

## AGENDA

### TUSAYAN TOWN COUNCIL REGULAR MEETING

PURSUANT TO A.R.S. § 38-431.02 & §38-431.03  
Wednesday, August 17, 2016 at 6:00pm  
TUSAYAN TOWN HALL BUILDING  
845 Mustang Drive, Tusayan Arizona

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Tusayan Town Council and to the general public that the Tusayan Town Council will hold a meeting open to the public on Wednesday, August 17, 2016 at the Tusayan Town Hall Building. If authorized by a majority vote of the Tusayan Town Council, an executive session may be held immediately after the vote and will not be open to the public. The Council may vote to go into executive session pursuant to A.R.S. § 38-431.03.A.3 for legal advice concerning any matter on the agenda, including those items set forth in the consent and regular agenda sections. The Town Council may change, in its discussion, the order in which any agenda items are discussed during the course of the meeting.

Persons with a disability may request a reasonable accommodation by contacting the Town Manager at (928) 638-9909 as soon as possible.

*As a reminder, if you are carrying a cell phone, electronic pager, computer, two-way radio, or other sound device, we ask that you silence it at this time to minimize disruption of today's meeting.*

### TOWN COUNCIL REGULAR MEETING AGENDA

#### 1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE

#### 2. ROLL CALL *One or two Council Members may attend by telephone*

MAYOR JOHN RUETER  
VICE MAYOR BECKY WIRTH

COUNCILOR AL MONTOYA  
COUNCILOR JOHN SCHOPPMANN

#### 3. CALL TO THE PUBLIC FOR ITEMS NOT ON THE AGENDA

*Members of the public may address the Council on items not on the printed agenda. The Council may not discuss, consider or act upon any matter raised during public comment. Comments will be limited to three minutes per person.*

*Members of the audience who wish to speak to the Council on an item listed as Public Hearing should complete a Request to Speak Card and turn it into the Town Clerk. Speakers will be limited to three minutes each.*

#### 4. CEREMONIAL AND/OR INFORMATIONAL MATTERS

A. Introduction and orientation to the Head Start program (10 minutes)

B. Report from Coconino County Sheriff Department (10 minutes)

#### 5. CONSENT AGENDA

*Items on the consent agenda are routine in nature and will be acted on with one motion and one vote. Members of the council or staff may ask the mayor to remove any item from the consent agenda to be discussed and acted upon separately.*

A. Minutes of the Town Council Meeting on August 1, 2016

B. Accounts Payable Billings

C. Approve and adopt the Arizona Mutual Aid Compact with the Arizona Department of Emergency and Military Affairs

D. Approve and adopt the Intergovernmental Agreement for Regional Emergency Operations Management and Disaster Services between Tusayan and Coconino County

- E. Approve Resolution 2016-08 approving a modification to the Intergovernmental Agreement with the Arizona Department of Revenue**
- F. Approve support of the 2016 Resolutions for legislative action at the League of Cities and Towns Conference**

## **6. ACTION ITEMS**

- A. Consideration, discussion, and possible acceptance of Councilmember John Schoppmann's resignation from the Town Council**
- B. Consideration, discussion, and possible approval to fill Council vacancy of the unexpired term (ends 2018) of the seat vacated by the resignation of Craig Sanderson**
- C. Consideration, discussion and possible approval of amending the Tusayan Fiscal Policy Section 2.A Access; Adding Section 2. B Online Security; Amending Section 2.C Transfer of Funds; Adding Section 2. D Sub-Account; Amending Section 4. C Procedures; Amending Section 8. D Check Signers; and Amending all reference to Purchasing Agent with Purchasing Manager; and Direct renumbering of pages to accurately reflect changes**
- D. Consideration, discussion and possible approval of Resolution 2016-07 and adoption of an Intergovernmental Agreement between the Town of Tusayan and the Housing Authority for the Town of Tusayan**
- E. Consideration, discussion and possible ratification of the Articles of Incorporation of the non-profit Grand Canyon Housing Foundation; and possible approval of 501c3 application for the non-profit Grand Canyon Housing Foundation**
- F. Consideration, discussion and ratification of the legal description and depiction of the Second Town Housing Parcel to be attached as Exhibit B to the Second Amendment to the Pre- Annexation Development Agreement between the Town of Tusayan and STILO Development Group USA, LLC, that was approved on June 1, 2016.**
- G. Consideration, discussion and authorization of staff to assemble the final execution copy of the Second Amendment to the Pre- Annexation Development Agreement between the Town of Tusayan and STILO Development Group USA, LLC, and to deliver the document to STILO Development Group USA, LLC.**
- H. Consideration, discussion and approval to authorize the Mayor, or designee, to sign the Escrow Instructions with the new Second Town Housing Parcel depiction and legal description and instruct staff to commence and continue the due diligence as required by the Escrow Instructions.**
- I. Consideration, discussion and possible approval to request STILO Development USA, LLC submit an updated Camper Village Limited Commercial Development Site Plan.**
- J. Consideration, discussion and possible approval to obtain an updates letter agreement whereby Logan-Luca LLC and Tusayan Ventures LLC authorize the Town's processing of the updated Camper Village Site Plan and the Second Amendment to the Pre-Annexation Development Agreement between the Town of Tusayan and STILO Development Group USA. LLC.**

**7. DISCUSSION ITEMS**

- A. Discussion of revised concept plan in preparation for Logan-Luca LLC and Tusayan Ventures LLC to submit an updated Camper Village Site Plan**
- B. Discussion of possible height restriction text amendment to the Tusayan Zoning Code, inclusive of all zones**

**8. REPORTS**

- A. Town Manager**
- B. Council Members**
- C. Mayor**

**9. FUTURE AGENDA ITEMS**

**10. MOTION TO ADJOURN**

**CERTIFICATION OF POSTING OF NOTICE**

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at the General Store in Tusayan, Arizona on this \_\_\_\_\_ day of August 2016, at \_\_\_\_\_ am / pm in accordance with the statement filed by the Tusayan Town Council.

\_\_\_\_\_  
Signature of person posting the agenda

**Item No. 4A**



Eric Duthie <tusayantownmanager@gmail.com>

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## Flyer

1 message

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Grand Canyon <grandcanyon@nacog.org>

Wed, Aug 10, 2016 at 11:49 AM

To: "tusayantownmanager@gmail.com" <tusayantownmanager@gmail.com>

Cc: Anamarie Lopez <alopez@nacog.org>

Eric,

Thank you for allowing us to be on the agenda at the town council meeting on August 17<sup>th</sup> at 6:00pm. It will be a joy to attend. I am attaching a flyer with my business card attached to it so that way you can have it and is able to gain information on who we are and what we do. If you have any questions please feel free to give me a call at [928-660-1259](tel:928-660-1259) or [928-606-4728](tel:928-606-4728) Thank you again

Elsa Peters

This email and any attached files are confidential and intended solely for the intended recipient(s). If you are not the named recipient you should not read, distribute, copy or alter this email. Any views or opinions expressed in this email are those of the author and do not represent those of the company. Warning: Although precautions have been taken to make sure no viruses are present in this email, the company cannot accept responsibility for any loss or damage that arise from the use of this email or attachments.

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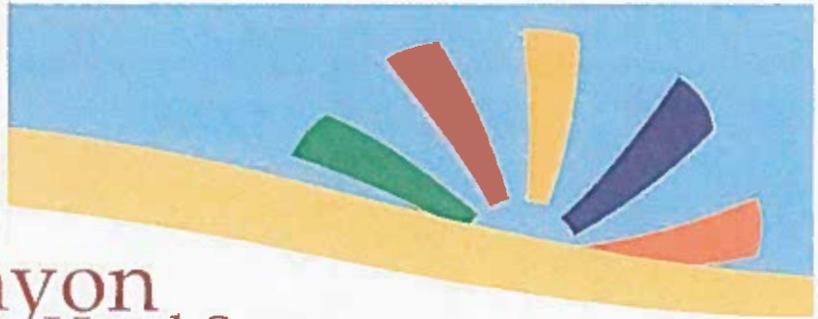
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372K



**ELSA PETERS**  
Center Director  
Grand Canyon Head Start

1 Boulder Street  
Grand Canyon, AZ 86023  
Phone: (928) 660-1259

grandcanyon@nacog.org  
www.nacog.org/hs



# Grand Canyon Head Start

## Who We Are

Working diligently to improve the lives of Arizona's at-risk children, NACOG proudly operates Head Start and Early Head Start programs throughout rural northern Arizona. Our newest Head Start program is located in the Grand Canyon National Park. Our program will be the first program that is housed on a National Park!

Head Start emphasizes school readiness and preschool education for children from 3 to 5 years, while Early Head Start (EHS) focuses on the healthy development of infants and toddlers along with prenatal care. Both Head Start and EHS offer classroom programs at local centers and deliver services to families through home-based visitors.

## What we Offer

NACOG Head Start follows the National Head Start model of support for the whole child, the family, and the community through a dynamic continuum of services, leadership and advocacy.

- Promoting School Readiness and Child Outcomes
- Providing and Supporting Physical Health and Nutrition Services
- Supporting Healthy Social & Emotional Development
- Focus on Parent, Family and Community Engagement
- Services for Special Needs Children
- Opportunities to Volunteer

## Service Options Available at Grand Canyon

### Preschool Services:

Services are provided in a center-based classroom, where children attend 3.5-hour sessions—either mornings or afternoons. Education staff at NACOG Head Start provides children with activities that help them grow mentally, socially, emotionally and physically. NACOG Head Start operates play-based, developmentally appropriate classrooms for pre-school children. The most important goal of our curriculum is to help children become enthusiastic learners. Our teachers encourage children to be active, inquisitive and creative.

### Home Based Services:

A home visitor works directly with a parent/guardian during weekly 1.5-hour visits. These one-on-one sessions guide parents in planning and developing the same activities and services that the child would receive in a center-based classroom. Playgroups meet twice monthly and greatly enrich the Home Base Program, giving the children and their family's time to socialize, share, learn and grow together.



Interested in becoming a part of NACOG Head Start?

Go to [www.nacog.org/hs](http://www.nacog.org/hs) to download an application or call.

NACOG Head Start  
(928) 774-9504

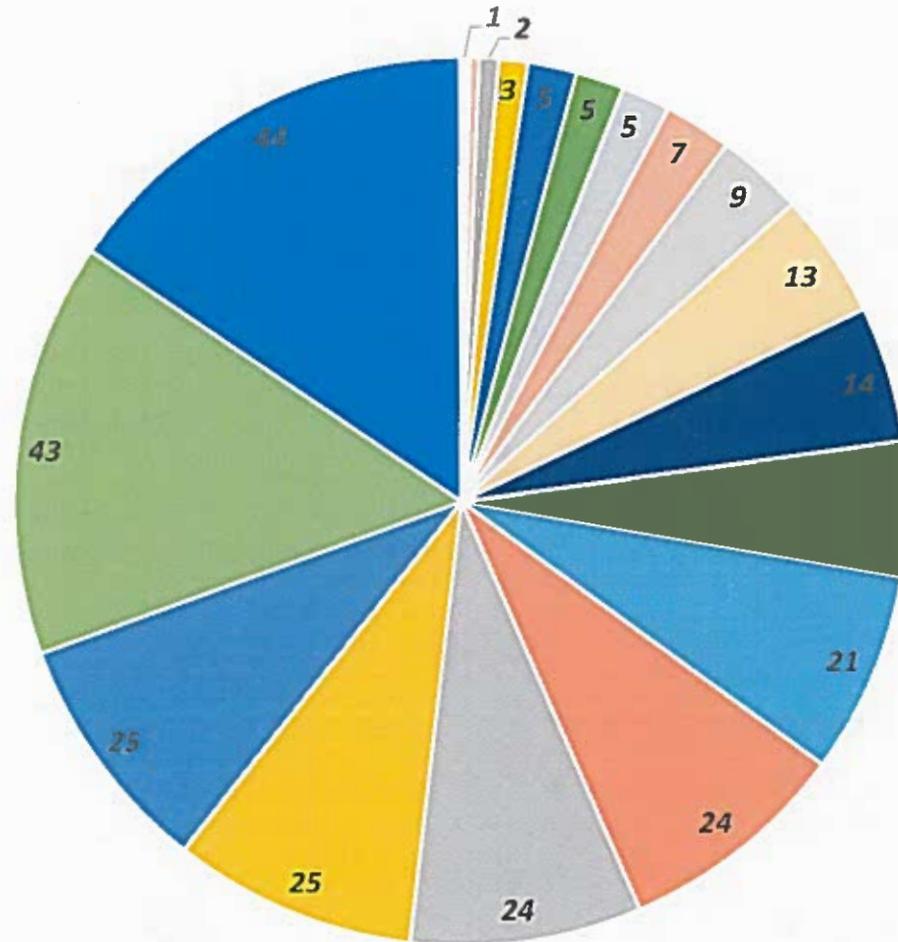
Grand Canyon Unified School District  
(928) 638-2461

**Item No. 4B**

# Tusayan Citizen Request for Calls for Service

Jan - Jun 2016

(Includes SR64 MP233-237)



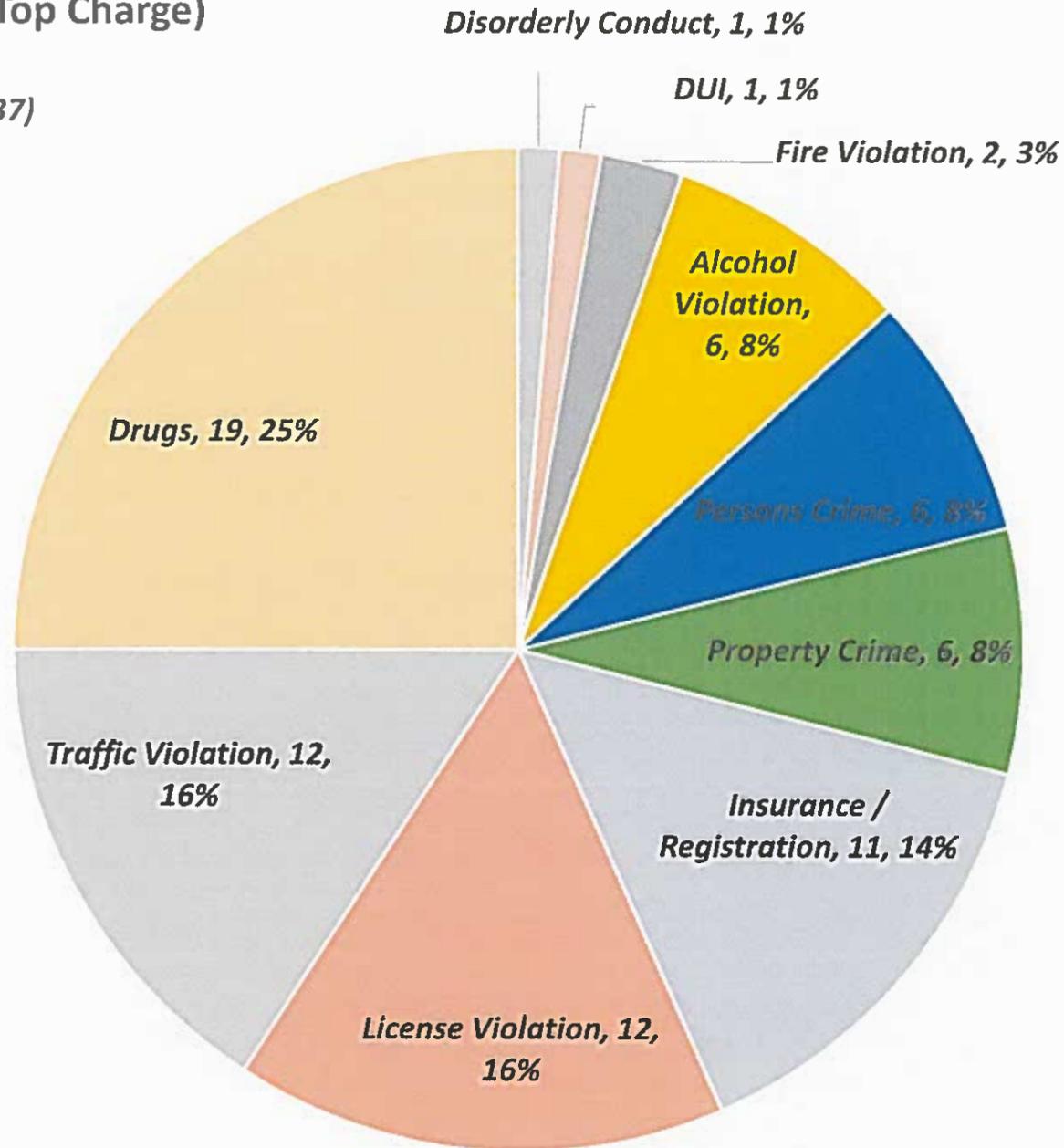
- Traffic Related (1, 1%)
- Parking Related (2, 1%)
- Animal Related (3, 1%)
- Drug/Alcohol (5, 2%)
- Juvenile Related (5, 2%)
- Other (Vehicle Related, Warrants, etc) (5, 2%)
- Alarm Related (7, 2%)
- SAR & Missing Persons (9, 3%)
- Disturbing the Peace (13, 5%)
- Fire Related (14, 5%)
- Non-Crime (Lost/Found Property, Public Accident, Welfare, Suicidal, etc) (14, 5%)
- Civil (includes paper service) (21, 7%)
- Accidents (80% private property) (24, 8%)
- Persons Crime (24, 8%)
- Assist Other Agency & ATL (25, 9%)
- Property Crime (25, 9%)
- Suspicious Activity (43, 15%)
- Emergency Medical (44, 15%)

<b>Officer Initiated Activity</b>	
Field Interviews	28
Follow Up	40
Forest Patrols	103
Traffic Stops	190
Area Patrols	476
Business Checks	638

