation)?**

The Town’s non-growth requirements for public safety infrastructure have already been satisfied, therefore no non-growth funding is required for these new facilities.

**17. Regarding the debt related to HPEC: what is the annual cost, which debt issues are involved, and when are the debts retired?**

Annual payments on the debt related to the HPEC facility are split between HPEC revenue (48.8%) and Parks Impact Fees (52.2%). Following are the annual debt service amounts and the amount of debt outstanding at June 30, 2020:

Debt Issue	Annual Payment			Amount Outstanding at 6/30/2020	Maturity Date
	HPEC	Parks Impact Fees	Total		
2016 Refunding - 2007 Excise Tax Bonds	\$ 214,000	\$ 224,000	\$ 438,000	\$ 4,232,304	8/1/2032 (FY23)
2016 Refunding - 2008 GADA Loan	79,000	83,000	162,000	590,000	8/1/2023 (FY24)
Total	\$ 293,000	\$ 307,000	\$ 600,000	\$ 4,822,304	

**18. For upcoming Council meeting, can an ordinance instead of a resolution, be considered by the Council that stipulates all net revenues be applied to pay down pension unfunded obligations and outstanding debt?**

Yes, a draft ordinance has been included in the materials for Council consideration at the June 3<sup>rd</sup> meeting. Clarification from Council will be needed about adjustments for growth, maintaining levels of service, and exceptional circumstances.

**19. Do we know how our residents are experiencing the pandemic, from an economic perspective? How can we get detailed unemployment insurance claims filed by town residents?**

Following is a narrative of information staff has been able to gather regarding employment of Town residents:

**Introduction**

Due to Arizona’s stay-at-home order that went into effect on March 31st, many businesses were forced to change their methods of providing products and services to their customers or to close altogether. To determine the impact of COVID-19 on Queen Creek’s employment levels and local businesses, the Finance and Economic Development departments have gathered data and summarized the information below. The departments will continue to monitor industry and employment data and provide periodic updates to the Town Council.

**Background**

Of Queen Creek’s population of individuals 16 years of age and older, nearly 16,000 are usually employed. Nearly 95% of residents commute outside of Queen Creek’s boundaries to go to work, thus, most Queen Creek residents that are employed work for non-Queen Creek-based employers.

**Queen Creek Residents - Employment by Industry**

Below is a table that details industries in which Queen Creek residents are employed per MAG Travel Reduction Survey data (which only includes employers with at least 50 total employees). This table includes employers located within Queen Creek’s boundaries and within other municipalities. These figures do not include residents that are self-employed and work from home. The chart indicates that the largest industry employing Queen Creek residents is Retail Trade, followed by Educational Services, Manufacturing, Finance and Insurance, and Public Administration. Collectively, these five industries employ the majority (69.1%) of Queen Creek residents.

Attachment: FY 20-21 Budget Committee Follow-Up Memo (FY21 Tentative Budget)



## Industries That Employ Queen Creek Residents

Based on a sample of 7,754 employed Queen Creek residents

Rank	Industry	Percentage
1	Retail Trade	16.91%
2	Educational Services	15.53%
3	Manufacturing	14.59%
4	Finance and Insurance	11.57%
5	Public Administration	10.51%
6	Health Care and Social Assistance	8.10%
7	Transportation and Warehousing	3.66%
8	Professional, Scientific, and Technical Services	3.43%
9	Wholesale Trade	3.35%
10	Administrative and Support and Waste Management and Remediation Services	3.02%
11	Management of Companies and Enterprises	2.10%
12	Accommodation and Food Services	1.73%
13	Utilities	1.68%
14	Information	1.64%
15	Other Services (except Public Administration)	0.76%
16	Construction	0.58%
17	Real Estate and Rental and Leasing	0.49%
18	Arts, Entertainment, and Recreation	0.30%
19	Mining, Quarrying, and Oil and Gas Extraction	0.06%

Source: 2019 TRP, sample size = 7,754; 2018 MAG Employer Database

### Queen Creek Residents - Employment by Employer

Looking again at the MAG Travel Reduction Survey data, we can also look at the top 25 employers for Queen Creek residents. The data combines multiple locations of the same company to include one collective figure for an employer (for example, several locations of Queen Creek Unified School District are rolled up into one total figure).

<b>Top 25 Employers for Queen Creek Residents</b>				
Based on a sample of 7,754 employed Queen Creek residents				
	<b>Employer</b>	<b>Industry</b>	<b>Employee Count</b>	<b>Percentage</b>
<b>1</b>	Queen Creek USD	Educational Services	354	4.57%
<b>2</b>	Intel Corporation	Manufacturing	297	3.83%
<b>3</b>	Banner Health	Health Care & Social Assistance	195	2.51%
<b>4</b>	Walmart, Inc.	Retail Trade	143	1.84%
<b>5</b>	Boeing	Manufacturing	138	1.78%
<b>6</b>	Wells Fargo & Co.		134	1.73%
<b>7</b>	Dignity Health	Health Care & Social Assistance	123	1.59%
<b>8</b>	SRP	Utilities	119	1.53%
<b>9</b>	Chandler USD	Educational Services	107	1.38%
<b>10</b>	State Farm Insurance	Finance & Insurance	104	1.34%
<b>11</b>	City of Mesa	Public Administration	94	1.21%
<b>12</b>	JPMorgan Chase	Finance & Insurance	89	1.15%
<b>13</b>	Smith Food & Drug Stores – Fry's Food Store	Retail Trade	83	1.07%
<b>14</b>	Arizona State University	Educational Services	82	1.06%
<b>15</b>	Costco Wholesale	Retail Trade	80	1.03%
<b>16</b>	Bank of America	Finance & Insurance	78	1.01%
<b>17</b>	The Home Depot	Retail Trade	72	0.93%
<b>18</b>	Honeywell	Manufacturing	71	0.92%
<b>19</b>	Town of Gilbert	Public Administration	70	0.90%
<b>20</b>	City of Chandler	Public Administration	68	0.88%
<b>21</b>	Albertsons Companies (Albertsons/Safeway)	Retail Trade	66	0.85%
<b>22</b>	DriveTime	Retail Trade	63	0.81%
<b>23</b>	Higley USD	Educational Services	61	0.79%
<b>24</b>	Northrop Grumman	Manufacturing	61	0.79%
<b>25</b>	Earnhardt Mgmt. Company	Retail Trade	59	0.76%
		<b>Total:</b>	2,811	

Source: 2019 TRP, sample size = 7,754; 2018 MAG Employer Database

### **Layoffs, Furloughs, and Pay Cuts by Employer**

Of the employers on this Top 25 list, eight companies have reported layoffs and another two employers have announced short term furloughs and/or pay cuts. It is possible that many of the other employers on this list are also experiencing layoffs and furloughs which have not been publicly announced.