### Tusayan Citations (Top Charge)

Jan - Jun 2016

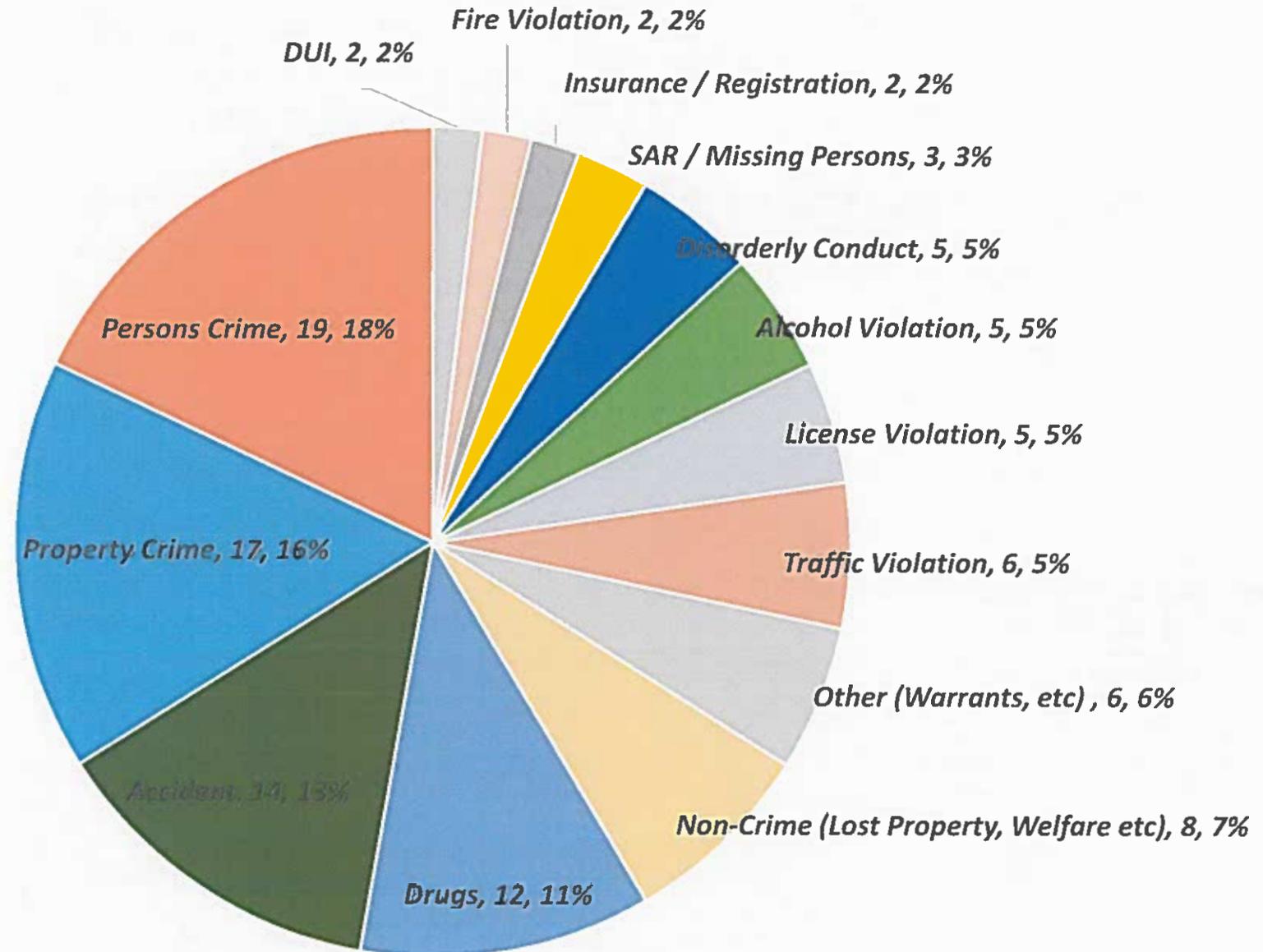
(Includes SR64 MP233-237)



# Tusayan Reports (Top Charge)

Jan - Jun 2016

(Includes SR64 MP233-237)



**Item No. 5A**

## **TUSAYAN TOWN COUNCIL REGULAR MEETING**

PURSUANT TO A.R.S. § 38-431.02 & §38-431.03  
Wednesday, June 22, 2016 at 6:00pm  
TUSAYAN TOWN HALL BUILDING  
845 Mustang Drive, Tusayan Arizona

### **TOWN COUNCIL SUMMARIZED MINUTES**

#### **1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

Mayor Rueter called the meeting to order at 6:00pm and the Pledge of Allegiance was recited.

#### **2. ROLL CALL**

**MAYOR JOHN RUETER  
VICE MAYOR BECKY WIRTH  
COUNCILOR AL MONTOYA  
COUNCILOR JOHN SCOPPMANN**

Also present were:

Eric Duthie, Interim Town Manager  
Melissa M. Drake, Town Clerk

**Mayor Rueter moved to Item 7B.**

**Due to an error in the printing of ballots for the August 30, 2016 election, discussion, consideration and possible approval of Ordinance 2016-02 which cancels the August 30, 2016 Primary Election in order to allow candidates who otherwise qualified for the August 30, 2016 election to appear on the ballot for the November 8, 2016 General Election.**

Vice Mayor Wirth made a motion to take the Council into executive session at 6:02pm. Councilor Montoya seconded the motion and it passed on unanimous vote.

Town Attorney, Bill Sims, joined the meeting by phone and the Council discussed options for cancelling the Primary Election.

Mayor Rueter made a motion to exit the executive session at 6:41pm and re-enter open session. Vice Mayor Wirth seconded the motion and it passed on unanimous vote.

Town Attorney Sims described the situation to the public stating that the error on the ballot only affected the Council seat races, not the Mayoral race.

Mayor Rueter made a motion to resolve, that due to a printing error on the ballot for the August 30, 2016 Primary Election that concerns the election of persons to fill Council seats but does not concern the election of a person to fill the office of Mayor, Council directs staff to inform the County that the Primary Election will proceed, but only to fill the Mayor position because no printing errors affected the election to fill the office of Mayor.

No votes are to be counted to fill Council seats at the Primary Election and notices shall be posted at all polling sites to that effect. Staff is directed to inform the public that two

four-year council positions will be filled at the November 8, 2016 General Election. Two persons have submitted petitions that qualify them for a four-year Council position to be elected at the November 8, 2016 General Election. Other persons who desire to submit petitions for a four-year Council position may do so.

Vice Mayor Wirth seconded the motion and it passed 3 to 1 with Councilor Schoppmann voting "No."

Manager Duthie noted that the error with the ballot was caused by the Town, not the Coconino County Elections Department.

### **3. PUBLIC HEARING ON FINAL TOWN BUDGET FOR FISCAL YEAR 2016-2017**

#### **CALL PUBLIC HEARING TO ORDER**

Mayor Rueter opened the Public Hearing at 6:48pm.

#### **RECEIVE PUBLIC COMMENT**

There were no comments.

#### **CLOSE PUBLIC HEARING**

Mayor Rueter closed the Public Hearing at 6:49pm.

### **4. CALL TO THE PUBLIC FOR ITEMS NOT ON THE AGENDA**

None

### **5. CEREMONIAL AND/OR INFORMATIONAL MATTERS**

None

### **6. CONSENT AGENDA**

#### **A. Minutes of the Town Council Meeting on 6/22/16**

#### **B. Accounts Payable Billings**

Councilor Montoya made a motion to approve the Consent Agenda. Mayor Rueter seconded the motion and it passed on unanimous vote.

### **7. ACTION ITEMS**

#### **A. Consideration, discussion, and possible approval of Resolution 2016-06 adopting a Final Town Budget for Fiscal Year 2016-2017**

Manager Duthie discussed actual revenues and expenditures for Fiscal Year 2015-2016 with only a few outstanding figures still to come in.

He displayed and discussed the financial forms for Fiscal Year 2016-2017 which were published in the newspaper and posted on the website.

Mayor Rueter made a motion to approve Resolution 2016-06 adopting the Final Town Budget for Fiscal Year 2016-2017. Vice Mayor Wirth seconded the motion and it passed on unanimous vote.

- B. Due to an error in the printing of ballots for the August 30, 2016 election, discussion, consideration and possible approval of Ordinance 2016-02 which cancels the August 30, 2016 Primary Election in order to allow candidates who otherwise qualified for the August 30, 2016 election to appear on the ballot for the November 8, 2016 General Election.**

This item was covered earlier in the meeting.

- C. Consideration, discussion, and possible approval to fill Council vacancy or vacancies**

Manager Duthie stated that the resignation of Mayor Craig Sanderson (required for him to run for office of the first directly elected Mayor) left a 2-year vacancy which must be filled within 60 days and today is day 60. There are no requirements for how the Council should fill the vacancy.

Mayor Rueter made a motion to nominate Rob Gossard to fill the vacancy. The motion died for lack of a second.

Mayor Rueter asked the Council if there were any other nominations. There were none.

The Council took no action.

## **8. DISCUSSION ITEMS**

### **A. Discussion of affordable housing**

Manager Duthie stated that the Town does not yet have the deed for the property at Ten X. There are a few issues still to be worked out and should be resolved soon. He also stated that planning is continuing on the Ten X affordable housing project. He said that the environmental and archeological reports are complete. The first phase of the development will most likely be "off the grid" with hopes to change that with future phases.

Councilor Montoya requested that the Council receive those reports. Manager Duthie will send those out.

### **B. Discussion of broadband development**

Manager Duthie stated that the Town has met with Commnet/ATN again and we are looking at potential solutions for increasing broadband service to the area. They have completed a study of bringing fiber optic cable from Williams along the Xanterra railroad. A survey has been completed for bringing the fiber from the railroad from Apex through the airport.

Mayor Rueter stated that an alternate route along the highway is also being considered.

### **C. Discussion of the sports complex and the Sports Complex Work Group**

Mayor Rueter commented on the great progress of the dirt work at the Sports Complex. Manager Duthie presented information on the status history of the work at the Complex.

### **D. Discussion of the Planning and Zoning Commission**

Manager Duthie stated that there has not been a meeting but there may be a need to meet in the near future for requested changes to Ordinances. A review of the preliminary plat for the Ten X project will be upcoming. Twenty-one days after that approval, the final plat will go to Council for approval.

## **9. REPORTS**

### **A. Town Manager**

Manager Duthie stated that:

- Emergency Operations Plan updates are in progress with Coconino County.
- A Mutual Aid Agreement, Animal Control IGA, and the Federal 501(c) 3 Housing Foundation may be on next agenda.
- State Senator Sylvia Allen recently visited the Town.
- The League of Arizona Cities and Towns Annual Conference is in about 3 weeks.
- Senator John McCain was here 2 weeks ago and spoke with locals about the proposed Grand Canyon Watershed National Monument.
- Manager Duthie introduced Don Curnutt, Facilities Director for Grand Canyon National Park (GCNP) and liaison to the Town of Tusayan. Mr. Curnutt noted that the new Superintendent will be "on board" later this month and he will schedule her to present to the Council.

### **B. Council Members**

None

### **C. Mayor**

Mayor Rueter mentioned the meeting with Senator McCain and the proposed National Monument. He echoed Senator McCain's advice which is "Vote!" He also noted the offer of help to GCNP during the times when they experience water issues.

## **10. FUTURE AGENDA ITEMS**

The following items were added to the list for future agendas:

- August 17 – Filling the open council seat
- August 17 – Discussion of financial policies
- August 17 – Presentation from Logan Luca

**11. MOTION TO ADJOURN**

Councilor Montoya made a motion to adjourn the meeting at 7:46pm. Mayor Rueter seconded the motion and it passed on unanimous vote.

\_\_\_\_\_  
John Rueter, Mayor

\_\_\_\_\_  
Date

**ATTEST:**

\_\_\_\_\_  
Melissa M. Drake, Town Clerk

**CERTIFICATION**

State of Arizona        )  
                                  ) ss.  
Coconino County        )

I, Melissa M. Drake, do hereby certify that I am the Town Clerk of the Town of Tusayan, County of Coconino, State of Arizona, and that the above minutes are a true and correct summary of the meeting of the Council of the Town of Tusayan held on August 1, 2016. I further certify that the meeting was duly called and held, and that a quorum was present.

**DATED this 10<sup>th</sup> day of August, 2016**

\_\_\_\_\_  
Town Clerk

**Item No. 5C**

# ARIZONA MUTUAL AID COMPACT

This Compact (also referred to as "Agreement" herein) is made and entered into by and among the signatory political jurisdictions within the State of Arizona and the Arizona Department of Emergency and Military Affairs.

## Recitals

WHEREAS, one or more parties to this Compact may find it necessary to utilize all of their own resources to cope with emergencies and may require the assistance of another party or other parties; and,

WHEREAS, it is desirable that all resources of political subdivisions, municipal corporations, tribes and other public agencies be made available to respond to such emergencies; and,

WHEREAS, it is desirable that each of the parties hereto should assist one another when such emergency occurs by providing such resources as are available and needed including, but not limited to, fire, police, medical and health, environmental, communication, and transportation services to cope with the problems of response and,

WHEREAS, it is desirable that a compact be executed for the interchange of such mutual aid; and,

WHEREAS, it is desirable to utilize this agreement in exercising adopted emergency plans; and,

WHEREAS, it is desirable that the manner of financing of such cooperative undertakings be resolved in advance of such emergency;

NOW, THEREFORE, IT IS HEREBY AGREED by and between each and all of the signatories hereto as follows:

## COMPACT

### 1. Purpose.

The purpose of this Compact is to define for the participating parties the emergency management terms and procedures which will be used among participating parties for dispatching mutual aid assistance to any affected area in accordance with local ordinances, resolutions, emergency plans or agreements. Contracting authority for political subdivisions of Arizona for this Compact is based upon A.R.S. § 26-308 which provides that each county and incorporated city and town of the state may appropriate and expend funds, make contracts and obtain and distribute equipment, materials and supplies for emergency management purposes. Tribal contracting authority will be in accordance with each Tribe's laws. Special District authority will be in accordance with their respective laws. Public education district authority is based on A.R.S. § 15-342(13) and A.R.S. § 11-952. This Agreement shall be construed in accordance the laws of the State of Arizona.

### 2. Scope.

The Scope of this Compact is to (1) provide the procedures to notify the Providing Parties of the need for emergency assistance; (2) to identify available resources; and, (3) to provide a mechanism for compensation for resources.

### 3. Definitions.

- **Automatic Mutual Aid** means the automatic dispatch and response of requested resources without incident specific approvals. These agreements are usually basic contracts; some may be informal accords.
- **Backfill** means replacement of the Requesting Party's personnel who perform the regular duties of other personnel while they are performing eligible emergency work.
- **Compact** means this document, the Arizona Mutual Aid Compact (AZMAC).
- **Director** is the Director of the Department of Emergency and Military Affairs (DEMA).
- **Emergency or Emergencies** means any disaster, emergency, or contingency situation which requires a collaborative effort among multiple Jurisdictions.
- **Exercise** is the exercising of adopted emergency plans utilizing the Homeland Security Exercise and Evaluation Program (HSEEP)
- **Jurisdiction** means an entity, including Political Subdivisions and tribal governments, which (1) has the authority to act, within a defined geographical area especially in times of emergency and (2) is a party to this Compact.

- **Local Mutual Aid** are agreements between neighboring jurisdictions or organizations that involve a formal request for assistance and generally cover a larger geographic area than automatic mutual aid.
- **Political Subdivision** means any county, incorporated city or town, fire district, or public education district, irrigation, power, electrical, agricultural improvement, drainage, and flood control districts, and other tax levying public improvement districts.
- **Providing Party** means the Jurisdiction providing aid in the event of an emergency.
- **Requesting Party** means the Jurisdiction requesting aid in the event of an Emergency.
- **Self-deployed** means to respond to an emergency without being requested by the Requesting Party.

#### **4. Guiding Policy.**

- Arizona Revised Statute (A.R.S.), Title 26, Military Affairs and Emergency Management.
- Arizona Administrative Code (A.A.C.), Title 8, Emergency and Military Affairs.
- National Incident Management System (NIMS), 2008

#### **5. Procedures for Requesting Assistance.**

A Requesting Party which needs assistance in excess of its own resources and existing automatic mutual aid or local mutual aid due to an emergency is authorized to request assistance from any party to this Compact. However, when making such requests, consideration shall be given to, and requests made, based on, but not limited to, the geographical proximity of other jurisdictions with that of the jurisdiction requesting assistance. All requests for assistance from the State must be coordinated through the Requesting Party's county emergency operations center, or tribal emergency operations center (whichever is applicable).

Requests should specify what the emergency is, what resources are needed and the estimated period of time during which such mutual aid shall be required, if known. Please use the Resource Request form provided in Appendix A.

#### **6. Providing Party's Assessment of Availability of Resources and Ability to Render Assistance.**

Subject to the terms of this Compact, the Providing Party shall make reasonable efforts to assist the Requesting Party. In all instances, the Providing Party shall render such mutual aid as it is able to provide consistent with its own service needs at the time, taking into consideration the Providing Party's existing commitments within its own jurisdiction. The Providing Party shall be the sole judge of what mutual aid it has available to furnish to the Requesting Party pursuant to this Compact.

**7. Implementation Plan.**

Each party should develop an emergency operations plan that includes a process to provide for the effective mobilization of its resources, both public and private, including acceptance of mutual aid to provide or receive assistance under this Compact.

**8. Contact List.**

Each Party shall develop a contact list as outlined in Appendix B, which shall be provided to the Director for distribution to all other parties to this Compact.

**9. Reimbursement Procedures between Parties.**

If the Providing Party desires reimbursement for the assistance they are providing, the Requesting Party shall reimburse the Providing Party for all costs incurred in the mutual assistance, whether an incident has been declared an emergency or not. The Providing Party must declare its intent to seek reimbursement as part of their response to the Requesting Party's request for assistance (see Appendix A: Resource Request forms). The Providing Party and the Requesting party shall agree upon allowable costs for mutual assistance prior to the dispatch of any mutual assistance resources. Unless otherwise negotiated by the parties involved, the parties may reference the state allowable costs as defined in A.A.C. Title 8 (as may be amended from time to time). If the assistance is authorized and accepted, the Requesting Party shall reimburse the Providing Party all allowable costs of labor, equipment, and materials that have actually been expended during the execution of the mission assignment, after receipt of an itemized voucher and documentation is received.

If there has been a declaration of emergency from the Governor and/or President, the Requesting Party may be eligible for reimbursement for these mutual aid costs under the state or federal declaration of emergency. See item 10.

**10. Reimbursement Procedures from the State.**

If the Governor and/or President have declared an emergency, the Requesting Party can prepare an itemized voucher and documentation of all paid allowable costs including all the cost of the mutual aid resources reimbursed to any Providing Parties under this Compact, for submittal to the State for consideration for reimbursement in accordance with A.A.C. Title 8 (as may be amended from time to time). As per A.A.C. Title 8, R8-2-301, sub-parts 1, 12 & 15, only state agencies and political subdivisions are eligible to receive reimbursement under a Governor's Declaration. Any Tribal Nations as the Requesting Party would need to seek reimbursement under a Presidential Declaration. Any Tribal Nations as the Providing Party would seek reimbursement from the Requesting Party as outlined in Item 9.

The state is not liable for any claim arising from an emergency for which the applicant receives funds from another source (A.A.C. Title 8, R8-2-312).

Self-deployed resources will not be reimbursed.

**11. Personnel Compensation and Insurance.**

The Requesting Party and the Providing Party shall be responsible for all compensation and insurance coverage of their respective employees and equipment.

**12. Immunity.**

The parties shall have such immunity as provided by applicable state, federal or tribal law,

**13. Indemnification**

Each party (as "Indemnitor") agrees to defend, indemnify, and hold harmless the other party (as "Indemnitee") from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as "Claims") arising out of bodily injury of any person (including death) or property damage, but only to the extent that such Claims are caused by the act, omission, negligence, misconduct, or other fault of the Indemnitor, its officers, officials, agents, employees, or volunteers. If a Claim or Claims become subject to this indemnity provision, the political subdivisions that are parties to the Claim or Claims shall expeditiously meet to discuss a common and mutual defense including proportional liability and payment of possible litigation expense and money damages.

This compact is between Governmental entities. Should a signatory to this agreement use a contractor for any purpose, said contractor would be required to abide by ADOA Risk Management insurance requirements which are attached as Appendix C. The obligations under this Section 13 shall survive termination of this Agreement.

**14. Term.**

This Compact shall be effective on the date it is recorded with the Secretary of State. Except as otherwise provided in this Compact, this Compact shall terminate ten years after the effective date. This Compact, upon mutual consent of the parties may be extended for a period of time not to exceed 10 years, any modification or time extension of this Compact shall be by formal written amendment and executed by the parties hereto.

**15. ADA.**

Each party shall comply with applicable provisions of the Americans with Disabilities Act (Public Law 101-336, 42 United States Code, 12101-12213) and all applicable federal regulations under the Act, including 28 Code of Federal Regulation Parts 35 and 36.

**16. Non-Discrimination.**

To the extent of the law the Parties shall comply with Executive Order 2009-9, which mandates that all persons, regardless of race, color, religion, sex, age, or national origin not mentioned in Order shall have equal access to employment opportunities, and all other applicable state and Federal employment laws, rules, and regulations, including the Americans with Disabilities Act. Parties shall take affirmative action to ensure that applicants for employment and employees are not discriminated against

due to race, creed, color, religion, sex, national origin or disability.

**17. Compliance with Laws.**

Each party shall comply with all federal, tribal, state and local laws, rules, regulations, standards and Executive Orders, as applicable, without limitation to those designated within this Compact. Any changes in the governing laws, rules and regulations during the terms of this Compact shall apply but do not require an amendment.

**18. Workers' Compensation.**

Each Party herein shall comply with the provisions of A.R.S §23-1022(E) by posting the public notice required. As provided for in A.R.S. §23-1022(0), an employee of a public agency who works under the jurisdiction or control of or within the jurisdictional boundaries of another public agency pursuant to a specific intergovernmental agreement or contract entered into between the public agencies is deemed to be an employee of both public agencies. However, the primary employer is solely liable for the payment of Workers' Compensation benefits. As such, each Party shall maintain Workers' Compensation insurance coverage on **all** of its own employees providing services pursuant to this agreement.

**19. Insurance.**

Each Party shall bear the risk of its own actions, as it does with all its operations, and shall determine for itself an appropriate level of insurance coverage and maintain such coverage. Nothing in this Agreement shall be construed as a waiver of any limitation on liability that may apply to a Party.

**20. Non-appropriation.**

Every payment obligation of the Parties under this Agreement is conditioned upon the availability of funds appropriated and allocated for the payment of such obligation. If funds are not appropriated, allocated and available or if the appropriation is changed by the legislature resulting in funds no longer being available for the continuance of this Agreement, this Agreement may be terminated by the Parties at the end of the period for which funds are available. No liability shall accrue to the Party in the event this provision is exercised, and neither Party shall be obligated or liable for any future payments or for any damages as a result of termination under this paragraph.

**21. No Third Party Beneficiaries.**

Nothing in the provisions of this Compact is intended to create duties or obligations to or rights in third parties not parties to this Compact or affect the legal liability of any party to the Compact by imposing any standard of care different from the standard of care imposed by law.

**22. Entire Compact.**

This document constitutes the entire Compact between the parties pertaining to

the subject matter hereof. This Compact shall not be modified, amended, altered or extended except through a written amendment signed by the parties and recorded with the Arizona Secretary of State or Tribal government as appropriate.

**23. Jurisdiction.**

Nothing in this Compact shall be construed as otherwise limiting or extending the legal jurisdiction of any party. Nothing in this Compact is intended to confer any rights or remedies to any person or entity that is not a party.

**24. Conflict of Interest.**

The requirements of A.R.S. § 38-511 apply to this Agreement. The Parties may cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Party is, at any time while this Agreement or any extension is in effect, an employee, agent or consultant of Party with respect to the subject matter of this Agreement.

**25. Supervision and Control.**

Management of an emergency shall remain with the jurisdiction in which the emergency occurred. From the time of arrival to the time of departure at the emergency scene, the party providing assistance shall be considered for all purposes (other than joint employee status as required by Section 18 of this Compact) to be under the direction and control of the party requesting assistance. In proceeding to and returning from the emergency scene, the party providing assistance shall not be under the direction and control of the party requesting assistance. Supervision and control of Providing Parties' personnel and equipment shall be in accordance with National Incident Management System. The Requesting Party will be responsible for providing supplies and services, such as food, shelter, gasoline and oil, for on- site use of equipment and for the personnel providing assistance. All equipment and personnel used pursuant to this Compact shall be returned to the Providing Party upon being released by the Requesting Party or on demand of the Providing Party for such return.

**26. Severability: Effect on Other Agreements.**

It is expressly understood that this Compact shall not supplant existing agreements between some of the parties, which do provide for the exchange or furnishing of certain types of services on a compensated basis.

**27. Severability.**

If any provision of this Compact is held to be invalid or unenforceable, the remaining provisions shall continue to be valid and enforceable to the full extent permitted by law.

**28. Responsibility of the Department of Emergency and Military Affairs.**

Nothing within this Compact limits or restricts the duties and obligations the State of Arizona may have to respond to the emergency of any party.

**29. Effective Date.**

This Compact shall become effective as to each party when adopted by resolution and executed by the governing body of the jurisdiction, and shall remain operative and effective as between each and every party that has heretofore or hereafter executed this Compact, until participation in this Compact is terminated by the party. The termination by one or more of the parties of its participation in this Compact shall not affect the operation of this Compact as between the other parties thereto. The Director shall identify on their website, with updates as needed, all parties signatory to this Compact.

**30. Execution Procedure.**

Execution of this Compact shall be as follows:

This Compact, which will be designated as "ARIZONA MUTUAL AID COMPACT," shall be executed in counterparts by the governing body of each party. Upon execution, the counterpart will be filed with the Secretary of State and the Tribal government as applicable and be provided to the Director. This Compact will be effective between all parties who execute this Compact even if it is not executed by all eligible jurisdictions.

**31. Termination.**

Termination of participation in this Compact may be effected by any party as follows:

Notice of termination will be given to the Director 20 days prior to termination.

Any party may, by resolution of its governing body, terminate its participation in this Compact and file a certified copy of such resolution with the Secretary of State or the Tribal government, with a copy to be provided to the Director.

The parties to this Compact understand and acknowledge that this Compact is subject to cancellation by any party pursuant to A.R.S. § 38-511 or applicable Tribal law.

**32. Dispute Resolution.**

The Parties to this Agreement agree to resolve all disputes arising out of or relating to this Agreement through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518 except as may be required by other applicable statutes.

### **33. Record Retention**

Pursuant to A.R.S. §§ 35-214 and 35-215, the Parties shall retain all records relating to this Agreement for a period of five years after completion of the Agreement. All records shall be subject to inspection and audit by the State of Arizona at reasonable times.



**Appendix A**

**ARIZONA MUTUAL AID COMPACT (AZMAC)**

**EMERGENCY MANAGEMENT RESOURCE REQUEST**

Date of Request	Requesting Agency Tracking Number	
Requesting Organization	Organization Point of Contact	
	Work	
	Cell	
	E-Mail	
Requested Resource Type/Kind	Quantity	
	Unity of Measure	
	Date/Time Required	

Resource must come with

- |                                      |                                  |                                      |   |
|--------------------------------------|----------------------------------|--------------------------------------|---|
| <input type="checkbox"/> Fuel        | <input type="checkbox"/> Meals   | <input type="checkbox"/> Operator(s) | <input type="checkbox"/> Water          |
| <input type="checkbox"/> Maintenance | <input type="checkbox"/> Lodging | <input type="checkbox"/> Power       | <input type="checkbox"/> Transportation |

<b>Mission</b>

<b>Special Instructions</b>

<b>Request Forwarded to</b>
Contact Name _____
Organization/Agency _____
Vendor _____
Date/Time of Submission _____

**Request Approved by**

**Date**

\_\_\_\_\_

**Appendix A**

**ARIZONA MUTUAL AID COMPACT (AZMAC)**

**EMERGENCY MANAGEMENT RESOURCE REQUEST**

Date of Request	Requesting Agency Tracking Number	
Assisting Organization	Organization Point of Contact	
	Work	
	Cell	
	E-Mail	
Requested Resource Type/Kind	Quantity	
	Unity of Measure	
	Date/Time Required	

**Offer**

- Travel Costs
- Equipment Costs
- Commodities

<b>Personnel</b>							
<b>F. Name</b>	<b>L. Name</b>	<b>Phone</b>	<b>E-Mail</b>	<b>Regular Salary/ Hourly Rate</b>	<b>Regular Fringe Benefit Hourly Rate</b>	<b>Overtime Salary/ Hourly Rate</b>	<b>Overtime Fringe Benefit Hourly Rate</b>

Estimated Resource Cost \_\_\_\_\_

Providing Party Agency Representative Signature and Date

\_\_\_\_\_

Representative Name and Title (Print) Signature and Date

Requesting Party Agency Representative Signature and Date

\_\_\_\_\_

Representative Name and Title (Print) Signature and Date

**Appendix B**

**ARIZONA MUTUAL AID COMPACT (AZMAC)**

**POINTS OF CONTACT**

Date: August 17, 2016

Name of Town of Tusayan  
Jurisdiction: \_\_\_\_\_

Mailing Address: PO Box 709

City, State, Zip Tusayan, AZ 86023  
Code: \_\_\_\_\_

**Authorized Representatives to Contact for Mutual Aid Assistance**

	Primary Contact	1 <sup>st</sup> Alternate	2 <sup>nd</sup> Alternate
Name	Eric Duthie	Melissa Drake	Tim Stine
Title	Town Manager	Town Clerk	Town Maintenance
24-Hr Phone No.	928-637-4297		
Address	845 Mustang Drive	845 Mustang Drive	845 Mustang Drive
Day Phone No.	928-637-9909	928-637-9909	928-637-9909
Night Phone No.	9208-637-4297		
Fax No.	928-638-9910	928-638-9910	928-638-9910
Email	<a href="mailto:tusayantownmanager@gmail.com">tusayantownmanager@gmail.com</a>	<a href="mailto:tusayanclerk@gmail.com">tusayanclerk@gmail.com</a>	<a href="mailto:tusayanmaintenance@gmail.com">tusayanmaintenance@gmail.com</a>

## Appendix C

### **ARIZONA MUTUAL AID COMPACT (AZMAC)**

#### **USE OF A CONTRACTOR**

In addition, each signatory shall cause its contractor(s) and subcontractors, if any to defend, indemnify, and hold harmless the State of Arizona, any jurisdiction or agency performing any service or work or providing any equipment or material under this Agreement, and their respective directors, officers, officials, agents, and employees (hereinafter referred to as "Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of signatory's contractor or any of the directors, officers, agents, or employees or subcontractors of such contractor. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of such contractor to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by such contractor from and against any and all claims. It is agreed that such contractor will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable."

#### **Insurance Requirements for Governmental Parties:**

None.

#### **Insurance Requirements for Any Contractors Used by a Party to the Intergovernmental Agreement:**

(Note: this applies only to Contractors used by a governmental entity, not to the governmental entity itself.) The insurance requirements herein are minimum requirements and in no way limit the indemnity covenants contained in the Intergovernmental Agreement. The State of Arizona in no way warrants that the minimum limits contained herein are sufficient to protect the governmental entity or Contractor from liabilities that might arise out of the performance of the work under this Contract by the Contractor, his agents, representatives, employees or subcontractors, and Contractor and the governmental entity are free to purchase additional insurance.

A. Minimum Scope and Limits of Insurance: Contractor shall provide coverage with limits of liability not less than those stated below.

1. Commercial General Liability- Occurrence Form

Policy shall include bodily injury, property damage, personal and advertising injury and broad form contractual liability.

- General Aggregate \$2,000,000
- Products – Completed Operations Aggregate \$1,000,000
- Personal and Advertising Injury \$1,000,000
- Damage to Rented Premises \$50,000
- Each Occurrence \$1,000,000

a. The policy shall be endorsed (Blanket Endorsements are not acceptable) to include the following additional insured language: "The State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor." Such additional insured shall be covered to the full limits of liability purchased by the Contractor, even if those limits of liability are in excess of those required by this Contract.

(Note that the other governmental entity(ies) is/are also required to be additional insured(s) and they should supply the Contractor with their own list of persons to be insured.)

b. Policy shall contain a waiver of subrogation endorsement (Blanket Endorsements are not acceptable) in favor of the "State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees" for losses arising from work performed by or on behalf of the Contractor.

2. Business Automobile Liability

Bodily Injury and Property Damage for any owned, hired, and/or non-owned vehicles used in the performance of this Contract.

- Combined Single Limit (CSL) \$1,000,000

- a. The policy shall be endorsed, (Blanket Endorsements are not acceptable) to include the following additional insured language: "The State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor, involving automobiles owned, leased, hired or borrowed by the Contractor". Such additional insured shall be covered to the full limits of liability purchased by the Contractor, even if those limits of liability are in excess of those required by this Contract.
- b. Policy shall contain a waiver of subrogation endorsement (Blanket Endorsements are not acceptable) in favor of the "State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees" for losses arising from work performed by or on behalf of the Contractor.

(Note that the other governmental entity(ies) is/are also required to be additional insured(s) and they should supply the Contractor with their own list of persons to be insured.)

- c. Policy shall contain a severability of interest provision.

3. Workers' Compensation and Employers' Liability

• Workers' Compensation	Statutory
• Employers' Liability	
Each Accident	\$1,000,000
Disease – Each Employee	\$1,000,000
Disease – Policy Limit	\$1,000,000

- a. Policy shall contain a waiver of subrogation endorsement (Blanket Endorsements are not acceptable) in favor of the "State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees" for losses arising from work performed by or on behalf of the Contractor.
- b. This requirement shall not apply to: Separately, EACH contractor or subcontractor exempt under A.R.S. § 23-901, AND when such contractor or subcontractor executes the appropriate waiver (Sole Proprietor/Independent Contractor) form.

- B. **Additional Insurance Requirements:** The policies are to contain, or be endorsed (Blanket Endorsements are not acceptable) to contain, the following provisions:
1. The Contractor's policies shall stipulate that the insurance afforded the Contractor shall be primary insurance and that any insurance carried by the Department, its agents, officials, employees or the State of Arizona shall be excess and not contributory insurance, as provided by A.R.S § 41-621 (E).
  2. The Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. Coverage provided by the Contractor shall not be limited to the liability assumed under the indemnification provisions of its Contract with the other governmental entity(ies) party to the IGA.
- C. **Notice of Cancellation:** With the exception of (10) day notice of cancellation for non-payment of premium, any changes material to compliance with this contract in the insurance policies above shall require 30) days written notice to the State of Arizona. Such notice shall be sent directly to the Department and shall be sent by certified mail, return receipt requested.
- D. **Acceptability of Insurers:** Contractors insurance shall be placed with companies licensed in the State of Arizona. Insurers shall have an "A.M. Best" rating of not less than A- VII or duly authorized to transact Workers' Compensation insurance in the State of Arizona. The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.
- E. **Verification of Coverage:** Contractor shall furnish the State of Arizona with certificates of insurance (ACORD form or equivalent approved by the State of Arizona) as required by this Contract. The certificates for each insurance policy are to be signed by an authorized representative.

All certificates and endorsements (Blanket Endorsements are not acceptable) are to be received and approved by the State of Arizona before work commences. Each insurance policy required by this Contract must be in effect at or prior to commencement of work under this Contract and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Contract, r to provide evidence of renewal, is a material breach of contract.

All certificates required by this Contract shall be sent directly to the Department. The State of Arizona project/contract number and project description are to be noted on the certificate of insurance. The State of Arizona reserves the right to require complete, certified copies of all insurance policies required by this Contract at any time.

- F. Subcontractors: Contractor's certificate(s) shall include all subcontractors as insureds under its policies or Contractor shall furnish to the State of Arizona separate certificates for each subcontractor. All coverages for subcontractors shall be subject to the minimum requirements identified above.
- G. Approval: Any modification or variation from the *insurance requirements* in any Intergovernmental Agreement must have prior approval from the State of Arizona Department of Administration, Risk Management Division, whose decision shall be final. Such action will not require a formal contract amendment, but may be made by administrative action.
- H. 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. If the contractor or sub-contractor(s) is/are a State of Arizona agency, board, commission, or university then none of the above shall apply.

**Item No. 5D**

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**Emergency Planning IGA**

1 message

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**Rowley, Robert** <rowley@coconino.az.gov>  
To: Eric Duthie <tusayantownmanager@gmail.com>

Mon, Jun 27, 2016 at 3:39 PM

Good afternoon Eric,

I was wondering how things were progressing on the emergency planning IGA we discussed at the previous EOP meeting here in Flagstaff. Just as a reminder, we are offering to take over Tusayan's emergency management obligations, including EOP maintenance and Hazard Mitigation Plan maintenance. I've attached the IGA again for your reference. The cost of the IGA is \$7000 per year for Tusayan, and the IGA lays out everything we're offering to provide for that. The hope was that we could have the IGA in place for the new fiscal year.

Let me know if there's anything I can do to help the process along. As always, I'd be glad to help explain it to the town council if necessary.

Thanks,

Rob

**Robert L. Rowley CEM**

Director

Department of Emergency Management

Phone: 928-679-8310

Fax: 928-679-7195

Sign up to receive emergency notifications with CodeRED [coconino.az.gov/emergency](http://coconino.az.gov/emergency)**COCONINO**  
COUNTY ARIZONA

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**2 attachments**image001.gif  
6K**COCONINO**  
COUNTY ARIZONA

**INTERGOVERNMENTAL AGREEMENT FOR  
REGIONAL EMERGENCY OPERATIONS MANAGEMENT AND DISASTER SERVICES  
BETWEEN COCONINO COUNTY, ARIZONA  
AND THE  
TOWN OF TUSAYAN**

This Regional Disaster and Emergency Management Services Agreement (“Agreement”) goes into effect on the 1<sup>st</sup> day of July 2016 (the “Effective Date”), by and between Coconino County, a political subdivision of the State of Arizona (“County”), and the Town of Tusayan, a public agency of the State of Arizona (“Public Agency”).