The businesses experiencing layoffs are confirmed per the Arizona Department of Economic Security's Local Layoff Alerts. These businesses (and their respective industries) include: Albertson/Safeway (Retail Trade), Bank of America (Finance and Insurance), DriveTime (Retail Trade), Intel (Manufacturing), Northrop Grumman (Manufacturing), Walmart (Retail Trade), and Wells Fargo (Finance and Insurance). Per *Forbes*, Boeing (Manufacturing) will eliminate 10% of its workforce, reportedly through voluntary layoffs, natural turnover and involuntary layoffs.

Dignity Health and Banner Health (Health Care and Social Assistance) are implementing furloughs. Dignity Health's "executive leadership team temporarily reduced its base pay by as much as 15% through the end of the fiscal year, and... some staff members are flexing their hours, and all employees who don't directly care for COVID-19 patients are using flexible paid time off." Banner Health is implementing furloughs which are anticipated to affect 5% to 7% of its workforce, or up to 3,000 Arizona employees.

Comparing this initial layoff and furlough data with the main industries Queen Creek residents are employed in (in order, Retail Trade, Educational Services, Manufacturing, Finance and Insurance, and Public Administration), three industries overlap: Retail Trade, Manufacturing, and Finance and Insurance.

The data is not currently available at a more granular level to conclude whether or not Queen Creek residents employed by these businesses and/or in these industries have been directly impacted by these layoffs/furloughs.

### **Unemployment in Queen Creek and Surrounding Areas**

A useful source of information on employment and unemployment within Queen Creek and the surrounding areas is the Bureau of Labor Statistics and the Arizona Commerce Authority. These sources provide monthly labor force and unemployment data down to the city/town level. Preliminary data for March 2020 showed Queen Creek's unemployment rate at 4.2%, which was a 0.8% increase over February 2020. To compare, Maricopa County's March 2020 unemployment rate was 4.6% and the State of Arizona's unemployment rate was 5.3%, both of which increased over their February 2020 rates. April 2020 data is anticipated to be available in late May or early June.

### **Unemployment Claims**

The Maricopa Association of Governments (MAG) and the Department of Economic Security recently created draft maps that represent initial unemployment claims by zip code across

the state. According to MAG, the number of unemployment claims for the 85142 zip code was 4,488 as of April 30, which represents between 16%-17% of the civilian labor force within the zip code. Unemployment claim data is available at the state and federal level, but is not publicly available at the city/town level at this time. The Town will continue to work with entities such as MAG to obtain updated unemployment claim information at the zip code level as it becomes available.

### **Additional Monitoring**

The Finance and Economic Development departments will be monitoring business closures within the Town limits. The Town Clerk will send periodic reports on inactive licenses, which will help us to identify any recently-closed businesses. This information can provide a better understanding of the industries and businesses that are being impacted within the Town and can also be used to determine impacts on employment.

### **Conclusion**

A majority of the data received to date accounts for activity through March, which saw most of its impacts from the stay-at-home initiative in the last two weeks of the month. Data from the month of April is anticipated to provide a better idea of the impacts on local business and employment as the stay-at-home order was in effect for the entire month. The Finance and Economic Development departments will continue to provide updates relating to the impacts of COVID-19 on local businesses and employment as new information is released.

**ORDINANCE 730-20**

**AN ORDINANCE OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF QUEEN CREEK, ARIZONA, AMENDING CHAPTER 3, ADMINISTRATION; ADDING A NEW ARTICLE 3-6, RESERVES, PENSION AND DEBT FUNDING; AND ESTABLISHING AN EFFECTIVE DATE.**

**WHEREAS**, Chapter 3 ADMINISTRATION of the Queen Creek Town Code provides for various administrative ordinances related to management of the Town; and

**WHEREAS**, maintaining adequate financial reserves is essential to ensuring continuation of operations and services during economic downturns; and

**WHEREAS**, the Town has a Pension Funding Policy which aspires to have fully funded pension plans to achieve intergenerational equity among current and future taxpayers; and

**WHEREAS**, retiring debt as soon as possible ensures that residents are not unduly shifting their household incomes to pay for the burden of government services; and

**WHEREAS**, retiring debt as soon as possible ensures residents are only paying their fair share for services and providing only the bare necessity of resources to the Town’s budget which should always be prioritized to fund only necessary essential services (such as Police, Fire, Roads, Water and Wastewater) to Town residents; and

**WHEREAS**, the Town has previously adopted financial policies to build and maintain reserves for operations and pension obligations; and

**WHEREAS**, the Mayor and Town Council desire to strengthen the Town’s financial condition relative to the Town’s reserves for operations, pension obligations and outstanding debt obligations.

**NOW, THEREFORE, BE IT ORDAINED** by the Mayor and Common Council of the Town of Queen Creek, Arizona as follows:

**Section 1:** The Queen Creek Town Code, Arizona Chapter 3 ADMINISTRATION, Article 3-6 Reserves, Pension and Debt Funding is hereby established, as shown in Exhibit A attached to this ordinance.

**Section 2:** Effective Date

This ordinance will be effective on July 1, 2020.

**Section 3:** If any section, subsection, sentence, clause, phrase or portion of this Ordinance or any part of this addition or modification adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

Attachment: Ordinance 730-20 Reserves, Pensions and Debt Funding (FY21 Tentative Budget)

**PASSED AND ADOPTED** by the Mayor and Common Council of the Town of Queen Creek, Arizona, this \_\_\_\_\_ day of \_\_\_\_\_ 2020.

FOR THE TOWN OF QUEEN CREEK:

ATTESTED TO:

\_\_\_\_\_  
Gail Barney, Mayor

\_\_\_\_\_  
Maria Gonzalez, Town Clerk

REVIEWED BY:

APPROVED AS TO FORM:

\_\_\_\_\_  
John Kross, Town Manager

\_\_\_\_\_  
Dickinson Wright, PLLC  
Attorneys for the Town

Attachment: Ordinance 730-20 Reserves, Pensions and Debt Funding (FY21 Tentative Budget)



## Exhibit A

### ARTICLE 3-6 RESERVES, PENSION AND DEBT FUNDING

#### Section 3-6-1 Definitions

- a. Debt Obligations – all long-term borrowing including bonds, loans, notes, capital leases, and interfund loans.
- b. Debt Reserve – a separate reserve intended to provide resources to pay off the Town’s Debt Obligations as soon as reasonably possible.
- c. Operating Budget – the combined revenues and expenditures of the General Fund, Emergency Services (EMS) Fund, Horseshoe Parks and Equestrian Center (HPEC) Fund, and Highway User Revenue (HURF) Fund.
- d. Operating Budget Reserve – a separate reserve intended to provide resources to address emergencies, sudden loss of revenue, or unexpected economic downturns.
- e. Pension Reserves – separate reserves intended to provide resources towards reducing the Town’s Unfunded Pension Liabilities. These Reserves may be divided into individual reserves for each of the Town’s pension plans, and further divided among the Town’s governmental funds and enterprise funds.
- f. Unfunded Pension Liabilities – the difference between assets and the estimated future cost of pensions earned by employees, as reported in the actuarial valuation reports issued by the Town’s pension plans.

#### Section 3-6-2 Funding Objectives

The Town shall maintain reserves, to the extent resources are available, at the following amounts:

- a. Pension Reserve – 100% of the Town’s unfunded pension liabilities, as reported by each pension plan’s most recent actuarial valuation reports.
- b. Debt Reserve – Where possible, reserves should be accumulated and evaluated annually for funding levels or possible payoff of debt.
- c. Operating Budget Reserve – 25% of the following year’s Operating Budget revenue.

#### Section 3-6-3 Funding Requirements

At the end of each fiscal year, any amount of excess revenue over expenditures in the Operating Budget, as determined by the Finance Department following generally accepted accounting principles, will be applied towards the Town’s Reserves in the following order:

- a. Pension Reserves applicable to Unfunded Pension Liabilities in governmental funds
- b. Debt Reserve
- c. Operating Budget Reserve

The Town shall adopt financial policies that prescribe annual funding and accounting practices for each of these Reserves. Policies will include specific practices for the funding and accounting of Pension Reserves in governmental and enterprise funds, as well as requirements to ensure resources in the Debt Reserve comply with IRS regulations regarding yield restriction and

rebate. Adoption and the effectiveness of this ordinance assumes compliance with any bond covenants and other generally accepted accounting practices.

**Section 3-6-4 Use of Reserves**

In any fiscal year, use of any funds from any of the Town’s Reserves established in this Article 3-6 requires an appropriation by the Town Council.

TO: Mayor and Town Council  
THROUGH: John Kross, Town Manager, ICMA-CM  
FROM: Scott McCarty, Finance Director  
RE: 2020 Council Strategic Planning Session Follow-Up: QC Accomplishments  
DATE: May 26, 2020

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The attached report is a follow up to the February 2020 Council Strategic Planning Session. The purpose of this report is to memorialize significant financial initiatives enacted over the past few years, as well as document other accomplishments and process improvements that have resulted in a more efficient use of Town resources. The report outlines five categories of accomplishments: 1) one-time debt related savings, 2) Operating Budget annual savings, 3) tax and fee reductions/refunds, 4) project cost sharing partnerships and 5) other accomplishments, improvements and savings that are not necessarily quantifiable. One-time items identified in the first four categories total \$79.3 million and annual amounts total \$11.4 million.

The initial report results were shared with the Budget Committee on May 11, 2020. The attached is the final updated version of the report with details related to each of the items in the five categories identified.

We look forward to discussing this with you further.



TO: Mayor and Town Council  
 THROUGH: John Kross, Town Manager, ICMA-CM  
 FROM: Scott McCarty, Finance Director  
 RE: 2020 Council Strategic Planning Session Follow-Up: QC Accomplishments  
 DATE: May 26, 2020

This report is a follow up to the 2020 Council Strategic Planning Session. The purpose of this report is to memorialize significant financial initiatives enacted over the past few years, as well as document other accomplishments and process improvements that have resulted in a more efficient use of Town resources.

This report is broken up into five sections as follows:

1. Debt Related One-Time Savings/Cost Avoidance
2. Operating Budget Annual Savings/Cost Avoidance
3. Tax and Fee Reductions/Refunds
4. Project Cost Sharing Partnerships
5. Other Accomplishments/Improvements/Savings

The table below summarizes the savings related to the first four categories. Savings related to fifth item are not quantifiable so the item is only explained.

Category	One-Time Amount	Annual Amount
<b>1. Debt Related One Time Savings/Cost Avoidance</b>	\$33.9M	-
<b>2. Operating Budget Annual Savings/Cost Avoidance</b>	-	\$6.7M
<b>3. Tax and Fee Reductions/Refunds</b>	\$3.2M	\$4.7M
<b>4. Project Cost Sharing Partnerships</b>	<u>\$42.9M</u>	-
<b>Total</b>	<b>\$79.3M</b>	<b>\$11.4M</b>

The remainder of the report provides detail of the individual items for each category.

**Category 1: Debt/Infrastructure Funding One-Time Savings/Cost Avoidance**

The items identified below relate to savings resulting from debt refinancing, early debt and development agreement payoffs.

Item	Year Completed	One-Time Amount	Description
<b>Early Payoff of Development Agreements</b>	FY 16-17	\$10.8M	Early payoff of the Vestar development agreement related to Queen Creek Marketplace retail center (\$10.5M), and the WDP agreement related to Cornerstone and Queen Creek (\$0.3M). These agreements were entered into to reimburse developers with sales tax revenues for certain public infrastructure, which facilitated retail development. This amount represents future years' interest costs saved.
<b>Refinanced Excise Tax Debt</b>	FY 16-17	\$12.5M	Interest savings (over the remaining life of the debt) resulting from the refinancing of the following debt issues, combining into one: 2004 GADA loan for Town Buildings 2005 GADA loan for the Library 2006 GADA loan for the Library 2008 GADA loan for HPEC 2007 Bond for Streets, Parks, Buildings, & Library 2006 Improvement District Bond - Town share of Ellsworth Loop Road
<b>Refinanced Improvement District Debt</b>	FY 16-17	\$4.0M	Interest savings (over the remaining life of the debt) resulting from the refinancing of the private portion of the Improvement District debt for the construction of Ellsworth Loop Road.
<b>Improvement District Prepaid Reconciliation</b>	FY 17-18	\$0.3M	Staff identified \$1.2M in prepaid principal from private property owners that the Town was holding that was not used to payoff debt when received. This resulted in the Operating Budget being reimbursed \$0.3M.
<b>Early Payoff of Debt for WW Treatment Plant</b>	FY 18-19	\$3.7M	Interest savings (over the remaining life of the debt) associated with the early payoff of the 2005 WIFA debt issued for the Town's buy-in to the Greenfield Water Reclamation Plant

Attachment: 2020 Council Strategic Planning Session Follow-Up: QC Accomplishments Memo (FY21 Tentative Budget)

Item	Year Completed	One-Time Amount	Description
<b>Early Payoff of Inter-fund Loans</b>	FY 19-20	<u>\$2.6M</u>	Interest savings (over the remaining life of the debt) on inter-fund loans used for development agreement payoffs and land purchase in Town Center
<b>Total</b>		<b>\$33.9M</b>	

**Category 2: Operating Budget Annual Savings/Cost Avoidance**

The items in this category represent items approved by Town Council that created capacity in the operating budget by creating funding sources as well as assigning costs to other funds.