**STATUTORY AUTHORIZATION**

County and Public Agency are empowered by A.R.S. §§ 11-951 et seq. and A.R.S. § 26-308(B) to enter into this Agreement.

**BACKGROUND**

WHEREAS, there is an existing possibility of the occurrence of disasters of unprecedented size and destructiveness resulting from natural, technological, national security or other causes; and,

WHEREAS, the parties mutually desire that preparation shall be adequate to provide for the common defense against disaster; and,

WHEREAS, the parties mutually desire to assure the coordinated preparation and execution of emergency management programs and plans for the preservation of life and property when disasters occur in accordance with the guidance set forth in the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, as amended, 42 U.S.C. §§ 5121–5207; Post Katrina Emergency Management Reform Act of 2006, Public Law 109-295; applicable Federal Emergency Management Guides and Directives; and applicable State of Arizona Emergency Plans.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, it is hereby agreed by and between County and Public Agency as follows:

**DEFINITIONS**

1. For purposes of this Agreement, the term “public agency” shall have the same definition as that contained in A.R.S. §11-951.
2. “Participating Public Agencies” means those public agencies which have active agreements for Disaster and Emergency Management Services with County.

**TERMS OF AGREEMENT**

**1. County Obligations**

County shall:

- a. Prepare and maintain a county Multi-Jurisdictional Emergency Operations Plan or (“EOP”) with due consideration of hazards that affect all areas in the County.

- b. Advise and assist Public Agency in the development, review, publication, and distribution of the EOP developed for Public Agency.
- c. Advise and assist Public Agency in the development, review, publication, and distribution of a Multi-Hazard Mitigation Plan.
- d. Advise and assist Public Agency with the disaster and emergency management training of such employees as Public Agency shall designate.
- e. Provide and maintain a coordinated countywide emergency management program for extraordinary operational systems not provided for in normal governmental operations, including: Warning Systems, Auxiliary Communications System, comprehensive emergency management and planning, and an Emergency Operations Center (EOC).
- f. Train, maintain, and assist with access to a comprehensive emergency management software tool to expedite the emergency operations center processes.
- g. Provide assistance in obtaining Federal or State funds available to Public Agency for emergency management and disaster purposes.
- h. Advise and assist Public Agency in the timely preparation of reports and other papers required by the State or federal governments.
- i. Offer coordination assistance to Public Agency in the event of a disaster affecting Public Agency.
- j. Provide that the county EOC may act as a backup EOC for partner cities.
- k. Assist Public Agency in conducting exercises scheduled by Public Agency to test its disaster response capability.
- l. Advise and assist Public Agency with emergency planning, training and exercises for schools and health care facilities.
- m. Advise and assist Public Agency in complying with the provisions of Title 26, Chapter 2, Arizona Revised Statutes, and State policies and procedures.
- n. Advise and assist Public Agency with public awareness and education including but not limited to:
  - (1) providing disaster response pamphlets/handouts to Public Agency emergency management personnel for later distribution to the public.
  - (2) delivering disaster response pamphlets/handouts to libraries, community centers, and senior centers located in Public Agency.
  - (3) giving oral presentations on disaster and emergency-related subjects to schools, civic groups and similar organizations.
  - (4) setting up and staffing information booths at fairs, safety days and similar events.
- o. Notify Public Agency of its annual fee for each upcoming fiscal year no later than March 1 of the Preceding Fiscal Year.

- p. Assist Public Agency with other disaster and emergency management programs as may be agreed upon.

## 2. **Public Agency Obligations**

Public Agency shall:

- a. Designate personnel to assist in the Development and maintenance of the Coconino County Multi-Jurisdictional Emergency Operations Plan.
  - b. Participate in developing and conducting such emergency management training programs and exercises as deemed necessary.
  - c. Provide that Public Agency's EOC may act as a back up to the County if they need an alternate location.
  - d. Collect and provide disaster and emergency management information when so required by the State or federal government.
  - e. During each fiscal year (July 1 to June 30) of the term of this Agreement, pay to County an annual fee to be determined as follows:
    - (1) Public Agency with a population of 2,000 or under will pay an annual fee of \$7,000 to County.
    - (2) Public Agency with a population of 2,001 to 10,000 will pay an annual fee of \$10,000 to County.
    - (3) Public Agency's population will be determined using the latest available U.S. Census data.
3. This Agreement supersedes any and all agreements, either written or oral, between the parties with respect to the subject matter contained herein, and contains all the covenants and agreements between the parties with respect to the rendering of disaster and emergency management services. Except as otherwise provided, any effective modification must be in writing signed by both parties.
  4. The parties acknowledge that this Agreement is subject to cancellation pursuant to A.R.S. § 38-511.
  5. In the event of any controversy which may arise out of this Agreement, the parties agree that the matter shall be arbitrated as provided in A.R.S. § 12-1518(A). The method of arbitration and the selection of arbitrators shall be decided by the mutual agreement of the parties at such time as arbitration services are needed. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona.
  6. The term of this Agreement shall commence on the Effective Date and continue until June 30, 2018, unless sooner terminated as provided herein. The Agreement may be terminated by either party giving written notice of such intention to the other party not less than ninety (90) days prior to June 30 of the year during which the notice is given, which shall be the effective date of the termination.
  7. To the extent provisions of A.R.S. § 41-4401 are applicable, all Parties warrant to each Party that they will comply with all Federal Immigration laws and regulations that relate to their employees and that each now complies with the E-Verify Program under A.R.S. § 23-214(A).

- a. A breach of this warranty will be considered a material breach of this Agreement and may subject the breaching party to penalties up to and including termination of this Agreement.
  - b. All of the Parties retain the legal right to inspect the papers of any employee who works pursuant to this Agreement or any related subcontract to ensure compliance with the warranty given above.
  - c. Any Party may conduct a random verification of the employment records of any other Party to ensure compliance with this warranty.
  - d. A Party will not be considered in material breach of this Agreement if it establishes that it has complied with the employment verification provisions prescribed by 8 U.S.C.A. § 1324(a) and (b) of the Federal Immigration and Nationality Act and the E-Verify requirements prescribed by A.R.S. § 23-214(A).
  - e. The provisions of this Article must be included in any contract either Party enters into with any and all of its contractors or subcontractors who provide services under this Agreement.
8. To the extent permitted by law, each Party does hereby covenant and agree to indemnify, defend, and hold harmless the other Party, their elected officials, appointees, officers, employees, contractors, and agents from and against any and all suits, actions, legal or administrative proceedings, claims, demands or damages of any kind or nature relating to this Agreement which are the result of any act or omission of the Party, its officers, employees, contractors, agents, and anyone acting under its direction or control, whether intentional or negligent, in connection with or incident to this Agreement. Failure of a Party to comply with the terms of this Agreement shall not provide the basis of any third party action against any of the Parties. If a Claim or Claims become subject to this indemnity provision, the political subdivisions that are parties to the Claim or Claims shall expeditiously meet to discuss a common and mutual defense including proportional liability and payment of possible litigation expense and money damages.
  9. Pursuant to A.R.S. § 23-1022(D), for the purposes of worker's compensation coverage, all employees of each Party covered by this Agreement shall be deemed to be an employee of all Parties. The parent agency shall be solely liable for payment of worker's compensation benefits.
  10. Any notices required or permitted to be given hereunder by either party to the other may be given by personal delivery in writing or by registered or certified mail, postage prepaid, with return receipt requested. Notices shall be addressed to the parties at the addresses appearing below, but each party may change such party's address by written notice given in accordance with this paragraph. Notices delivered personally will be deemed communicated as of actual receipt; mailed notices will be deemed communicated as of three (3) days mailing. Notices shall be addressed as follows:

To County to the attention of:

Director  
 Coconino County Department of  
 Emergency Management  
 219 E. Cherry Avenue  
 Flagstaff, AZ 86001

To Public Agency to the attention of:

Eric Duthie  
 Town Manager  
 Town of Tusayan  
 PO Box 709  
 Tusayan, AZ 86023

11. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force and effect.
12. Any individual executing this Agreement on behalf of a Party represents and warrants to the other Party that they are duly authorized to execute this Agreement on behalf of such Party, and that upon their signature this Agreement shall be binding upon the Parties.

Dated this 17 day of August, 2016

Dated this \_\_\_ day of \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
John Rueter  
Mayor

\_\_\_\_\_  
For County:  
Lena Fowler  
Chair, Board of Supervisors

The undersigned attorneys for the respective parties each hereby certify that they have reviewed this Agreement and find that it is in proper form, and within the power and authority granted to their respective clients under the laws of the State of Arizona.

\_\_\_\_\_  
William Sims  
City Attorney

\_\_\_\_\_  
Rose Winkler  
Deputy County Attorney

ATTEST \_\_\_\_\_  
Melissa Drake  
Town Clerk

\_\_\_\_\_  
Wendy Escoffier  
Clerk of the Board

**Item No. 5E**

**RESOLUTION NO. 2016-08**

**A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF TUSAYAN, ARIZONA, APPROVING THE MODIFICATION OF THE INTERGOVERNMENTAL AGREEMENT BETWEEN THE ARIZONA DEPARTMENT OF REVENUE AND THE TOWN OF TUSAYAN RELATED TO THE ADMINISTRATION AND COLLECTION OF THE TOWN TRANSACTION PRIVILEGE TAX.**

WHEREAS, Title 11, Chapter 7, Article 3 (A.R.S. § 11-952) authorizes two or more public agencies to enter into intergovernmental agreements to contract for services, if authorized by their legislative or governing bodies, and

WHEREAS, A.R.S. § 42-6001 et seq. was amended effective January 1, 2015 to provide that the Arizona Department of Revenue, hereinafter referred to as Department, shall collect and administer any transaction privilege and affiliated excise taxes imposed by any city or town in Arizona and that the Department and each city or town shall enter into an intergovernmental contract or agreement pursuant to A.R.S. § 11-952 to provide a uniform method of administration, collection, audit and licensing of transaction privilege and affiliated excise taxes imposed by the State, cities or towns, and

WHEREAS, the Town of Tusayan and the Arizona Department of Revenue now desire to modify the existing intergovernmental agreement dated July 6, 2015.

NOW, THEREFORE BE IT RESOLVED, that the Town Council of the Town of Tusayan, Arizona hereby approves the modification to the Intergovernmental Agreement between the Arizona Department of Revenue and the Town of Tusayan related to the collection of the Town Transaction Privilege Tax, and authorizes the Mayor to sign the agreement.

PASSED AND ADOPTED BY THE Mayor and Council of the Town of Tusayan, Arizona, this 17<sup>th</sup> day of August, 2016.

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John Rueter, Mayor

ATTEST:

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Melissa M. Drake, Town Clerk

APPROVED AS TO FORM:

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William J. Sims, Town Attorney

## **SUMMARY OF CHANGES TO THE IGA FOR TRANSACTION PRIVILEGE TAX COLLECTION BY THE ARIZONA DEPARTMENT OF REVENUE**

The attached "Modification to Intergovernmental Agreement Between the State of Arizona And City/Town" incorporates five agreed upon changes into the existing intergovernmental agreement between the city/town and the Department related to the collection of the city/town transaction privilege tax. Below is a summary of the intent and impact of each change by section.

### **1) 9.6 Adjustments to Reported Taxes**

The addition of this new section addresses an issue that came up during the past year. In some cases, the Department knew there was an error by the taxpayer in identifying which city or town was supposed to receive the tax, but there was no mechanism allowing them to hold the distribution while the error was being corrected. As a result there were instances when the DOR had to send funds to a city or town knowing it was incorrect, only to pull those funds back in a subsequent distribution after the error had been resolved. This change allows the Department to avoid these incorrect distributions and recoveries when they are aware of a problem from the outset.

### **2) 9.7 Taxpayer Rulings and Uniformity**

The addition of this new section provides for municipal input in the drafting of rulings and interpretations that impact the Model City Tax Code, including interpretations of State statute that flow through to the MCTC because the Model language matches the State language. Under current statute, the DOR is responsible for addressing all taxpayer written requests for rulings, even when the question is based on the Model City Tax Code. This section allows the cities to have some influence over issues raised by taxpayers that have a direct impact on local tax imposition and interpretation, without disrupting the normal course of business within the Department on routine matters.

### **3) 10. Financing Collection of Taxes**

This section is being amended by adding the second sentence. This addition recognizes that the cities and towns have agreed to a statutory financial obligation to contribute to the State for the operation of the DOR, and this obligation is not in conflict with the Department's TPT collection and administration efforts being financed through the State general fund appropriation.

### **4) 28.1 (relating to automatic annual renewal of the agreement)**

This section has been changed to remove the specific years in the original document, so this section will not need to be changed annually. Also, this section added a provision stating any agreed upon changes that arise from the annual review in Section 28.5 are retroactive to July 1st of each year. The agreement automatically renews without any action unless there are modifications agreed upon in any given year, and if so, you only need to adopt the modifications.

### **5) 28.5 (relating to annual review of the IGA)**

This section has been changed to state the review period begins on June 1<sup>st</sup>, rather than requiring the review being completed by March 1<sup>st</sup>. The March 1<sup>st</sup> deadline was simply unrealistic given the legislative session responsibilities of many of the typical reviewers.

**MODIFICATION TO INTERGOVERNMENTAL AGREEMENT  
BETWEEN  
THE STATE OF ARIZONA AND TOWN OF TUSAYAN**

WHEREAS, The Arizona Department of Revenue, hereinafter referred to as Department of Revenue and Town of Tusayan, hereinafter referred to as Town, have entered into an Intergovernmental Agreement regarding the administration of taxes imposed by the State or Town dated June 24, 2015, hereinafter referred to as the IGA, and

WHEREAS, the Department of Revenue and the Town intend to continue with the IGA for an additional one-year term in order to determine whether the general terms of the IGA meet the parties' needs, with the exception of the modifications set forth below.

The parties agree to modify the IGA as follows effective July 1, 2016:

1. Add the following new subsection to Section 9, Collection of Municipal Taxes:

**9.6 Adjustments to Reported Taxes:** If the Department of Revenue determines that a payment remitted by a taxpayer incorrectly identifies the city or town to which the payment should be made, the Department of Revenue may temporarily hold the payment until the distribution of the payment is corrected so that the appropriate city or town receives the payment.

2. Add the following new subsection to Section 9, Collection of Municipal Taxes:

**9.7 Taxpayer Rulings and Uniformity:** Recognizing taxpayer written requests for interpretation of the statutes and/or the Model City Tax Code, as well as guidance regarding uniform application and interpretation of the statutes and the Model City Tax Code impact all taxing jurisdictions, and further recognizing responsibility for such rulings and interpretation of the Model City Tax Code had previously been the sole domain of the municipalities, the Department shall include at least two representatives of the municipalities as regular members of any group established to respond to such taxpayer ruling requests and to issue such uniform interpretations and guidance promulgated by the Department. Participation by the two representatives of the municipalities on any such group is limited to instances when there is an issue raised that solely involves the Model City Tax Code and/or presents an issue of first impression, including requests for private taxpayer rulings. The municipal representatives may also be consulted by the Department on information letters, or when issuing statements of general guidance. Written requests involving common questions or issues that have previously been addressed, whether unique to the Model City Tax Code or not, may be handled in the regular course of Department processes without consulting the representatives of the municipalities.

3. Amend Section 10, Financing Collection of Taxes as follows:

**10. Financing Collection of Taxes.**

The costs incurred by the Department in administering this Agreement shall be financed through the State general fund appropriation to the Department. This provision does not relieve Town of any financial obligation imposed by statute.

4. Amend subsection 28.1 of Section 28, Duration, relating to automatic renewal of the agreement as follows:

**28.1** The term of this Agreement shall be from July 1 through June 30 of each year. This Agreement shall automatically be renewed for successive one year terms thereafter unless either party shall terminate this Agreement by notice, in writing, no later than sixty calendar days prior to the expiration of the term then in effect. Any agreed upon modifications to the terms and conditions of this agreement shall be incorporated to be effective during the term identified by the review committee provided for in section 28.5.

5. Amend subsection 28.5 of Section 28, Duration, relating to annual review of the agreement as follows:

**28.5** During the term of this Agreement, the terms and conditions of this Agreement will undergo an annual review to be initiated no later than June 1<sup>st</sup> of each year. The review will be performed by a committee made up of equal parts representatives of the Department and representatives of the municipal taxing jurisdictions entering into an IGA with the Department for the administration and collection of Municipal Taxes.

**Signature Authority.**

By signing below, the signer certifies that he or she has the authority to enter into this Agreement and has read the foregoing and agrees to accept the provisions herein. This modification may be executed in counterparts.

Signature	Date	Signature	Date
<b>John Rueter, Mayor</b>			
Typed Name and Title		Typed Name and Title	
<b>Town of Tusayan</b>			
Entity Name		Entity Name	

<b>RESERVED FOR THE ATTORNEY GENERAL:</b>	<b>RESERVED FOR TOWN ATTORNEY:</b>
<p>Attorney General no. _____, which is an agreement between public agencies, has been reviewed pursuant to A.R.S. § 11-952 by the undersigned Assistant Attorney General who has determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona to the Arizona Department of Revenue represented by the Attorney General.</p> <p style="text-align: center;"><b>MARK BRNOVICH</b> The Attorney General</p> <hr/> <p style="text-align: center;">Signature Assistant Attorney General</p> <p>Date: _____</p>	<p>APPROVED AS TO FORM AND AUTHORITY:</p> <p>BY: _____ William J. Sims, Town Attorney</p> <p>Date: _____</p>

**Item No. 5F**

# TOWN OF TUSAYAN

at the entrance to Grand Canyon National Park



To: Mayor and Council

From: Eric Duthie, Town Manager



Date: August 12, 2016

Re: League Resolutions

Each year, the League of Arizona Cities and Towns facilitates a variety of committees, chaired by elected officials from around the State of Arizona, to develop a list of pertinent issues facing cities and towns which can be prioritized for lobbying efforts at the State Legislature.

As part of that process, the committees report their recommendations to the League, who in turn, provide that information to all cities and towns in advance of the League Conference. At the League Conference, the recommendations are discussed and voted upon at the Resolutions Committee meeting. Each city and town designates one voting representative to the committee. Some cities and towns do not participate, but Tusayan has been well represented in previous years.

Some of the recommendations have little to no current impact on Tusayan, but they can be critical to future town action.