Item	Year Completed	Annual Amount	Description
<b>Pension Funding Policy</b>	FY 15-16	\$2.1M	Having set aside reserves to cover the unfunded liability portion of the annual rates for the Public Safety Retirement System (PSPRS) for MCSO and Arizona State Retirement System, we draw from that reserve to make the unfunded liability payment instead of having to use current revenues. The unfunded liability for the Fire PSPRS has been paid off and is directly reflects in lower annual payment as well. All of these strategies free up current year revenues to be used for other costs.
<b>Increased Costs Recovered from Fire District Contract</b>	FY 15-16	\$125K	Beginning in FY 15/16, the fire district contract calculations were revised to include allowances for the fire district’s share of the fire unfunded pension liability (\$75K) as well as a capital cost recovery charge (\$50K).
<b>Reallocated Source of Funding for Two Street Development Agreements</b>	FY 16-17	\$1.7M	The development agreements between Vestar and WDP were previously paid from the Operating Budget. Since these agreements were to reimburse the developers for transportation related infrastructure, 75% of the cost is now allocated to the 2.0% Contracting Construction Sales Tax Fund to pay for the growth related portion of the annual payment.

Attachment: 2020 Council Strategic Planning Session Follow-Up: QC Accomplishments Memo (FY21 Tentative Budget)



Item	Year Completed	Annual Amount	Description
<b>Increased Public Safety Funding from Utilities</b>	FY 17-18	\$2.8M	Town Council approved a policy to include payments to the Operating Budget that reflect the true costs of utility operations, similar to expenses that would be incurred by a private utility, for franchise fees (set at 5% of annual water and wastewater operating revenues); payment in lieu of property taxes (set at the Town’s primary property tax rate of \$1.95 per \$100 of net asset values for real and person property owned by the Utility Systems) and a return on investment (set at 10% of revenues generated by non-Town resident customers)
<b>Total</b>		<b>\$6.7M</b>	

**Category 3: Tax and Fee Reductions/Refunds**

The items in this category represent items approved by Town Council that reduced, eliminated or refunded taxes or user fees.

Item	Year Completed	One-Time Amount	Annual Amount	Description
<b>Terminated 2 Years of Pre- Approved Wastewater Rate Increases</b>	FY 15-16		\$0.8M	In 2011, Council approved a rate increase schedule of 9.5% annually from 2011 through 2016. In 2015, it was determined that those increases were not necessary given the financial condition of the Wastewater fund. The last two scheduled increases were eliminated and rates remain unchanged until the rate reduction in July 2019.
<b>Impact Fee Refunds (Grandfather Provision)</b>	FY 16-17	\$351K		When impact fees were updated in 2014, developments under construction were improperly charged some higher fees, not the lower, grandfathered amounts per state law. This was discovered during the required bi-annual audit.

Attachment: 2020 Council Strategic Planning Session Follow-Up: QC Accomplishments Memo (FY21 Tentative Budget)

Item	Year Completed	One-Time Amount	Annual Amount	Description
<b>Reduction of Monthly Wastewater Rates</b>	FY 19-20		\$1.1M	New residential wastewater rates effective 7/1/2019 reflected a rate reduction of approximately 15%, resulting in an average annual resident savings of \$60.
<b>SLID Property Tax Reduction (Reconciliation)</b>	FY 19-20	\$0.5M		Over the course of two years, staff created individual SLID balances and reconciled revenues to expenses. In FY 18-19 SLIDs in overpaid status totaled \$187K and this balance was drawn down to reducing the levy. Also, the Operating Budget covered SLIDs in arrears as a result of not having ever been reconciled in the amount of \$232K. The remaining overpaid SLID fund balances were used to offset expenses in FY20 for \$118K.
<b>SLID Property Tax Reduction (Pole Ownership)</b>	FY 20-21		\$0.4M	This is the aggregate annual savings to SLID parcels (~15,000) resulting from removal of the SRP maintenance costs now that the Town is responsible for maintenance of the streetlights. As new SLIDs are created, annual costs will be lower.
<b>Reduced Water Replenishment Fees (CAGR)</b>	Ongoing		\$2.4M	This is the savings effected through Council policies related to the application of groundwater credits and the purchase on non-CAGR credits related to pre-2004 CAGR parcels. There are ~8,400 parcels in the resident category and ~5,000 parcels in the non-resident category. This annual savings represents the difference between what customers would have paid, and what they did have to pay from the 2017 base consumption year through the 2019 consumption year.
<b>Water Meter Deposit Refunds</b>	Ongoing	\$2.3M		In December 2018, it was discovered that water meter deposits had not been refunded since the acquisition of the two water companies. The Town is the process of making these refunds. The total to be refunded is \$2.3M, of which \$1.3 has already been refunded. The remaining amount is owed to inactive customers that the Town will work to locate and they are no longer customers of the utility.
<b>Total</b>		<b>\$3.2M</b>	<b>\$4.7M</b>	

Attachment: 2020 Council Strategic Planning Session Follow-Up: QC Accomplishments Memo (FY21 Tentative Budget)

**Category 4: Project Cost Sharing Partnerships**

The following schedule shows the projects where the Town has realized substantial savings by entering into agreements with other governmental agencies. Following the schedule are details related each project.

Project	Project Total Cost	Partner Share	Town Share	Project Status
1. Riggs Rd: Ellsworth to Meridian	\$13.5M	\$6.7M	\$6.8M	Complete
2. Ocotillo: Power to Recker	\$3.4M	\$2.8M	\$0.6M	Complete
3. Queen Creek Wash	\$1.3M	\$1.2M	\$0.1M	Complete
4. Meridian: Combs to Germann	\$18.7M	\$9.35M	\$9.35M	Under Construction
5. Rittenhouse Road Bridge	\$4.2M	\$2.0M	\$2.2M	Under Construction
6. East Mesa Area Drainage Master Plan	\$8.6M	\$4.3M	\$4.3M	In Design
7. San Tan West Area Drainage Master Plan	TBD	TBD	TBD	In Design
8. Meridian: Germann to SR24	\$9.1M	\$4.55M	\$4.55M	Pre-Design
9. Ellsworth @ SR24 interchange			\$2.5M	Future
10. Signal Butte: Germann to SR24*	<u>\$12.0M</u>	<u>\$12.0M*</u>	<u>      *</u>	Future
<b>Total</b>	<b>\$70.8M</b>	<b>\$42.9M</b>	<b>\$30.4M</b>	

\*IGA requires full reimbursement to the Town by 2030

The project specifics are discussed below.

1. Riggs Rd (Riggs: Ellsworth to Meridian): This project was in partnership with MCDOT. The Town’s share was \$6.8M and the MCDOT share was \$6.7M. The finalization of this project is underway with completion close.
2. Ocotillo Road Improvements (Ocotillo: Power to Recker). This project was a 3-way partnership with a total project cost of \$3.4M. TOQC received cash in lieu funds of \$2.3M. Final costs were: Town paid \$562K, Gilbert paid \$502K and MCDOT paid \$42K, for the traffic signal Installation only. This project is complete.
3. Queen Creek Wash (Desert Mountain Park to Crismon). This project was a partnership with ADOT, and the Town received two federal grants for a total of \$1.2M be used toward the design and construction. The Town’s cost for this project was \$82K and this project is complete
4. Meridian Road (Meridian: Combs to Germann). This project is budgeted for FY 19-20 and FY 20-21 and is a 50/50 cost share with Pinal County and is currently underway with a project total of \$18.7M. There are multiple phases within the project with Phase I complete and Phase II underway. Phase III still remains but is scheduled to be completed in succession and the project is on track to meet the anticipated finish date.

5. Rittenhouse Road (Rittenhouse Road: Village Loop to Alliance Lumber including the Rittenhouse Bridge). The Rittenhouse Bridge component of this project is expanding the bridge from two lanes in each direction, to four. The total project cost for the bridge only is budgeted at \$4.2M with MCDOT paying \$2.0M and the Town paying the remainder, both the roadway and bridge are currently under construction.
6. Engineering Staff remains active with the Flood Control District of Maricopa County and actively participated in the East Mesa Area Drainage Master Plan (ADMP). The ADMP ultimately allowed the Town to partner with the District on the Regional Drainage Components on the East Park project. The project is under design and will ultimately move into construction to perform the grading and installation of the regional drainage components. By splitting the costs 50/50 with the District, the Town is able to save a few million dollars with the total estimated project cost at \$8.6M. This project is currently under design.
7. Engineering Staff is actively involved in the Flood Control District of Maricopa County update to the San Tan West Area Drainage Master Plan. This is an approximate two year endeavor and when complete will hopefully identify future flood mitigation projects in the Southern portions of Town that the Town will be able to partner with the District and split future costs 50/50. The update will also be available to the Private Development community to efficiently incorporate into the subdivision Grading and Drainage designs. This includes the future Box Canyon Master Planned Area. This project is underway with completion anticipate in the near future.
8. Meridian Road (Meridian: Germann to State Route 24). This project is budgeted for FY21 and FY22 with expected construction costs of \$9.1M. The project is a 50/50 cost share via IGA with Pinal County as the partnering agency. The completion of this project has regional benefit relating to transportation and future development, with the design aspect of the project expected soon.
9. Ellsworth SR24 interchange. The Town is a committed partner in the extension of State Route 24 to include the interchange located at Ellsworth Road. This project includes MAG, ADOT, City of Mesa and the Town of Queen Creek. The cost share portion for the Town is \$2.5M, which will be paid on 7/1/2020. The added benefit of improved transportation to Town residents and others who live in surrounding communities while difficult to quantify is present.
10. Mesa Roads (Signal Butte: Germann to SR24). This project is budgeted for FY21 and FY22 with expected construction costs of \$12M. While the Town will have the initial outlay to cover construction there is an IGA in place with the City of Mesa for the Town to recoup the entire amount, no later than 2030. The Town's interest in accelerating the schedule relates to the anticipated benefit to residents and other who use Queen Creek as a thru fare. Project design is expected to occur in the near future.

#### **Category 5: Other Accomplishments/Improvements/Savings**

The following items are a mix of items that Council has approved as well as items that departments have implemented that have resulted in additional revenues, efficiencies, savings or other benefits to the Town.

1. Strategic Annexations

The following annexations have provided/will provide additional net annual resources to the Town in the form of property taxes, sales taxes and state shared revenues. All amounts are

estimates at build-out amounts. In addition, construction activity on the annexed land will produce one-time revenues in the form of permitting fees and sales taxes.

Annexed Property	Year	One-Time Revenues	Annual Revenues	Annual Expenses	Net Annual Revenues
<b>J-Curve Ellsworth/Hunt Highway</b>	FY 16-7	\$1.3M	\$2.4M	\$50K	\$2.3M
<b>Banner Ironwood Hospital</b>	FY 16-17	\$8.9M	\$0.2M	\$0	\$0.2M
<b>Ironwood Crossing (including Zimmerman Dairy and LDS Property)</b>	FY 17-18	\$39.0M	\$6.1M	\$3.5M	\$2.6M
<b>QC40 - NEC Ellsworth &amp; Riggs</b>	FY 19-20	\$1.0M	\$1.0M	\$0	\$1.0M
<b>Encanterra</b>	FY 19-20	\$12.1M	\$2.5M	\$0.8M	\$1.7M
<b>State Lands</b>	FY 19-20	<u>\$135.7M</u>	<u>\$42.0M</u>	<u>\$29.0M</u>	<u>\$13.0M</u>
<b>Total</b>		\$198.0M	\$54.2M	\$33.4M	\$20.8M

2. Lower Interest Costs on Future Bond Issuances
  - Both Bond Ratings Upgraded to ‘AA’.
  - Increased Debt Coverage Requirement.
  - Expanded Definition of Pledged Revenues to Include Dedicated Sales and Property Taxes – resulted in increased coverage ratios for FY 17/18 from 6.1x to 7.5x. The higher the coverage, the better.
  
3. Parks Level of Service Adjustment
  - In determining the parks impact fee for FY 19-20, the Town Council set the parks land level of service at 40 acres per 10,000 population, which means building amenities on all parks land the Town currently owns. In contrast, the Parks Master Plan set the level of service at 51 acres per 10,000 population. As such, the cost differential between the higher Master Plan parks level of service at a cost of \$121 million versus impact fee level of service at a total cost of \$68 million, is \$53 million. Said another way, had the Master Plan level of service been used to set the impact fees, the Town's Operating Budget would have had to cover the \$53 million difference.
  