I have reviewed the recommendations and find that, in general, these recommendations can provide benefit for cities and towns, now and in the future. I include the complete packet for your review, but recommend specific attention be paid to the following recommendations:

BFED 2 - Support

BFED 3 - Support

NSQL 1 - Support

NSQL 2 - Support

PSMAC 1 - Support

**LEAGUE OF ARIZONA CITIES & TOWNS  
RESOLUTIONS COMMITTEE MEETING**

*Tuesday, August 23, 2016  
Lunch - 12:30 pm – North Foyer  
Meeting - 1:30 pm – Princess Salon H and I  
Fairmont Princess Resort, Scottsdale*

Mayor Jonathan Rothschild, Chairman

**AGENDA**

- I. Call to Order and Introduction of Committee Members
- II. Procedural Review
  - Only the items put forth by the Policy Committees as Resolutions will be voted on today; each chair has provided a full report on their committee's activities. These are included in your Resolutions Packet.
  - Please raise your hand if you wish to speak, and wait for a microphone before speaking.
  - Blue flags are to be used when you are ready for discussion to end and to proceed to a vote.
- III. Report of the Policy Committees and Resolution Committee Action
  - A. Budget, Finance and Economic Development - Mayor Kenny Evans, Payson  
*Discussion and Action on Proposed Resolutions*
  - B. General Administration, Human Resources and Elections - Mayor Lana Mook, El Mirage  
*Discussion and Action on Proposed Resolutions*
  - C. Neighborhoods, Sustainability and Quality of Life - Councilmember Gilbert Lopez, Coolidge  
*Discussion and Action on Proposed Resolutions*
  - D. Public Safety, Military Affairs and the Courts - Mayor Jerry Weiers, Glendale  
*Discussion and Action on Proposed Resolutions*
  - E. Transportation, Infrastructure and Public Works – Mayor Jonathan Rothschild, Tucson
- IV. Adjournment

(Resolutions will be formally adopted during the Annual Business Meeting on Thursday, August 25.)

**League of Arizona Cities and Towns Resolutions Summary Chart  
2017 Resolutions**

NSQL 2	Restore the Arizona Housing Trust Fund.	Flagstaff		
PSMAC 1	Support the presence of military installations.	Sierra Vista		

Budget, Finance and Economic Development – BFED

General Administration, Human Resources and Elections – GAHRE

Neighborhoods, Sustainability and Quality of Life – NSQL

Public Safety, Military Affairs and the Courts – PSMAC

Transportation, Infrastructure and Public Works – TIPW

These are the only items that will be voted on. The other submissions that did not move forward as resolutions will be explained at the Resolutions Committee.

**League of Arizona Cities and Towns Resolutions Summary Chart  
2017 Resolutions**

Number	Resolution	Sponsor	Action	Notes
BFED 1	Seek legislation to create the Economic Development Reimbursement Authority (EDRA) system for infrastructure and improvements.	Surprise		
BFED 2	Create renewable energy and conservation financing districts for commercial properties.	Flagstaff		
BFED 3	Amend statute to authorize retention and detention basin improvement districts to levy and expend money to operate, maintain, repair and improve retention and detention basins within a municipality.	Yuma		
BFED 4	Create workable, mutually beneficial construction sales tax reform.	League		
GAHRE 1	Simplify the re-zoning language for cities and towns to reflect the more direct county language.	Sedona		
GAHRE 2	Seek legislation to remove any limitation or penalty in accessing PSPRS retirement benefits as the member is transitioning into a job reassignment as an accommodation under the Americans with Disabilities Act (ADA).	Surprise		
GAHRE 3	Design legislation to improve the county island annexation process without undue burden to any one party.	Sierra Vista Yuma		
GAHRE 4	Revise and update the disincorporation statutes.	League		
GAHRE 5	Explore options that create funding solutions and/or financing authority to deal with PSPRS unfunded pension liabilities.	League		
NSQL 1	Develop strategies to enhance forest health.	Flagstaff		



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Email: [league@azleague.org](mailto:league@azleague.org) · Web site: [www.azleague.org](http://www.azleague.org)

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July 8, 2016

Dear Mayor:

It is my privilege to appoint you to the 2016 Resolutions Committee of the League of Arizona Cities and Towns. Jonathan Rothschild, Mayor of Tucson and a member of the League's Executive Committee, has agreed to serve as Chairman.

The Committee is responsible for recommending items for inclusion in the League's legislative program based upon a review of the Resolutions submitted by Arizona's cities and towns. The adopted Resolutions are outlined in the annual Municipal Policy Statement which serves as the principal guide for the League's legislative program for the upcoming session.

The Chairs of the five League Policy Committees will present the Resolutions discussed in their respective committees to the Resolutions Committee at the Annual Conference.

Included in this packet you will find the:

- Resolutions Committee Calendar
- Resolutions Committee Procedures
- Policy Committee Reports and Resolutions

The Resolutions Committee will meet on Tuesday, August 23, 2016 at 1:30 p.m. as the first item of business at the League Annual Conference at the Fairmont Princess Resort in Scottsdale. Lunch will be provided before the meeting. The actions of the full Resolutions Committee will be formally adopted at the League's Annual Business Meeting on **Thursday August 25, 2016** at 4:00 p.m.

**Please officially accept your appointment or designate a council representative to serve your city/town on the 2016 Resolutions Committee, by clicking here [www.leagueaz.org/resolutions](http://www.leagueaz.org/resolutions).**

We look forward to having all 91 cities and towns participate on the Resolutions Committee. If you have any questions or comments regarding the Resolutions Committee, your appointment or the resolution submittal process, please do not hesitate to contact the League office.

Sincerely,

A handwritten signature in black ink that reads "Mark W. Mitchell".

Mayor Mark Mitchell, Tempe

League President

Enclosures

cc (via email): Managers, Clerks without Managers, Intergovs, Intergovs 2

## **2016 Resolutions Committee Calendar**

- April:** Mayor Rothschild appointed as 2016 Resolutions Chairman.
- April-June** Policy Committees meet.
- July 8:** League to send out resolutions packets to membership.
- August 23:** Resolutions Committee meeting at the Annual Conference in Tucson.
- August 25:** Resolutions ratified at the Annual Business Meeting.

## **LEAGUE OF ARIZONA CITIES AND TOWNS RESOLUTIONS COMMITTEE PROCEDURES**

### **1. Resolutions Committee Appointment**

The President shall appoint the Chairman and members of the Resolutions Committee. Only one elected official from each city or town shall be appointed to the Committee.

### **2. Duties**

The Resolutions Committee shall adopt statements of policy amending the annual Municipal Policy Statement, special resolutions and such other resolutions of courtesy, commendation or appreciation as the Committee deems appropriate.

### **3. Submission of Resolutions**

A. All resolutions, including resolutions of courtesy, commendation or appreciation, may be considered by the Committee provided such resolutions are submitted to the Chairman of the Committee or to the League office for consideration by the Policy Committees. The resolutions process allows cities and towns to submit policy ideas to the League at any time during the year without the requirement of a co-sponsoring city or town. If approved by a policy committee, League staff will draft the resolution for presentation to the full Resolutions Committee. Sponsoring cities and towns, or other interested stakeholders may be consulted to provide more information on the idea and also may be invited to speak to the issue at one of the policy committee meetings. Submissions received after June 1 may not be processed in time for the Annual Conference.

B. Except in the case of emergency as determined by the chair of the committee, no resolutions submitted after the deadline specified in subsection A of this section or that have not been vetted by the Policy Committees may be considered.

### **4. Resolutions Committee Process**

A. The President shall assign submissions to the relevant Policy Committee. The Policy Committees will review submissions and develop pertinent resolutions for consideration by the Resolutions Committee. Only resolutions advanced by the Policy Committees shall be discussed at the Annual Conference Resolutions Committee.

B. Resolutions shall be amended according to the process established by the Chairman of the Committee.

C. The completed resolutions will go to the full Resolutions Committee at the Annual

Conference for consideration. The chairs of each policy committee will be responsible for presenting the resolutions and their committee activities to the full Resolutions Committee. Notice shall be given to each member at least four weeks in advance of the meeting.

5. **Final Report**

After the Resolutions Committee meeting, the Chairman of the Committee or a designee shall report to the entire league membership at the Annual Business Meeting those resolutions adopted by the Committee. Resolutions adopted by the Committee shall be formally adopted by the membership at the Annual Business Meeting and become the basis for the annual Municipal Policy Statement.

The following policy committee reports and resolutions are arranged in alphabetical order. The recommended resolutions are categorized by their respective committee initials and numbered according to the order in which they were approved.

**Budget, Finance and Economic Development – BFED**

**General Administration, Human Resources and Elections – GAHRE**

**Neighborhoods, Sustainability and Quality of Life – NSQL**

**Public Safety, Military Affairs and the Courts – PSMAC**

**Transportation, Infrastructure and Public Works – TIPW**

## **Chair's Report of the Budget, Finance and Economic Development Policy Committee**

Mayor Kenny Evans, Chair

Resolutions Committee Meeting, League Annual Conference  
Tuesday, August 23, 2016

On June 27, 2016, the Budget, Finance and Economic Development Policy Committee (BFED) convened to discuss nine policy issues submitted by cities and towns, as well as by League staff, for consideration by the committee. Below is a summary of each of the policy issues considered by BFED:

1. Seek legislation to allow cities and towns to invest in infrastructure and other improvements in a designated area and pay for the investments via the increased tax revenue generated by the new development. – **Surprise**
2. Develop a coalition to assist with the passage of legislation that will allow for the creation of renewable energy and conservation financing districts for commercial property on a voluntary basis. – **Flagstaff**
3. Protect existing funding to cities and towns which support the quality of life for its residents. – **Flagstaff**
4. Protect local authority to bring revenue to cities and towns. – **Flagstaff**
5. Increase shared revenue to small towns in Arizona. – **Mammoth**
6. Provide an option to cities and towns to allow voters to replace and increase their existing primary property tax with a new tax levy to be used to fund operation and maintenance of police, fire and medical emergency services. – **Prescott**
7. Explore methods to finance the operation and maintenance of retention and detention basins including amending A.R.S. § 48-574 to authorize retention and detention basin improvement districts to levy and expend money to operate, maintain, repair and improve retention and detention basins within a municipality. – **Yuma**
8. Explore options for accelerating the payoff of PSPRS debt. – **Globe**
9. Develop legislation for introduction next session that addresses the perceived problems with our construction sales tax system in order to create a long-term, sustainable policy that maintains state and municipal revenues, ensures revenues are received at the location in which the construction activity occurs, provides simplicity for the industry and improves compliance. – **League**

Below is a summary of the committee discussion and the recommendations:

The City of Surprise submitted **Policy Issue 1**. They are seeking a new economic development tool that would be available to cities and towns to help fund infrastructure. The proposed concept is designed to be a financing mechanism that reimburses eligible projects costs using the incremental gains in property tax attributed to project activity.

The Committee voted to move this issue forward as a resolution. (Now: BFED Resolution 1 on the Resolutions Summary Chart.)

The City of Flagstaff presented **Policy Issue 2**. Stephanie Smith, Assistant to the City Manager, explained the issue. This proposal is requesting that the League assist in developing a coalition to work on passage of legislation that would allow for the creation of renewable energy and conservation financing districts for commercial property on a voluntary basis.

This legislation has been attempted in the past and has been unsuccessful because of the legislature's reluctance to create additional special districts. However, this year, other groups have shown an interest in this concept. This year's focus would be on developing a coalition with these other interest groups in an effort to pass legislation authorizing these districts.

The BFED Committee voted to move this issue forward as a resolution. (Now: BFED Resolution 2 on the Resolutions Summary Chart.)

The City of Flagstaff also proposed **Policy Issues 3 and 4**. Stephanie Smith explained that her Council had concerns about the Legislature's attempts to reduce funding to cities and towns and to limit municipal authority regarding revenue sources and that they wanted to reiterate their support for local control over these issues.

The Committee discussed these policy submittals. However, since the protection of shared revenues and the preservation of local control are part of the League's core principles, the members decided it was not necessary to move these forward as individual resolutions.

Mayor Don Jones, on behalf of the Town of Mammoth, presented **Policy Issue 5**. This proposal would increase the amount of shared revenue that is allocated to small cities. Mayor Jones shared his concerns that the small and historic communities in Arizona could not continue to exist without additional revenue sources.

Members of the Committee discussed this issue and shared their concerns about opening up the revenue sharing formula. It was decided that this proposal would not be advanced as a resolution but that the League staff would put together a group to look at other options for increasing revenues or decreasing costs for these communities. The League will convene a group to further study this issue.

The City of Prescott submitted **Policy Issue 6** regarding a dedicated public safety property tax. Alison Zelms, Deputy City Manager, explained that they are looking for options for how to pay

down their pension obligation debt faster.

League staff noted that the General Administration, Human Resources and Election Policy Committee (GAHRE) had also discussed a proposal about the cost of public safety pensions. After discussion by the Committee, it was decided that all of these policy issue submittals would be combined into one resolution that provides the League staff with the flexibility to look at a number of options for addressing this concern. The Committee voted to move this forward as a resolution. (Now: GAHRE Resolution #5 on the GAHRE Resolutions Summary Chart.)

Dan White, Assistant City Attorney, City of Yuma, presented **Policy Issue 7**. He explained that cities are not currently allowed to pay for the maintenance and operation of retention and detention basins out of the proceeds of improvement districts. However, the maintenance and operation of other similar amenities such as pedestrian malls, off-street parking facilities and parkways can be paid for through improvement district assessments. This proposal seeks to have retention and detention basins added to the list of eligible expenses.

The Committee voted to move this forward as a resolution. (Now: BFED Resolution 3 on the Resolutions Summary Chart.)

The City of Globe submitted **Policy Issue 8**. Paul Jepson, City Manager, explained that they were seeking authority to issue pension obligation bonds as a mechanism to save on the costs of retiring their pension obligation debt.

League staff again noted that the General Administration, Human Resources and Election Policy Committee (GAHRE) had also discussed a proposal regarding the cost of public safety pensions. The Committee decided that this issue would also be combined with the other policy issue submittals on this subject. The Committee voted to move this forward as a resolution. (Now: GAHRE Resolution #5 on the Resolutions Summary Chart.)

League staff submitted **Policy Issue 9**. This proposal seeks to develop legislation addressing changes to construction sales tax. Staff explained that there is momentum building at the Legislature to move from our current construction sales tax system to a tax on materials only at the point of purchase. This would result in a significant reduction in the revenues the state and municipalities collect from this activity.

The League has put together a task force to review this issue and to develop the information necessary to make informed decisions about the impact of any changes to construction sales tax. This information will help us be proactive in guiding the development of legislation rather than simply reacting to what is introduced. The Committee voted to move this issue forward as a resolution. (Now: BFED Resolution 4 on the Resolutions Summary Chart.)

The table below summarizes the BFED Committee's actions:

<b>Policy Issue</b>	<b>Disposition by Committee</b>
1	Resolution BFED 1
2	Resolution BFED 2

3	League Core Principle
4	League Core Principle
5	League Study Committee
6	Resolution GAHRE 5
7	Resolution BFED 3
8	Resolution GAHRE 5
9	Resolution BFED 4

Kenny Evans  
Mayor of Payson  
Chair, Budget, Finance and Economic Development Policy Committee

**BFED#1**

**League of Arizona Cities & Towns Resolution**

***Text of Resolution: Seek legislation to allow cities and towns to invest in infrastructure and other improvements in a designated area, and pay for the investments via the increased property tax revenue generated by the new development.***

**A. Purpose and Effect of Resolution**

Economic Development Reimbursement Authority (EDRA) is a mechanism that allows cities and towns to stimulate new development that may not otherwise take place by reimbursing developers for eligible costs within the authority's boundaries. The reimbursements are funded with the incremental difference between property tax collections before the project and after the project. This new tool can attract business and jobs to a community and can also be used to assist in business expansion for existing enterprise. It is also a carefully crafted tool to ensure taxpayers and taxing jurisdictions are protected from private risk. Reimbursement is only authorized if certain conditions are met and an oversight committee made up of city, county, and school district representatives approves the costs.

**B. Relevance to Municipal Policy**

Promoting economic development and job creation is important to every city in the state of Arizona. Economic Development Reimbursement Authority would give municipalities another option for supporting these projects. For those proposals or projects that are pending financing, this legislation could serve as a catalyst for economic development. For municipalities that choose not to use this tool, this legislation would have no impact.

**C. Fiscal Impact to Cities and Towns**

The legislation calls for EDRA's to capture NEW property tax revenue that is generated as a result of a project being built and to use only that revenue for reimbursement of approved development related needs. Once the EDRA expires all of the property tax revenue will be distributed as usual. An EDRA cannot be formed without the agreement and support of the county and school districts. Municipal taxpayers located outside the district would also be held harmless.

**D. Fiscal Impact to the State**

No state funds would be involved in the funding of an EDRA because the legislation pertains only to property tax. However, the state would receive increased income tax collections from the new employees that work within the district in addition to increased corporate income tax receipts from the companies that move into the district.

**E. Contact Information:**

**Sponsoring City or Town:** City of Surprise

**Name:** Nicole Lance, Deputy City Manager

**Phone:** (623) 222-1030 **Email:** [nicole.lance@surpriseaz.gov](mailto:nicole.lance@surpriseaz.gov)

**League Staff:** Patrice Kraus

**BFED#2**

**League of Arizona Cities & Towns Resolution**

*Text of Resolution: Develop a coalition to assist with the passage of legislation that will allow for the creation of renewable energy and conservation financing districts for commercial property on a voluntary basis.*

**A. Purpose and Effect of Resolution**

A renewable energy and conservation financing district authorizes local governments to facilitate the financing for related improvements for commercial property owners. Participation in the program should be voluntary, so property owners can opt-in to use the mechanism to finance their own energy efficiency improvements, renewable energy installation, and water conservation improvements. Such programs can deliver benefits beyond energy independence, including new economic development opportunities, increase property value, provide protection from increasing energy costs, and enhance community awareness.

Numerous communities across the nation already have energy efficiency, water conservation, and renewable energy financing programs. At least 30 states have passed enabling legislation allowing local government to establish similar financing districts. They also define energy efficiency, water conservation, and renewable energy as a public benefit, and grant local government the authority to issue bonds.

**B. Relevance to Municipal Policy**

State law (A.R.S. 9-461.05) requires local governments over a certain size to adopt energy efficiency elements in their general plan. This resolution supports municipalities that choose to promote energy efficiency, renewable energy and water conservation practices within their communities. Many Arizona communities are working to improve the efficiency of existing building stock in the residential and commercial sectors to promote sustainability and help protect community members from rising energy costs.

**C. Fiscal Impact to Cities and Towns**

With enabling legislation, local governments could voluntarily elect to establish an energy-efficiency, renewable energy and water conservation financing program and participation in the program would be completely voluntary for interested property owners. There would be no fiscal impact on the city or town.

**D. Fiscal Impact to the State**

There are no fiscal impacts to the State. Energy district authority would allow for opt-in energy efficiency and renewable energy financing programs at the fiscal responsibility of the property owner.

**E. Contact Information:**

**Sponsoring City or Town:** City of Flagstaff

**Name:** Stephanie Smith, Assistant to the City Manager

**Phone:** (928) 213-2078 **Email:** [ssmith@flagstaffaz.gov](mailto:ssmith@flagstaffaz.gov)

**League Staff:** Patrice Kraus

**BFED#3**

**League of Arizona Cities & Towns Resolution**

*Text of Resolution: Amend A.R.S. § 48-574 to authorize retention and detention basin improvement districts to levy and expend money to operate, maintain, repair and improve retention and detention basins within a municipality.*

**A. Purpose and Effect of Resolution**

Maintenance and operation of retention and detention basins has become an increasingly difficult and expensive proposition for cities and towns. This resolution would allow League staff to move forward with legislation that would help secure a funding mechanism in state law for such basins.

A.R.S. § 48-574 currently authorizes improvement districts for the operation, maintenance, repair and improvement of pedestrian malls, off-street parking facilities and parkways. The proposed statutory change makes retention and detention basins eligible for operation and maintenance cost payment through an improvement district.

Under current state law, improvement districts are not specifically authorized to maintain retention and detention basins. As a result, off-site retention, which benefits only a small, localized area, is often subsidized by landowners outside of the area receiving the benefit (and who may already bear the burden of on-site retention on their parcel). Alternatively, under current law, a municipality could require the formation of a homeowner's or neighborhood association to maintain basins. Permitting a developer the flexibility to form an improvement district would allocate such costs directly to and in proportion to the benefit without the requirement of a homeowner's or neighborhood association.

The proposed legislation would allow operation, maintenance, improvement and repair costs for retention and detention basins to be included in the tax levy as part of a property owner's tax bill in accordance with assessed value or assessment of each lot within the improvement district in proportion to the benefit to each lot. The district would not have the authority to issue improvement bonds or to engage in any activity other than operation, maintenance, repair and improvement of the retention and/or detention basin.

**B. Relevance to Municipal Policy**

Improvement districts are prevalent across the state. A uniform process that allows cities and towns to more fairly distribute the perpetual maintenance costs of retention and detention basins will provide long-term cumulative savings to municipalities, provide developers with an alternative to homeowner's or neighborhood associations, and facilitate ease of payment for homeowners.

**C. Fiscal Impact to Cities and Towns**

Cities and towns that approve retention and detention basin improvement districts would realize savings that could be spent for other improvements or services. A copy of the proposed amendment to the statute is attached.

**D. Fiscal Impact to the State**

There is no fiscal impact to the state.

**E. Contact Information:**

**Sponsoring City or Town:** City of Yuma

**Name:** Steve Moore: City Attorney

**Phone:** 928 373-5057 **Email:** [steve.moore@yumaaz.gov](mailto:steve.moore@yumaaz.gov)

**League Staff:** Patrice Kraus

**Proposed Statutory Amendment**

**A.R.S. § 48-574 Improvement districts for operation, maintenance, repair and improvement of pedestrian malls, off-street parking facilities, retention and detention basins, parkings and parkways**

A. In addition to the purposes for which an improvement district may be formed under the provisions of § 48-572, an improvement district may be formed for the sole purpose of the operation, maintenance, repair and improvements of pedestrian malls, off-street parking facilities, retention and detention basins, parkings and parkways.

**BFED#4**

**League of Arizona Cities & Towns Resolution**

*Text of Resolution: Develop legislation for introduction next session that addresses the perceived problems with our construction sales tax system in order to create a long-term, sustainable policy that maintains state and municipal revenues, ensures revenues are received at the location in which the construction activity occurs, provides simplicity for the industry and improves compliance.*

**A. Purpose and Effect of Resolution**

In 2013 legislation was enacted that required state collection and administration of all transaction privilege taxes. As part of the negotiations on that bill, there was effort to move to taxing only materials at the point of sale rather collecting tax under our existing construction sales tax process. Although the effort was unsuccessful, subsequent changes were made to how repair services were taxed. These changes have created a great deal of confusion for some members of the construction industry and have led to a general lack of compliance in the remittance of taxes related to construction activity.

Based on the direction of the League's Executive Committee, a task force has been appointed to look at this issue and to develop the information necessary to make informed decisions about any changes to our construction sales tax process. The work of this task force would provide the basis of any reform efforts.

**B. Relevance to Municipal Policy**

Both municipalities and the state would lose significant revenues if we moved to a "materials only/point of sale" method of taxing construction activity. Since there is most likely going to be pressure from legislators and the industry to introduce legislation on this issue next session, it is in our best interest to develop the information that will be needed to help guide any policy changes.

**C. Fiscal Impact to Cities and Towns**

The current tax system is imposed on 65% of the contract value or the selling price of new construction at the city level. A shift to taxing materials only will reduce that percentage to an estimated 30%-40%, resulting in a general reduction in revenues. Some of this reduction may be offset by the higher State Revenue Sharing rate assigned to the Retail class. However, the amount offset will depend on whether these materials are purchased from vendors within the state versus out-of-state vendors. Out-of-state purchases are subject to Use Tax, but that is not currently part of the shared revenue pool. Additionally, since materials used in construction are currently exempt from taxation, some of the lost revenues to cities and towns may be offset by eliminating the misuse of this exemption. Another complicating factor is the redistribution of direct city tax revenues since the purchase of these materials will likely occur in the urban centers. A model compiled by the cities in 2013 estimated the net impact to city revenues at an overall reduction of roughly \$80 million.

**D. Fiscal Impact to the State**

State revenues would also be reduced by taxing materials only. Analysis done by the Joint Legislative Budget Committee in 2013 estimated the loss to the State General Fund due to changes in the Contracting classification to be between \$65 and \$150 million.

**E. Contact Information:**

**Sponsoring City or Town:** League of Arizona Cities and Towns

**League Staff:** Patrice Kraus

**Phone:** 602-258-5786 **Email:** [pkraus@azleague.org](mailto:pkraus@azleague.org)

**Chair's Report of the General Administration, Human Resources and Elections Policy  
Committee**

Resolutions Committee Meeting, League Annual Conference  
Tuesday, August 23, 2016  
Mayor Lana Mook, El Mirage, Chair

The General Administration, Human Resources and Elections Policy Committee (GAHRE) met several times at the League of Arizona Cities and Towns Office from October 2015 to June 2016 to discuss eight policy issues that had been submitted by cities and towns for consideration. Those eight policy issues and the sponsoring cities are summarized below:

1. Set the requirements to achieve a valid legal protest relating to re-zoning as 20% of the area within the re-zoned area or 20% of the area of lots of property owners within 150 feet of the property to be re-zoned whether adjacent (sharing a border) or non-adjacent (e.g., across the street). – **Sedona**
  
2. Indirect discrimination against disabled workers' access to pension. ARS 38-849 intends to prevent pre-arranged reemployment following retirement. However it does not consider the Americans with Disabilities Act (ADA) which requires employers to offer an available, vacant position as an accommodation of last resort. Example: A police officer injured in the line of duty suffers permanent impairments and is awarded PSPRS accidental disability retirement. The employer identifies a vacant Police Property Custodian position, which is an equal or lesser paying position in which the employee meets minimum qualifications and can perform all essential functions. By accepting this position as an accommodation, the employee cannot draw their retirement for a period of one year. ARS 38-849.E states "the system (PSPRS) shall not make pension payments to the retired member during the period of reemployment." This statute arguably violates Title I and II of the ADA by penalizing members who accept a job reassignment, therefore discouraging them from participation in the ADA interactive process. - **Surprise**
  
3. The existence of county islands within Arizona cities is becoming a growing problem. County codes are designed to address rural areas, and state budget cuts to counties have been impacting enforcement. The result is deteriorating properties surrounded by incorporated cities/towns, and no ability to apply consistent enforcement from one street to the next. What's worse is that conditions are bleeding out into incorporated areas, causing increases in enforcement expenses and impacting crime and resident safety. In the Sierra Vista area, Assessor records show that a disproportionate number of properties in tax title are in unincorporated areas and others within just 1/4 mile of county islands. Annexation is the only solution, and long-term viability of these areas is at stake. – **Sierra Vista and Yuma**
  
4. There are some of our smallest towns that have lost population, do not have the ability to attract sufficient qualified staff, do not have a tax base to support city services and yet are

still required by law to follow all the legal requirements of our largest cities and towns. While the idea of dis-incorporating is distasteful and contrary to the League's interest in promoting cities and towns, there are some limited cases in which it may make financial and practical sense to actually dis-incorporate. – **League Staff**

5. To remain solvent, Arizona's public pension systems must accumulate sufficient assets during members' working years to pay all promised benefits when members retire. Employees and employers pay a substantial amount for each employee in each respective system. After a series of audits for the actuarial methods used by PSPRS to project system costs, the employer rate is increasing drastically, and stands to increase again in the future based on further adjustment and the outcome of pending litigation in the Hall and Parker cases. – **Prescott**
6. Uphold and restore the principle of local control. – **Flagstaff**
7. The cost to hold special recall and initiative elections is very expensive and we have experienced that this year. We recognize it is the citizens' right to have access to the democratic process through the use of petitions. But, we also recognize the need for a process which is consistent in its requirements and to provide the clarity necessary for those wishing to engage in the petition process by using specifics rather than generalities when challenging elected officials. – **Camp Verde**
8. Seek to clarify state sign laws in light of the Reed case and existing statutes regarding signage. This clarity does not need to be achieved through legislative means and could include requesting clarification from the Attorney General. – **Flagstaff**

Discussion on **Policy Issue 1** related to a rezoning case that occurred in the City of Sedona. The confusing, inconsistent language in current statute allowed one single property owner to set the protest of the rezoning in motion and the supermajority voting requirement associated with it. Councilmember Thompson of Sedona provided a map and a PowerPoint presentation that clearly illustrated the problem. After consultation with experienced attorneys, it was determined that mirroring the language that exists in state statute for county rezoning efforts would provide the clarity needed. Committee members voted to move **Policy Issue 1** forward as a Resolution (see Resolution GAHRE #1 on the Resolutions Summary Chart).

The City of Surprise provided background on **Policy Issue 2** that relates to PSPRS statute and the Americans with Disabilities Act. There is an inconsistency between the statute's intention to curb prearranged reemployment after retirement but unintentionally prohibiting the city from providing available ADA accommodations in specific situations such as when an officer suffers a permanent impairment and goes into PSPRS accidental disability retirement. Committee members voted to move **Policy Issue 2** forward as a Resolution (see Resolution GAHRE #2 on the Resolutions Summary Chart).

The Cities of Sierra Vista and Yuma provided background on **Policy Issue 3** and informed the members of the Committee about the ongoing public safety, health and welfare issues that are created by the county islands in their respective communities. Committee members discussed

that this was a sensitive issue with elected officials and decided to direct League staff to limit the scope of possible legislation to securing equitable participation for all property owners included in a proposed annexation of property in a county island. With that stipulation, Committee members voted to move **Policy Issue 3** forward as a Resolution (see Resolution GAHRE #3 on the Resolutions Summary Chart).

Discussion on **Policy Issue 4** related to discussions that the League has had with a few of our smallest communities. They have expressed concerns that declining populations and declining revenues are getting to the point of making them less viable as communities. In some very specific instances, it may make sense for them to dis-incorporate as communities and come under the administration of the county once again. ARS 9-102 already contains a process for disincorporation in general, and committee members discussed the need to make sure that such a change to the statute has strict parameters placed on it so that the scope is limited. Specifically, the intent is to make it easier for a town to dis-incorporate if it has small and declining population and insufficient budget. Committee members voted to move **Policy Issue 4** forward as a Resolution (see Resolution GAHRE #4 on the Resolutions Summary Chart).

Discussion on **Policy Issue 5** related to ideas on how to deal financially with the significant unfunded liability in the PSPRS system. The Committee received input from the City of Prescott and several other communities about the significant burden that the unfunded liability creates. The Committee was also made aware that similar policy issues had been sent to other policy committees for review. League staff suggested that they be combined into one resolution that would come from the GAHRE Committee. Committee members voted to move **Policy Issue 5** forward as a Resolution (see Resolution GAHRE #5 on the Resolutions Summary Chart).

The City of Flagstaff, through **Policy Issue 6**, provided a simple request to keep protection of local control at the forefront of the League’s legislative activities. Committee members determined that Issue 6 was included within the continuing “Guiding Principles” provided each year in the League’s Policy Statement. Committee members voted to move **Policy Issue 6** forward as a Guiding Principle in the League’s Policy Statement.

The Town of Camp Verde provided background on **Policy Issue 7** and informed the members of the Committee that some of the aspects of recall and initiative elections were costly to the city and unfair to elected officials. The discussion centered on the determination of petition signature sufficiency and the reason statement for recall. Committee members felt that this topic would benefit from more Committee discussion and research and will be taking the issue up again at its next quarterly meeting.

Discussion on **Policy Issue 8** related to signage ordinances and policies in cities and towns and how they have been affected by the recent decision in the *Reed* case. Cities and towns are struggling on how to deal with the *Reed* decision and how to revise their sign codes. As there is no clear cut path to resolving this issue, the Committee voted to work on **Policy Issue 8** with League staff, city and town attorneys and other interested parties.

The table below summarizes the GAHRE Committee’s actions:

Policy Issue	Disposition by Committee
Policy Issue 1	GAHRE #1

<b>Policy Issue 2</b>	<b>GAHRE #2</b>
<b>Policy Issue 3</b>	<b>GAHRE #3</b>
<b>Policy Issue 4</b>	<b>GAHRE #4</b>
<b>Policy Issue 5</b>	<b>GAHRE #5</b>
<b>Policy Issue 6</b>	<b>Guiding Principle</b>
<b>Policy Issue 7</b>	<b>Continued Committee Work</b>
<b>Policy Issue 8</b>	<b>Continued Committee Work</b>

**Lana Mook**  
**Mayor of El Mirage**  
**Chair, General Administration, Human Resources and Elections Policy Committee**

**GAHRE#1**

**League of Arizona Cities & Towns Resolution**

***Text of Resolution: Set the requirements to achieve a valid legal protest relating to re-zoning as 20% of the area within the re-zoned area or 20% of the area of lots of property owners within 150 feet of the property to be re-zoned whether adjacent (sharing a border) or non-adjacent (e.g., across the street).***

**A. Purpose and Effect of Resolution.**

Current state statute allows a protest to be filed against a proposed zoning amendment. The protest can be filed if 20% of the owners of the adjacent lots or those lots within 150 feet of the proposed change are opposed to the amendment. The proposed amendment cannot become effective unless three-fourths of the council vote in favor of the amendment (a supermajority vote requirement.)

Current statutory language describing the determination of the lots affected by the rezoning amendment is very convoluted. A.R.S. §9-462.04 (H) states the following: “If the owners of twenty per cent or more either of the area of the lots included in a proposed change, or of those immediately adjacent in the rear or any side thereof extending one hundred fifty feet therefrom, or of those directly opposite thereto extending one hundred fifty feet from the street frontage of the opposite lots,…” It is possible for this vague language to create a situation where a rezoning amendment on an odd-shaped parcel would allow for only one small property owner to file a protest and trigger the supermajority voting requirement. There is a specific case of this happening in the City of Sedona.

This resolution proposes using statutory language similar to that provide for county rezoning amendments. A.R.S. §11-814(E), states the following: “If twenty per cent of the owners of property by area and number within the zoning area file a protest to the proposed rezoning, the change shall not be made except by a three-fourths vote of all members of the board for those counties with five or more supervisors...In calculating the owners by area, only that portion of a lot or parcel of record situated within three hundred feet of the property to be rezoned shall be included. In calculating the owners by number or area, county property and public rights-of-way shall not be included.”

This resolution proposes simplifying the language for cities and towns to reflect the more direct language of the county language.

**B. Relevance to Municipal Policy.**

This situation could present itself in any city or town across the state, so the change in language will help all cities and towns.

**C. Fiscal Impact to Cities and Towns.** There is no fiscal impact from this proposed resolution.

**D. Fiscal Impact to the State.** There is no fiscal impact from this proposed resolution.

**E. Contact Information:**

**Sponsoring City or Town:** City of Sedona

**Name:** Karen Daines, Asst. City Manager  
**Phone:** 928-203-5067 **Email:** kdaines@sedonaaz.gov  
**League Staff:** Tom Belshe

**GAHRE#2**

**League of Arizona Cities & Towns Resolution**

***Text of Resolution: Create an exception within the statute to remove any limitation or penalty in accessing PSPRS retirement benefits during such time as the member is transitioning into a job reassignment as an accommodation under the Americans with Disabilities Act (ADA).***

**A. Purpose and Effect of Resolution**

There appears to be indirect discrimination against disabled workers' access to pension. ARS 38-849 intends to prevent pre-arranged reemployment following retirement; however it does not consider the Americans with Disabilities Act (ADA) which requires employers to offer an available, vacant position as an accommodation of last resort. Example: A police officer injured in the line of duty suffers permanent impairments and is awarded PSPRS accidental disability retirement. The employer identifies a vacant Police Property Custodian position, which is an equal or lesser paying position in which the employee meets minimum qualifications and can perform all essential functions. By accepting this position as an accommodation, the employee cannot draw their retirement for a period of one year. ARS 38-849.E states "the system (PSPRS) shall not make pension payments to the retired member during the period of reemployment." This statute arguably violates Title I and II of the ADA by penalizing members who accept a job reassignment, therefore discouraging them from participation in the ADA interactive process.

**B. Relevance to Municipal Policy.** This situation could present itself in any city or town across the state, so the change in language will help all cities and towns.

**C. Fiscal Impact to Cities and Towns.** There is no fiscal impact from this proposed resolution.

**D. Fiscal Impact to the State.** There is no fiscal impact from this proposed resolution.

**E. Contact Information:**

**Sponsoring City or Town:** City of Surprise

**Name:** Nicole Lance, Asst. City Manager

**Phone:** 623-222-1030 **Email:** Nicole.Lance@surpriseaz.gov

**League Staff:** Tom Belshe

**GAHRE#3**

**League of Arizona Cities & Towns Resolution**

***Text of Resolution: The League, interested legislators, and other stakeholders should convene to discuss issues related to county islands and design legislation that will improve the county island annexation process without undue burden to any one party.***

**A. Purpose and Effect of Resolution.** The existence of county islands within Arizona cities is becoming a growing problem. County codes are designed to address rural areas, and state budget cuts to counties have been impacting enforcement. The result is deteriorating properties surrounded by incorporated cities/towns, and no ability to apply consistent enforcement from one street to the next. What's worse is that conditions are bleeding out into incorporated areas, causing increases in enforcement and impacting crime and resident safety. In the Sierra Vista area, Assessor records show that a disproportionate number of properties in tax title lien are in unincorporated areas and others within just 1/4 mile of county islands. Another consequence is that when an emergency arises in an unincorporated area that is wholly within or adjoining a city's boundaries, there is often confusion over which agency should respond. These areas contribute to a city's economy, but also create burdens on cities that surround them, and on the counties they look to for services. Long-term viability of these areas is at stake.