4. Contracted with an investment advisor in FY 18-19 to improve the Town’s interest rate earned on cash funds.
  
5. Aggressive Water Supply Acquisition Strategy
  - Securing water at rates less than the CAGR per acre foot, resulting in an estimated \$50M savings long term
  - Securing more surface water to reduce groundwater pumping
  - Utilizing Reclaimed Water

- Staff identified solutions, developed agreements, and designed / constructed improvements that allows the Town to put nearly 100% of its available reclaimed water to beneficial use. Previously the water was given to Gilbert and Mesa as the Town had no place to use the resource. This successful program has allowed the Town to support lake features at our parks and in several subdivisions at a very critical period of growth. The program reduces our future dependency on pumping groundwater while utilizing an existing resource; combining aesthetics, sustainability, efficiency, and cost savings into a single program.

#### 6. WIFA Program Change for Funding Water Resources

- Effective August 27, 2019, the population limit for utilizing WIFA financing before requiring voter approval was expanded from 50,000 to 150,000.
- Use of WIFA financing is no longer restricted to capital improvements, but has been expanded to include the acquisition of water resources. The Town's request resulted in nationwide change to the program allowing for the financing of water resources.

#### 7. Expanded Utilities Financial Policies

- Combined Water and Wastewater into one utility for debt issuance purposes to improve the resources available to make debt service payments.
- In FY 18-19, the Town Council approved a utility reserves policy:
  - Established an operating reserve targeted at an amount equal to annual operating expenses.
  - Established a repair and replacement reserve targeted at 1.5 times annual depreciation.
  - Established a pension reserve to cover the unfunded liability portion of annual Arizona State Retirement System (ASRS) rates.

#### 8. Utility Billing Corrections/Process Improvements

- Identified an issue with NSF notifications dating back to when the new ACH program was implemented in 2009 that has now been corrected.
- Adjusted sewer rates for new customers that have not yet established a winter average to be the average residential rate from the most recent winter averaging period. Previously it was set at a fixed rate of \$43.46 per month for new customers. Under the new method, sewer rates for new customers was reduced to \$36.90 per month, a savings of \$6.56/month for first year savings up to \$78.72 per new customer.
- Customer Services staff instituted processes and procedures to improve the accuracy of meter reads and billings, eliminating rework and replacement billings.
  - Corrected large water meter billing issues in FY 17-18, recovering approximately \$470K in back billings (31 accounts affected).
  - Corrected small water meter billing issues in FY 17-18: Prospectively the Town will realize an additional \$280/month.



- A proactive quality control process was implemented in January 2020 to conduct a monthly pre-billing review of all sewer charges and tax codes assigned to new accounts, to reduce account setup errors prior to a new customer's first billing
  - Customer Services staff worked cooperatively with Utilities metering staff to reconfigure and rebalance the assignment of meters to routes in 2019 to help stabilize the current utility billing system. Additional process changes were implemented in April 2020 to disaggregate the one large billing file into multiple files to further reduce risk associated with the monthly billing of utility accounts.
  - Customer Services staff corrected the auto-dialer program logic in 2019 to properly consider all past due amounts when identifying accounts for follow up collection calls. Also, changed procedures to run auto-dialer calls over several days leading up to the actual shut-off day. The combination of these two changes significantly reduced the number of delinquent accounts and amounts past due.
  - Prior to July 2019, the annual update of sewer charges based on the new winter average consumption period ending in February did not allow sufficient time to review and make appropriate adjustments prior to billing the updated sewer amounts in March. The process was changed in 2019 to implement updated sewer charges in July of each year to allow time for thorough review of new winter average consumption and requests for adjustments due to leaks and filling swimming pools before updating the charges for the July billing.
  - Accounting processes were changed in FY 18-19 to properly record unbilled utility revenue and an allowance for uncollectible accounts. These changes result in a much more accurate reflection of utility revenue and accounts receivable as reported in the Town's comprehensive annual financial report.
  - Improved the accuracy of sales tax reporting for all utility customers, ensuring the correct tax is collected by county and by taxable activity.
9. Overhauled Impact and Capacity Fees
- The following factors were included in the updated fee calculations. Some fees increased, others decreased.
- The dedicated 2% contracting (construction) sales tax was included in transportation fee calculation.
  - Reconciled individual impact and capacity fee cash balances (\$43.5m) to ensure accurate cash balances were factored into the fees.
  - Established the same water capacity fee for ¾" and 1" meters (1" was higher).
  - Reduced costs charged to growth for the library, breaking out the recreation portion of the debt and charging that to the Operating Budget.
  - Improved allocation of costs to non-residential properties
    - Used functional population.
    - Used regional data re. employees per 1K SF.
    - Allocated public safety costs to retail uses.

#### 10. New and Replacement Infrastructure Funding Established

- Annual transportation infrastructure funding placeholder of \$6.5M – initially set at \$5.5m in FY16-17 and increased to \$6.5M in FY 17-18.
- Annual repair and replacement funds for IT equipment starting in FY 17-18 (\$325K), Horseshoe Park infrastructure starting in FY 17-18 (\$100K) and building maintenance systems replacement starting in FY 18-19 (\$250K).

#### 11. Capital Construction Efficiencies

- General Capital
  - The inclusion of 1,700 square feet of office space into new fire stations and used by law enforcement eliminates the need for separate facilities to be built at a higher cost where land must be purchased for these offices. It cost about \$700K to build this office space in fire stations, this cost would easily double or triple if separate land was purchased and buildings constructed for this purpose.
  - Fire Station #2 and #5 combined under one contract for design, saving the Town \$205K in design fees.
  - HPEC improvements constructed in-house when possible to better utilize staff during slower seasons – examples include the rebuilt west wall of Arena 1 with repurposed materials, and Arena 3 fence removal, site prep and new fence construction.
- Utilities
  - In-House Water Construction utilized when feasible, saving anywhere from \$10K to \$80K per project, with an average savings of \$50K.
  - Savings realized when combining well/tank projects in the bidding process. Savings of approximately \$100K per well. This savings was realized on the Villages Well, Barney Farms Tank, and Barney Farms Lake well, for approximately \$300K.
  - Consolidating Water Storage Tanks - The USD was able to reduce the number of water storage tanks at the Barney Farms, Church Farms East, and Sossaman West sites. The savings was a result of combining two tanks into a single large Tank that is capable of meeting the Town's needs. Savings estimated at \$3M.
  - Thorough testing and evaluation prior to water line replacement - Villages project, USD staff was able to determine that the existing water lines in the Villages subdivision are capable of remaining in service for at least another 10 years, resulting in an estimated savings of \$2M over the original engineer's cost estimate.
  - Utilizing value engineering on large construction projects –on the Church Farms East water storage tanks project, value engineering saved approximately \$300K.
  - Identify opportunities to improve field installations - USD staff worked with a material vendor to develop a unique dismantling joint for booster pump connections to system lines. Previous to this application, new custom pipe sections would often have to be manufactured to specific dimensions when changing out booster pumps. The new joint gives flexibility in the dimension allowing the joint to be reused for almost any changes. This joint has since seen

a wide acceptance throughout the industry and has been recognized in industry magazine articles. The Town estimates this saves the Town about \$10K per well constructed.