**B. Relevance to Municipal Policy.** This situation could present itself in any city or town across the state, so the change in language will help all cities and towns.

**C. Fiscal Impact to Cities and Towns.** There is no fiscal impact from this proposed resolution.

**D. Fiscal Impact to the State.** There is no fiscal impact from this proposed resolution.

**E. Contact Information:**

**Sponsoring City or Town:** City of Sierra Vista, City of Yuma  
**Name:** Mary Jacobs, Assistant City Manager, Sierra Vista;  
**Phone:** 520-458-3315 **Email:** [mary.jacobs@sierravistaAZ.gov](mailto:mary.jacobs@sierravistaAZ.gov)  
**Name:** Steve Moore, City Attorney, City of Yuma  
**Phone:** 928-373-5057 **Email:** [Steve.Moore@YumaAZ.gov](mailto:Steve.Moore@YumaAZ.gov)  
**League Staff:** Tom Belshe

**GAHRE#4**

**League of Arizona Cities & Towns Resolution**

*Text of Resolution: Rewrite the disincorporation portion of statute, A.R.S. §9-102, so that in very limited situations it could be implemented by council action when there are no other practical alternatives. The legislation should contain limits on population, budget, etc., when such an alternative could be used, and should empower the city or town council to petition the county supervisors to authorize an election within the incorporated area on the question of disincorporation.*

**A. Purpose and Effect of Resolution.** There are some of our smallest towns that have lost population, do not have the ability to attract sufficient qualified staff, do not have a tax base to support city services and yet are still required by law to follow all the legal requirements of our largest cities and towns. Allowing a council to request the Supervisors to refer the question of disincorporation to a vote would be simpler and more direct than a petition requiring the signatures of 2/3 of registered voters in the city or town. Such an action would clearly signal whether the residents are no longer in support of their municipal structure, or are willing to impose new and higher taxes on themselves to support their community. While the idea of disincorporating is distasteful and contrary to the League's interest in promoting cities and towns, there are some limited cases in which it may make financial and practical sense to actually disincorporate.

**B. Relevance to Municipal Policy.** This situation could present itself in any small city or town across the state, so the change in language will help them.

**C. Fiscal Impact to Cities and Towns.** There is no fiscal impact from this proposed resolution.

**D. Fiscal Impact to the State.** There is no fiscal impact from this proposed resolution.

**E. Contact Information:**

**Sponsoring City or Town:** League of Arizona Cities and Towns

**Name:** Ken Strobeck, Executive Director

**Phone:** 602-258-5786 **Email:** kstrobeck@azleague.org

**League Staff:** Tom Belshe

**GAHRE#5**

**League of Arizona Cities & Towns Resolution**

***Text of Resolution: Direct League staff to explore options that create funding solutions and/or financing authority to deal with PSPRS unfunded pension liabilities.***

**A. Purpose and Effect of Resolution.** To remain solvent, Arizona’s public pension systems must accumulate sufficient assets during members’ working years to pay all promised benefits when members retire. Employees and employers pay a substantial amount for each employee in each respective system. The funded status of PSPRS is low and it has large unfunded liabilities which have resulted in large employer contributions. The most recent actuarial projections show the system’s financial condition will continue to deteriorate and employer contribution rates will continue to increase. The financial condition will further deteriorate if the pending litigation is upheld (i.e. *Hall* and *Parker* cases).

The recent PSPRS reform applies only to employees hired after July 1, 2017 and will reduce employer pension costs. These savings can be applied to existing unfunded liabilities but are not enough by themselves to eliminate the existing unfunded liabilities. As a result, cities and towns are seeking additional options that, when combined with the savings from reform, allow us to significantly address unfunded liabilities.

**B. Relevance to Municipal Policy.** This situation could present itself in any city or town across the state, so the change in language will help all cities and towns.

**C. Fiscal Impact to Cities and Towns.** There is no proposed fiscal impact from this resolution.

**D. Fiscal Impact to the State.** There is no proposed fiscal impact from this resolution.

**E. Contact Information:**

**Sponsoring City or Town:** League of Arizona Cities and Towns

**Name:** Ken Strobeck, Executive Director

**Phone:** 620-258-5786 **Email:** [kstrobeck@azleague.org](mailto:kstrobeck@azleague.org)

**League Staff:** Tom Belshe

## Chair's Report of the Neighborhoods, Sustainability and Quality of Life Policy Committee

Councilman Gilbert Lopez, Coolidge, Chair

Resolutions Committee Meeting, League Annual Conference  
Tuesday, August 23, 2016

On Monday, June 13, 2016 the Neighborhoods, Sustainability and Quality of Life (NSQL) Policy Committee met at the League of Arizona Cities and Towns to discuss three policy issues submitted by cities and towns for. Here is a summary of each of the policy issues considered by NSQL along with the sponsoring municipalities.

1. Alleviate blight and streamline the lien process - Globe
2. Improve forest health-Flagstaff
3. Restore the Arizona Housing Trust Fund. – Flagstaff

The City of Globe presented **Policy Issue 1**. The city is experiencing a fair amount of blight and is looking for suggestions as to ameliorate this, including ideas on improving the lien process. Committee members agreed to continue to look at this issue via a League task force, and not move this forward as a resolution at this time.

The City of Flagstaff presented **Policy Issue 2**. Flagstaff wants to address forest health through a myriad of approaches, including statewide awareness and attention to the value of collaborative planning, implementation, and monitoring of forests to improve forest health. Committee members moved this issue to go forward as a resolution (now resolution NSQL 1 on the resolutions summary chart).

The City of Flagstaff presented **Policy Issue 3**. They proposed that the state should restore the Arizona Housing Trust Fund. Currently the fund is capped at \$2.5 million. At its height it was \$55 million, and \$350 million was then leveraged through the Arizona Housing Alliance. Committee members moved this issue forward as a resolution (now resolution NSQL 2 on the resolutions summary chart).

The table below summarizes the NSQL Committee's actions:

Policy Issue	Disposition by Committee
1	To be resolved non-legislatively.
2	Resolution NSQL 1
3	Resolution NSQL 2

Gilbert Lopez, Councilman, Coolidge  
Chair, Neighborhoods, Sustainability and Quality of Life Policy Committee

NSQL#1

**League of Arizona Cities & Towns Resolution**

***Text of Resolution: Enhance efforts to improve forest health in Arizona.***

**A. Purpose and Effect of Resolution**

There needs to be a renewed focus on the condition of our forests and ways to improve their health. Catastrophic fires have greatly impacted Arizona, and yet there has not been a sustained effort to reduce fire fuel. Statewide awareness and attention to the value of collaborative planning, implementation, and monitoring of our forests to improve forest health needs to be a higher priority in our state. This resolution strives to accentuate the need to effectively plan with the governor's office, the state forester and other interested parties in an effort to reduce risk, including but not limited to right of way fuel reduction, forest restoration and thinning, debris disposal, prescribed fire, and biomass utilization.

**B. Relevance to Municipal Policy**

Communities across the state face increasing economic and health threats as the result of unhealthy and unsustainable forest and range conditions. The threat is not only catastrophic wildfire that destroys the natural environment, but also includes post-fire effects. Loss of property, sales tax and tourism, livelihood, displacement of residents, erosion, flooding, loss of wildlife habitat, impacts to water supplies, etc. exists for all jurisdictions because of the statewide impact. Joint-action by all parties (local, county, state, and federal) is required to adequately and satisfactorily address the issue which starts with planning at the local and regional levels.

**C. Fiscal Impact to Cities and Towns**

The long term costs of the past catastrophic fires to each area of the state rose to billions of dollars. Every community that has nearby forests has a financial stake in this issue.

**D. Fiscal Impact to the State**

There has already been a tremendous economic impact to the state from past fires. It would be financially sound for the state to appropriate planning funds for forest health.

**E. Contact Information:**

**Sponsoring City or Town: City of Flagstaff**

**Name: Stephanie Smith, Asst. to the City Manager**

**Phone: (928)-213-2078 Email: [ssmith@flagstaffaz.gov](mailto:ssmith@flagstaffaz.gov)**

**League Staff: Dale Wiebusch**

NSQL#2

**League of Arizona Cities & Towns Resolution**

***Text of Resolution: Restore the Arizona Housing Trust Fund.***

**A. Purpose and Effect of Resolution**

Created in 1988 to provide a flexible funding source to assist in meeting the needs of low-income households in Arizona, the Housing Trust Fund receives money from the sale of unclaimed property. The Housing Trust Fund was initially funded by 35% of unclaimed property proceeds, and then increased over time to 55% to better address rural housing needs. Prior to the Great Recession, the Housing Trust Fund received over \$30 million annually. Due to state budgetary constraints, in 2010 the Housing Trust Fund was capped at \$2.5 million.

**B. Relevance to Municipal Policy**

Cities and towns, as well as non-profits, are eligible to apply to receive an allocation of the Housing Trust Fund to further housing objectives within their communities. Restoration of funding to the Trust Fund will enable a greater number of grant applications to be funded and other funding to be leveraged.

**C. Fiscal Impact to Cities and Towns**

Funding from the Housing Trust Fund has the potential to bring much needed money to communities to address housing needs, either through the city, town or a non-profit application for use to further local housing objectives.

**D. Fiscal Impact to the State**

When the Housing Trust Fund was capped at \$2.5 million in 2010, the funding from the sale of unclaimed property was reallocated to other areas. Restoration of funding to the Trust Fund will potentially pull funding away from the areas to which it was reallocated.

**E. Contact Information:**

**Sponsoring City or Town: City of Flagstaff**

**Name:** Stephanie Smith, Asst. to the City Manager

**Phone:** (928)-213-2078 **Email:** [ssmith@flagstaffaz.gov](mailto:ssmith@flagstaffaz.gov)

**League Staff:** Dale Wiebusch

## **Chair's Report of the Public Safety, Military Affairs and the Courts Policy Committee**

Mayor Jerry Weiers, Glendale, Chair

Resolutions Committee Meeting, League Annual Conference  
Tuesday, August 23, 2016

On Monday, June 20, 2016 the Public Safety, Military Affairs and the Courts (PSMAC) Policy Committee met at the League of Arizona Cities and Towns to discuss two policy issues submitted by cities and towns for. Below is a summary of each of the policy issues considered by NSQL along with the sponsoring municipalities.

1. Support for military installations-Sierra Vista
2. Prohibit guns in public buildings –Flagstaff

### **Summary of the committee discussion and the recommendations**

The City of Sierra Vista presented policy issue number one. They cited the long standing support for the military presence in Arizona that the League has endorsed and viewed this policy submission as granting authority for the League to demonstrate support for pro-installation legislation. Committee members agreed to move this forward as a resolution at this time (now resolution PSMAC #1 on the resolutions summary chart).

The City of Flagstaff presented policy issue number two. Flagstaff wanted to have the League oppose all efforts to allow guns in public buildings. Committee members discussed how this issue is best left to local government decision making, and saw the guiding League principle of local control as superseding this policy submission. Committee members decided to not move this as a resolution.

The table below summarizes the PSMAC Committee's actions:

<b>Policy Issue</b>	<b>Disposition by Committee</b>
1	Resolution PSMAC 1.
2	Not to be moved as a resolution.

Jerry Weiers, Mayor, Glendale  
Chair, Public Safety, Military Affairs and the Courts Policy Committee

**League of Arizona Cities and Towns Resolution**

*Text of Resolution: Support military installations and their presence in Arizona.*

**A. Purpose and Effect of Resolution**

Arizona's military sector is an essential component of the state and local economies. Jobs connected to the military are especially valuable to the Arizona economy because they are largely unaffected by routine economic cycles. Maintaining these operations and the jobs and economic output they support should be a priority of state and local government.

This resolution seeks to continue the long tradition of support of Arizona's local governments, through the Arizona League of Cities and Towns, for any and all strategies associated with the support of our military presence. This is a general policy issue, with no specific legislation proposed. Inclusion in the League legislative agenda would insure support could be offered on behalf of the cities and towns in the state for legislation that may be proposed in support of Arizona's installations.

**B. Relevance to Municipal Policy**

At a time in which every dollar of local revenue is even more precious to cities and towns, we must guard against inadvertent or blatant measures that could jeopardize existing military installations and their direct contributions to local government. Military installations are also a source of local pride.

**C. Fiscal Impact to Cities and Towns**

Failure to protect such a valuable asset to the state will have a direct and potentially devastating effect on local government. The military industry directly contributes hundreds of millions in tax revenues annually to local government alone.

**D. Fiscal Impact to the State**

Similarly, Arizona's military installations contribute millions in revenue annually to the state government. Any loss of missions could erode that revenue, as well as impact future expansion opportunities for both military and non-military missions.

**E. Contact Information**

**Sponsoring City or Town:** City of Sierra Vista

**Name:** Mary Jacobs, Asst. City Manager

**Phone:** 520-458-3315 **Email:** Mary.Jacobs@SierraVistaAZ.gov

**League Staff:** Dale Wiebusch

**Chair’s Report of the Transportation, Infrastructure and Public Works Policy Committee**

Mayor Jonathon Rothschild, Chair

Resolutions Committee Meeting, League Annual Conference  
Tuesday, August 23, 2016

On May 4, 2016, the Transportation, Infrastructure and Public Works Committee (TIPW) convened to discuss one policy issue submitted by the Town of Paradise Valley. Below is a summary of the issue considered by TIPW:

1. Explore options for controlling costs of federally funded local projects.

Below is a summary of the committee discussion and recommendations:

The Town of Paradise Valley submitted **Policy Issue 1**. Kevin Burke, Town Manager, explained that the Arizona Department of Transportation (ADOT) is currently responsible for administering federally funded local transportation projects for those municipalities that have not been certified to administer their own projects. Under these circumstances, the local jurisdiction lacks control over the project design, timeliness and costs.

League staff provided a number of alternatives that could be explored as possible solutions. After discussion by the committee, it was decided this would not move forward as a resolution. However, League staff will establish a working group to develop options for addressing the issues related to ADOT administration of these local projects.

The table below summarizes the TIPW Committee’s actions:

<b>Policy Issue</b>	<b>Disposition by Committee</b>
1	League Study Committee

Jonathan Rothschild  
Mayor of Tucson  
Chair, Transportation, Infrastructure and Public Works Policy Committee

**Item No. 6A**



Eric Duthie <tusayantownmanager@gmail.com>

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## Resignation

1 message

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John Schoppmann <schoppmannjohn@yahoo.com>

Tue, Aug 2, 2016 at 11:49 AM

To: Melissa Drake <tusayanclerk@gmail.com>, Eeic Duthie <tusayantownmanager@gmail.com>

Greetings Melissa and Eric,

Effective immediately, please accept my resignation from the Town of Tusayan Town Council.

Sincerely,

John Schoppmann

Have a great day

John Schoppmann

**Item No. 6C**



# **FISCAL POLICY AND PROCEDURE MANUAL**

Adopted by Town Council December 2, 2015

Amended August 17, 2016

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## 1. INTRODUCTION

- A. The purpose of this manual is to establish and outline the fiscal policies and operating procedures for the Town of Tusayan. These policies and procedures are designed not only to cover internal fiscal policy but relate to program management and establish the internal control necessary to have sound fiscal management.

### 1. Internal Control

Internal controls are plans, policies, and procedures adopted by an organization to safeguard its assets and to check the accuracy and reliability of its accounting system. A sound system of internal control will protect the agency against misappropriation of assets and erroneous statements of accounts.

A system of internal control extends beyond policies and procedures. They are essential to the agency as a whole, and affect all employees. Internal controls include management policy which promotes operational efficiency. This manual presents management policy and fiscal procedures necessary to adhere to the Town's standards of financial responsibility.

The characteristics of a satisfactory system of internal control will include the following:

- a. Established managerial policies which are enforced.
- b. Establishment of responsibilities for each employee.
- c. Ample separation of related duties.
- d. A system for authorization of transactions.
- e. A system of proofs, checks, and balances.

### 2. Manual Maintenance

This manual has been prepared as a working guide for all levels of personnel and is to be used in fulfilling financial responsibilities in the Town operation. It can also be of particular value in assuring continuity of operation in the event of personnel turnover as well as aiding in the training of new staff.

## 2. ACCOUNT AUTHORITY AND ACCESS

### A. Access

All financial accounts of the Town including, but not limited to checking, savings, and investments will be accessed only by Council authorized and designated person(s). ~~Authorized person(s) may include Councilmembers and the Town Manager, as designated by motion in a regular or special Town Council meeting.~~

The designated person(s) are authorized access to town accounts for the sole purposes of maintenance ~~and update or transfer~~ of funds within town accounts ~~in the best interest of the Town.~~

### B. Online Security

For the benefit of greater security and safety against online hacking or personal threats, no one person will have online account transfer abilities of town accounts.

Mayor, Vice Mayor, Town Manager and Bookkeeper will have access to monitor/view online activity and to set up alerts and activity notices for accounts.

The Town Manager will supply, at any Council Members request, account balances or respond to inquiries about any town account.

If an elected official resigns or vacates office, they immediately forfeit their account access and designation as a signer on any town accounts. The bank will be immediately notified. A replacement signer on the account will be approved by Council at the next possible meeting.

C. Transfer of funds

~~The designated person(s) are authorized to transfer funds within the Town accounts up to one hundred thousand dollars (\$100,000), no more frequently than one time between Council meetings, without prior Council approval. Any amount of funds transfer greater than or equal to one hundred thousand and one dollars (\$100,001) requires prior Council approval.~~

All fund transfers must be made in person by the Mayor and Vice Mayor and accompanied by an original notarized letter of authorization, signed by a majority of the Town Council.

No funds may be transferred into any non-Town account without Council prior approval by motion in a regular or special Town Council meeting.

All fund transfers will be electronically noticed to the entire Town Council upon completion.

D. Sub Account

A Sub-account checking account entitled "Working/Operations Account" will be established with a cap of \$350,000 (Three Hundred and Fifty Thousand dollars).

The Town Manager will be an authorized signer on working/operations account.

The Working/Operations Account will be replenished each Council Meeting by amounts approved in Council Meeting by one check.

Large checks may be cut and signed for items approved in the meeting or another check cut to be deposited into the Working/Operations account.

3. **PROCUREMENT**

A. Procedures:

The Town Manager or his/her authorized designee shall be the Purchasing Manager for the Town. No purchase or contract for goods and services of any kind or description, payment for which is to be made from funds of the Town, shall be made by the Purchasing Manager, or any officer, employee or agent of the Town, except in the manner set forth in this section, and unless said contract for service or purchase is in accordance with the adopted Town budget.