- Evaluated and utilized procurement methods and strong project management to realize savings over engineer's cost estimates for projects identified in the 2017 Water Master Plan – savings of approximately \$5M.
- Evaluated and utilized procurement methods and strong project management to realize savings over engineer's cost estimates for projects identified in the 2017 Wastewater Master Plan – savings of approximately \$3M.

#### 12. Increased Fire ISO Rating – Lowered Property Insurance Costs

- Building additional fire stations (FS #3, FS#5) has assisted in improving the Town's ISO rating from a "4" to a "2" and thus causing a reduction in insurance premiums paid by homeowners and businesses. It is not possible to calculate the savings in this area as this is not a reportable number that can be researched.

#### 13. Digital/Electronic Process Improvements/Enhancements

- In May 2018, the Development Services Department went fully digital with planning and permitting submittals, resulting in cost savings for customers in printing, travel, and time.
- The Development Services Department has also gone digital with the use of laptops and iPads for employees with respect to things such as plan review and inspection work assignments for field staff. This has cut down on reproduction costs.
- Development Services set up remote work locations at the Field Operations Facility (FOF) to allow field staff closer access to office resources when working at the northern end of Town. This saves time, gas and wear and tear on vehicles.
- Finance implemented electronic file storage for Accounts Payable (vendor invoices) and Payroll files, saving on printing and storage costs. This has also increased accessibility saving time on document retrieval when doing research.
- HPEC implemented electronic receipts.
- Deployed VDI/Thin Client Computers : Since moving to VDI, most of our new computers are thin clients. Thin client computers are small, compact computers with reduced capabilities. Their sole function is to get users into VDI and they are more affordable than typical computers. Savings between 2017 – 2019 have been over \$43K. This diminishes over time as we replace fewer computers.
- New Computer Imaging Process: Last year, a new imaging process was developed to deploy new computers, allowing new computers to be prepared in a fraction of time and with more consistency than the former manual process.

#### 14. Other Efficiencies, Cost Savings and Process Improvements

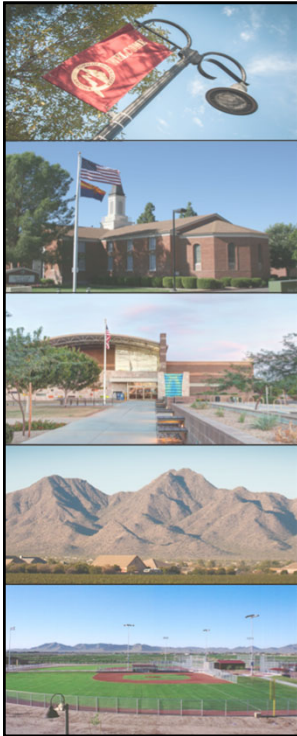
- In 2019, the Town Council and Planning Commission approved the Zoning Ordinance text amendment, which allowed all site plan applications under 10-acres in size to be approved by the Planning Commission, reducing Planning staff time and resources required for an additional meeting.

- Enhanced Procurement Process: Delegation Resolution
  - Town Council approved a new process in August 2018, referred to as a delegation resolution, whereby they approve spending in total for large projects, rather than approving each individual contract. Once the delegation resolution is approved by Council, the Town Manager has the authority to execute all the large construction contracts within that delegation resolution. This saves time by not having to take each contract to Council for approval at a scheduled meeting.
- The Town's design consultant on the East Park project is updating the Flow 2D Hydrology Model for the watershed contributing to the East Park. This model will be available to the Private Development community for the various subdivisions that develop in the northeast corner of Town allowing the Developers Engineers to have quick access to current hydrology models that they can more efficiently incorporate into their subdivision grading and drainage designs.
- HPEC staff perform maintenance and repairs at the park that are normally contracted out. Welding is done in-house as needed for panel repairs, arena implement repairs, bucking chute repairs, fencing repairs and fencing construction. Staff also fabricate and modify equipment as needed to improve operations. This has increased the level of service at a reduced cost.
- The Town now has certified drone pilots. Aerial photography and video can now be done in-house rather than utilizing professional services.
- Utilities department in 2017 converted the Villages Well from SRP to ED6 power savings approximately \$30K annually.
- Strategic hires in the Utility Services Department have increased service levels, while decreasing costs:
  - Electrician: Hiring an electrician in the Water Production Division saves the Town an estimated \$70,000 per year while improving the division's level of service for producing water to Town customers. Benefits include: reduced vendor regular and after hours call-outs for regular maintenance electrical changes; troubleshooting during failures and emergencies; reviewing electrical and SCADA plans and providing design assistance; and developing design standards. The value of being able to respond to emergencies more quickly provides a higher level of service that is not included in the savings estimate.
  - Hiring a two person crew to actively maintain and repair water system equipment such as water line valves and hydrants is estimated to save the Town approximately \$133,000 per year in immediate savings as compared to hiring a contractor to do the work. As this is a year to year need, these savings are accumulated yearly. The future year savings related to extended the life of the valves and hydrants and thus reducing failures and requirements to hire contractors to perform major repairs at much greater costs. The unvalued aspect of this program is that the system functions at a higher level of service which is very beneficial to emergency services that use hydrants and for water system emergencies in which being able to close the nearest valve reduces emergency

related costs and the number of customers being out of service related to that situation.

- Comprehensive Employee Wellness Program
  - Programs encourage a healthy lifestyle for employees and families (nutrition, exercise, preventive care, etc. Healthy lifestyle choices reduce healthcare costs.
- Town staff have transitioned some of larger special interest class instructors' registrations over to the instructors, saving time and resources at the Recreation Annex front desk, reducing the speed of need for new staff to handle growth in registrations. In addition, the Town saves on credit card processing (approx. 2.5% of transaction amount) and registration processing fees (3.92% of revenue processed).

This report is intended to be a comprehensive collection of the major financial and operational accomplishments implemented over the past several fiscal years. While the Town strives to implement process improvements as a way of doing business on a daily basis, it is not possible to identify every example of those in this report.



# Our Scrapbook – A Review of Major Financial Results

Town Council Meeting  
June 3, 2020

Attachment: 2020 Council Strategic Planning Session Follow-Up: QC Accomplishments Presentation (FY21 Tentative Budget)

## Summary Results

Type / Category	One-Time Amount	Annual Amount
1. Debt Related One-Time Savings / Cost Avoidance	\$33.9M	-
2. Operating Budget Annual Savings / Cost Avoidance	-	\$6.7M
3. Tax and Fee Reductions / Refunds	\$3.2M	\$4.7M
4. Project Cost Sharing Partnerships	<u>\$42.9M</u>	
<b>TOTAL</b>	<b>\$79.3M</b>	<b>\$11.4M</b>

*A 5<sup>th</sup> Category also exists for "Other Accomplishments" which are much more difficult to quantify but have a significant financial impact.*



## 1. One-Time Savings / Cost Avoidance

Item	Year Completed	One-Time Amount
1. Early Payoff of Two Development Agreements	FY 16-17	\$10.8M
2. Refinanced Excise Tax Debt	FY 16-17	\$12.5M
3. Refinanced Improvement District Debt	FY 16-17	\$4.0M
4. Improvement District Account Payoffs	FY 17-18	\$0.3M
5. Early Payoff of Debt for WW Treatment Plant	FY 18-19	\$3.7M
6. Early Payoff of Interfund Loans	FY 19-20	<u>\$2.6M</u>
<b>TOTAL</b>		<b>\$33.9M</b>

3

## 2. Operating Budget Annual Savings / Cost Avoidance

Item	Year Started	Annual Amount
1. Pension Funding Policy	FY 15-16	\$2.1M
2. Increased Costs Recovered from Fire District Contract	FY 15-16	\$125K
3. Reallocated Source of Funding for Two Street Development Agreements	FY 16-17	\$1.7M
4. Increased Public Safety Funding from Utilities	FY 17-18	<u>\$2.8M</u>
<b>TOTAL</b>		<b>\$6.7M</b>

4

### 3. Tax and Fee Reductions / Refunds

Item	Year Completed	One-Time Amount	Annual Amount
1. SLID Property Tax Reduction (Reconciliation)	FY 19-20	\$0.5M	
2. SLID Property Tax Reduction (Pole Ownership)	FY 20-21		\$0.4M
3. Water Meter Deposit Refunds	Ongoing	\$2.3M	
4. Terminated 2 Years of Pre- Approved Wastewater Rate Increases	FY 15-16		\$0.8M
5. Reduction of Monthly Wastewater Rates	FY 19-20		\$1.1M
6. Reduced Water Replenishment Fees	Ongoing		\$2.4M
7. Impact Fee Refunds (Grandfather Provision)	FY 16-17	\$0.4M	-
<b>TOTAL</b>		<b>\$3.2M</b>	<b>\$4.7M</b>

### 4. Project Cost Sharing Partnerships

- ~\$43M From Partnerships (Other Cities, Counties, State)
- Streets Related
- 10 Projects

## 5. Other Accomplishments

### 1. Lower Interest Costs on Future Bond Issuances

- Both Bond Ratings Upgraded to 'AA'
- Increased Debt Coverage Requirement
- Expanded Definition of Pledged Revenues to Include Dedicated Sales and Property Taxes

### 2. Lowered Property Insurance Costs paid by Homeowners and Businesses

- Town's ISO Rating (Insurance Services Office) Has Improved as a Result of the Growth of the Fire Department (Staffing and Infrastructure)

7

## 5. Other Accomplishments (continued)

### 3. Faster Contract Award and Construction of Infrastructure Projects

- Implemented New "Delegation Resolution" Process

### 4. Comprehensive Employee Wellness Program

- Programs Encourage a Healthy Lifestyle for Employees and Families (Nutrition, Exercise, Preventive Care, etc.)

8

## 5. Other Accomplishments (continued)

### 5. Overhauled Impact and Capacity Fees

- Dedicated 2% Transportation Sales Tax Included in Transportation Fee Calculation
- Reconciled Individual Fee Cash Balances (\$43.5M)
- Same Water Capacity Fee for ¾" and 1" Meters
- Reduced Costs Charged to Growth for the Library
- Improved Allocation of Costs to Non-Residential Properties
  - Used Function Population
  - Used Regional Data re. Employees per 1K SF
  - Allocated Public Safety Costs to Retail Uses

9

## 5. Other Accomplishments (continued)

### 6. Expanded Utilities Financial Policies

- Combined Water and Wastewater into One Utility for Debt Issuances Purposes
- Increased Operating and Repair and Replacement Reserves

### 7. Created \$6.5M Placeholder for Transportation Funding

### 8. Aggressive Water Supply Acquisition Strategy

10

## 5. Other Accomplishments (continued)

### 9. Strategic Annexations

### 10. Created Numerous Sinking Funds for Replacement of Infrastructure

### 11. WIFA Program Changes

- 50K+ Population Eligibility Change
- Funding Water Resources

11

## 5. Other Accomplishments (concluded)

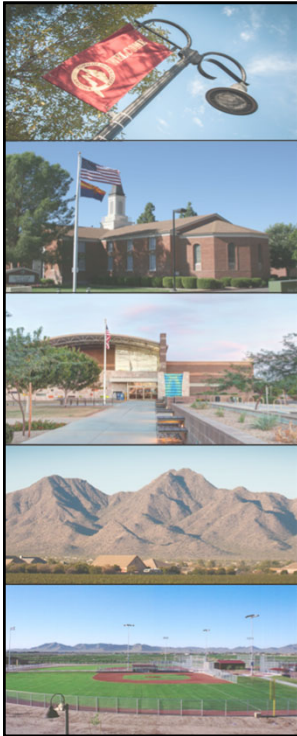
### 12. Parks Level of Service Adjustment

- Set Interim Level of Service at 40 Acres per 10,000 Population for Parks Impact Fee, Down from the 51 Acres Identified in the Parks Master Plan
- Reduced Funding Requirements from the Operating Budget by \$53M

### 13. Numerous Operational Improvements / Efficiencies

- Utility Accounts, Project Management, Enhanced Technology, etc.

12



# Questions and Comments