1. **\$10,000 and less:** Purchasing transactions of Ten Thousand (\$10,000) or less are not subject to the competitive bid process. No bid is necessary. However, authorized Town staff must exercise sound fiscal judgment in making these expenditure decisions. Expenditures must also be in accordance with the Department's established budget.

Preference may be given to the local purchases if the local purchases are within 5% of the lowest bid. It is prohibited to divide contracts in order to lower amount to avoid the required bidding or approvals.

2. **\$10,001 to \$25,000 inclusive:** Whenever any contemplated purchase or contract for services is for the sum greater than \$10,000 but less than or equal to \$25,000, the Purchasing Manager or designee shall solicit at least three (3) verbal quotes, which must be documented (documentation must include: vendor name, contact name, phone number, date spoke with contact and the amount quoted), for the item, purchase or contract for service.

The Purchasing Manager will review the verbal quotes and may get additional quotes prior to making the final award decision. The award shall be made to the responsible bidder submitting the quote which is most advantageous to the Town and conforms to the solicitation process described herein. If only one (1) responsive quote is received, a statement shall be included in the contract file setting forth the basis for determining that the price is fair and reasonable. Purchasing transactions are not to be artificially divided or fragmented in order to meet the lesser requirements of lower dollar transactions.

Confidential information provided by vendors shall not be shared with competitors by any individual involved in the process. Price may not be shared or publicly disclosed prior to contract award. This includes requisitioners, reviewers, and the Purchasing Manager.

3. **\$25,001 to \$200,000 inclusive:** Whenever any contemplated purchase or contract for services is for the sum greater than of \$25,000 but less than or equal to \$200,000, the Purchasing Manager or designee shall solicit at least three (3) current written quotes (via fax, electronic delivery, or mail on the vendor's letterhead), for the item(s) being quoted.

When requested, bidders shall submit quotes on a form approved by the Purchasing Manager and the quotes shall be recorded and placed in the project file. The Purchasing Manager will review quotes and may get additional quotes prior to making the final award decision. Award shall be made to the responsible bidder submitting the quotation which is most advantageous to the City and conforms to the solicitation. If only one (1) responsive quotation is received, a statement shall be included in the contract file setting forth the basis for determining that the price is fair and reasonable. This determination may be based on a comparison of the proposed price with prices found to be reasonable on previous purchases or current price lists. If material or service is available from only one (1) vendor, and the purchase is estimated to cost less than or equal to two

hundred thousand dollars (\$200,000), the Purchasing Manager shall be the final judge on the determination that it is not practical to obtain three (3) quotations. Purchasing transactions are not to be artificially divided or fragmented in order to meet the lesser requirements of lower dollar transactions. Confidential information provided by vendors shall not be shared with competitors by any individual involved in the process. Price may not be shared or publicly disclosed prior to contract award. This includes requisitioners, reviewers, and the Purchasing Manager.

- a. If the Town Council approved or authorized said purchases or contracts for services either in a previous Town Council meeting or in the Town's budget approval process, the awarding of bids for purchases or contracts for services up to and including \$75,000 do not need to be reauthorized or receive additional approval by the Town Council.
4. **\$200,001 or more.** Procurement of contemplated purchases and contract for services, when the cost is expected to exceed seventy-five thousand dollars (\$75,000), shall be made using either a formal written Invitation for Bid (IFB), Request for Proposal (RFP), or Request for Qualifications (RFQ) except as otherwise provided in this section or pursuant to Title 34, Arizona Revised Statutes. The Purchasing Manager shall determine which procurement method (IFB, RFP or RFQ) will be most practicable and advantageous to the Town for the procurement of supplies and contract for services.

Purchases or contracts for supplies and services for the sum of \$200,001 or more will require at least three (3) sealed bids, when possible, and said bids shall be in writing. The Purchasing Manager or designee shall see that the date and time the bids close is published in a newspaper of general circulation within the Town. The notice shall include a general description of the articles to be purchased or services to be performed and the time and place for opening bids.

In addition, the Purchasing Manager or designee may also mail a copy of the bid notice to any responsible supplier that has notified the Town to be on a list of suppliers. No purchase or contract shall be let except by the Town Council. Bids for purchase of supplies or contract of services \$200,001 or more shall be presented to the Town Council at a regular or special Town Council meeting. The Purchasing Manager shall present available information on the bidders. The Council may then either award the bid or request that new bids be solicited.

***B. Exceptions:***

1. **Exclusive Service.** In the event that there is only one firm, company or individual capable of providing a particular service or commodity, and such service or commodity cannot be secured from other persons or companies, such service or commodity may be secured without bidding. The Town Council may award the bid for such purchases or contract for services.

2. **Professional Services.** Such services shall include, but not be limited to, the following: physicians, attorneys, engineers and similar professions. Procurement of said services shall conform to applicable local, State, Federal and laws and regulations. However, the Town may require a response to a Request for Proposal (RFP) initiated by the Town for any such contract for services.
3. **Used Equipment.** Upon recommendation of the Department Head, the Town Manager may waive the bid procedures with respect to the purchases of used equipment.
4. **Cooperative Purchasing.** In the event of a purchase made by, through or with the U.S. Government, State of Arizona or its political subdivisions, purchases or award of such contracts for services or materials may be made without the bidding process. Such purchases would require the following approval:
  - a. Items under \$75,000 inclusive must be approved by the Town Manager.
  - b. Items \$75,001 or over must be approved by the Town Council.
5. **Public Buildings or Structures.** When the Town constructs any building or structure for Town operational purposes, or makes additions to or alterations of existing buildings or structures, and any purchase or contract for services is subject to A.R.S. 34-201 et seq., as amended, the provisions, requirements and specifications or relevant portions of the Arizona Revised Statutes shall supersede this article and control any such bidding procedures.

**C. Bidding:**

1. **Procedure.** The Purchasing Manager and all parties contracting with the Town of Tusayan shall follow the procedure set forth in this section in relation to all bids required.
  - a. All notices and solicitation of bids shall state the date, time and place for the opening.
  - b. All bids shall be submitted electronically to the Purchasing Manager or his designee, and shall be identified as bids on the subject line of the electronic message; Or submitted sealed to the Purchasing Manager or his designee and shall be identified as bids on the envelope.
  - c. All bids shall be opened in public at the date, time and place stated in the public notice.
  - d. A tabulation of all bids received shall be posted at Town Hall for public inspection.
  - e. The Purchasing Manager and/or the Town Council shall have the authority to reject any or all bids and parts of all bids and re-advertise or re-solicit bids.

**2. Determination of Lowest Responsible Bidder.**

The Town Council and/or Purchasing Manager shall exercise the right of rejection, the purchase or contract shall be made from and with the lowest responsible bidder for the entire purchase or contract for any part thereof. In determining the lowest responsible bidder, the Town Council and/or Purchasing Manager shall consider:

- a. The ability, capacity and skill of the bidder to perform the contract or provide the service required.
- b. Whether the bidder can perform the contract or provide the service promptly or within the specified time, without delay or interference.
- c. The quality of performance of previous contracts.
- d. The previous and existing compliance by the bidder with the laws and ordinances of the Town.
- e. The financial resources and ability of the bidder to perform the contract.
- f. The quality, availability and adaptability of the supplies or services.
- g. Use cost per unit.
- h. Whether the bid complies with other governmental regulations.

These areas of consideration shall be made known to all potential providers of services and commodities when the provision of such service and/or commodity is solicited. Consideration of such factors by the Purchasing Manager and/or Town Council shall be consistent for all respondents.

**D. Performance Bonds:**

For those bids of commodities and/or services to cost in excess of \$75,001, the following securities shall be required:

1. A bid guarantee equal to five percent (5%) of the bid price shall be submitted with the bid. This guarantee can be provided in the form of a bid bond, certified check, or another negotiable instrument.
2. A performance and payment Bond equal to one hundred percent (100%) of the bid price may be required by the Purchasing Manager prior to execution of an agreement between the Town and the commodity or service provider.
3. For those solicitations for commodities and/or services of a cost less than \$75,000, the Purchasing Manager shall have the authority to require bid bonds, performance and payment bonds, in cash or otherwise, for such amount(s) as he/she may deem sufficient to secure the execution of the contract for the best interest of the Town of Tusayan.

**E. Emergency Purchases:**

In case of an emergency which requires immediate purchases of supplies or contract for services and when time is of the essence, the Mayor of Tusayan shall be empowered to authorize the Purchasing Manager to purchase or secure services without complying with the procedures of this section. A full report in writing of the circumstances of any emergency purchase shall be filed by the Purchasing Manager with the Town Council at its next regular meeting.

**F. Forms:**

The Purchasing Manager shall prescribe such forms as he shall find necessary for the operation of the provisions of this section. Upon the completion of the bidding or other form of solicitation processes, all documentation shall be maintained as required.

**4. PAYROLL**

The Town's Payroll is prepared bi-weekly for the pay period ending the Saturday prior to payday. The payroll is prepared on the Town computer and is based on employee time cards for hourly employees and on an established salary basis for salaried employees.

**A. Time Cards**

The time card is the source document for the Town payroll. Each pay period the time card must be approved by the Town Manager. After the cards are completed, they must be submitted to the Payroll preparation staff. The following information is required on all time cards:

1. Employee's name.
2. Number of hours worked each day of the pay period.
3. The type of hours being charged must be identified (regular, paid time off, overtime, etc.).
4. Employee's signature and supervisor's signature.
5. Date of applicable pay period.

**B. Payroll Checks/Direct Deposit Vouchers**

All payroll checks are paid from monies in the Town's general account. Accounts are separated in the payroll journal and charges (gross wages and fringe benefits) are debited. The payroll journal is reconciled to the bank statement by the Bookkeeper and Town Clerk. On a payroll basis the amount of funds for payroll must agree with the amount posted to the general ledger.

### C. Procedures

As time cards are turned in they are checked for accuracy and given proper approval by the Town Manager or designee. All time cards are submitted to the Bookkeeper, who inputs the data into the computer. The approved cards are then prepared for the payroll run. A spreadsheet is compiled from all of the time cards. The payroll is run on the computer following authorized steps. The computer prints hard copies of reports to be filed, and all employee data for end of year reports is stored. The computer prints checks; direct deposit vouchers and prepares a payroll register. Data is then updated to the general ledger. ~~The completed payroll checks require two signatures.~~

## 5. CASH RECEIPTING

To establish the concepts and procedures to be followed in processing Cash Receipts Transactions.

### A. Cash Receipt Items

Cash receipt items for the Town of Tusayan include the following:

1. All federal, state, and local proceeds.
2. Other miscellaneous receipts of checks, money orders, currency, and coin.
3. Permit, License and other Fee receipts

### B. Cash Receipting Procedure

The following sequence of events takes place in processing cash receipts:

1. When cash receipts are received, the cash and check amount is confirmed. The confirmed amount is then applied to the appropriate account codes by entering the information into the receipting system.
2. If requested, an original copy of receipt is printed and provided to the customer. If needed, a copy of the check may be made and attached to a duplicate copy of the receipt and kept on file. If technical difficulties arise, a manual "hand receipt" may be given in place of a computer generated receipt.
3. All necessary reports are printed and reviewed. The Cash Receipts Register is checked against the daily cash receipts. Once the cash receipts are confirmed, they are updated to the general ledger. All necessary reports are printed out and maintained.

### C. Deposit Procedures

1. Designated staff member(s) will:
  - a. As checks and money orders are received, stamp the back "For Deposit Only".
  - b. At the end of the day, complete the deposit slip.
  - c. Place the deposit and the original completed slip inside the deposit bag and seal.
  - d. Deposit all cash receipts intact and, if possible, on a daily basis. Daily receipt totals in excess of \$5,000 should be deposited the same day. If amount is below \$5,000, place the sealed bag in a secured location.

- e. Take the deposit bags to the bank and drop it into the night drop. Bank receipts will be picked up monthly, matched, and attached to the specific daily register.
- f. The Bookkeeper or his/her designee will print and check Cash Receipts Journal.

## 6. **PETTY CASH**

### A. Establishment

The fund is established to provide a readily available source of funds for the payment of small, incidental, miscellaneous expenses, or to provide cash for making change, etc. The goal of such funds is to avoid the need for writing checks for small items (under \$100), to facilitate quick minor disbursements, and to make small disbursements at the lowest possible operating level. The Petty Cash Fund is authorized by the Town Manager and issued by the Town Clerk. The fund is cash kept on hand.

### B. Procedures:

#### 1. **Petty Cash Custodian Duties**

- a. Disburse cash from fund for authorized purposes.
  - b. Prepare a petty cash voucher for each disbursement of funds. The voucher must include the date, amount of disbursement, payee, purpose of disbursement, general ledger account to be charged, signature of payee, approval of custodian.
  - c. Attach all supporting documents for the purchase, such as receipts, cash register tapes, etc., to the petty cash voucher.
  - d. File a Reimbursement Request with the petty cash vouchers and supporting documents attached with the Bookkeeper or his/her designee when replenishment is required.
- 2. All petty cash purchase requests will be approved by the Town Manager or Town Clerk.
  - 3. The petty cash fund must always be kept in balance since the Bookkeeper or his/her designee will periodically perform spot checks.
  - 4. There are no strict guidelines as to what can or cannot be purchased through the petty cash fund but care must be exercised in the final determination by the Town Manager and Town Clerk. The fund should be considered a privilege and can be forfeited at any time if abused.
  - 5. Additional petty cash funds may be established for programs by approval of the Town Manager or Town Clerk.

### C. Restrictions and Control

The Town Manager or his designee conducts periodic and unannounced audits of the petty cash fund. Such audits include a counting of cash, an explanation of unredeemed cash vouchers, and a reconciliation of the petty cash fund with the bank statement.

The following restrictions are to be observed regarding petty cash funds:

1. The amount to be disbursed per transaction may not exceed \$100.00.
2. Only the persons to whom the fund was assigned may have access to the cash.
3. No other monies may be mixed with the petty cash fund.
4. No personal checks are to be cashed from the petty cash fund.
5. No loans or advances are to be made from the petty cash fund.
6. The maximum amount for petty cash is to be determined based on need.
7. Under no circumstances is the petty cash fund to be used to circumvent the established purchasing policies or procedures.

## 7. **BANK RECONCILIATION**

### A. Procedure

The reconciliation is to be done monthly and must be completed before the next month's regular Town Council meeting. Preferably, the reconciliation will be performed by another person not controlling the receipts and disbursements into that account, but at minimum all reconciliations will be approved by the Bookkeeper.

1. Once the bank reconciliation is completed, a hard copy of the reconciliation is printed out and maintained with the copy of the bank statement.
2. Confirm the ending cash balance from the reconciliation equals the ending balance of the cash general ledger account.
3. Cancelled and voided checks are filed in chronological order.

## 8. **CASH DISBURSEMENTS**

In general, the accounting procedures set forth below are designed to ensure satisfactory controls over cash disbursements. These controls include, but are not limited to, adequate separation of duties, proper support by source documentation of all disbursements, no signing of blank checks, and the keeping of all non-issued checks in a secure place.

### A. Check Safeguards

1. All blank checks are to be kept in a secure location at all times.
2. Checks are to be maintained and utilized in sequential numerical order only.
3. All voided checks are to be filed numerically along with the returned cancelled checks.
  - a. All voided checks must be defaced sufficiently to guard against their potential use. The word "void" shall be stamped or written on the check in sufficient size to be easily noticed.

B. Purchase Orders

The purpose for Purchase Orders is to provide a better budgetary measure of each department's expenditures. Purchase Orders are to be obtained and authorized prior to the purchase. Purchase Orders are not required to be obtained for vendors providing a regular monthly service, such as electricity, water, or telephone service. The amount shown on a purchase order is based upon an estimate given by the requester. This estimate allows for the Bookkeeper to ensure only what was requested to purchase was actually what was purchased and to ensure that the vendor did not over charge.

**Until such time as the Town organization grows sufficiently to support multiple staffed departments, the Purchase Order requirement may be waived.**

C. Check Register

1. A check register and single line payroll register for computer checks and cash disbursement journal printout for hand checks shall be maintained showing each and every check
2. The registers and journal shall balance to the General Ledger and monthly bank reconciliation.

D. Check Signers

1. ~~Town policy requires two authorized signatures to sign all checks.~~ Authorized signatures include all current Council members and the Town Manager.

9. **CREDIT CARDS**

The Town Manager and other designated staff are provided a credit card for special purchases and for travel expenses.

A. Procedure

1. Detailed receipts must be turned in to the Bookkeeper on a bi-weekly basis. If the card gets lost or stolen the administrative offices must be notified as soon as possible and the Town Clerk must call and notify the credit card company to cancel the card.
2. A credit card is maintained in the Admin office safe. If a staff member needs to use it, the person will complete the sign out sheet. When they return the card they will sign the card back in and turn in the detailed receipts to the Town Clerk. If the card gets lost or stolen the administrative offices must be notified immediately so the credit card company can be notified to cancel the card.
3. Credit card purchases are subject to required procurement procedures.
4. Credit card purchases made over the phone must have detailed receipts submitted to the Bookkeeper by the purchaser as soon as possible.
5. When the Bookkeeper reconciles the monthly credit card statement, any receipts that are missing must be provided. If a receipt is lost, a written explanation or other form of back up documentation must be provided.
6. No personal charges are allowed on the Town Credit Card.
7. Any misuse of the Town Credit Card is subject to disciplinary action.

**Item No. 6D**

**RESOLUTION NO. 2016-07  
TOWN OF TUSAYAN, ARIZONA**

**A RESOLUTION OF THE MAYOR AND TOWN COUNCIL OF THE  
TOWN OF TUSAYAN, ESTABLISHING COOPERATION BETWEEN  
THE TOWN AND THE HOUSING AUTHORITY OF THE TOWN OF  
TUSAYAN (HATT)**

**WHEREAS**, the Council of the Town of Tusayan (the "Council") declares, pursuant to A.R.S § 36-1402, that a shortage of affordable, decent, safe and sanitary housing impairs the economic conditions in the Town of Tusayan ("Town") and adversely impacts its residents; and,

**WHEREAS**, with Resolution 2016-02 the Council established the Housing Authority of the Town of Tusayan (HATT); and,

**WHEREAS**, pursuant to A.R.S § 36-1404(C) the Town seeks to direct staff provide the HATT with any executive, administrative, fiscal or technical experts and other officers, attorneys, independent contractors, agents and employees as may be necessary or desirable to the achievement of the purposes of the housing authority with powers prescribed in Title 36, Chapter 12, Article 1 of the Arizona Revised Statutes; and

**WHEREAS**, pursuant to A.R.S § 11-952, the HATT and the Town are public agencies and may by direct contract or agreement may contract for services or jointly exercise any powers common to each public agency, and may enter into agreements with one another for joint or cooperative action; and,

**WHEREAS**, pursuant to A.R.S § 36-1422 two or more cities, towns or counties, acting directly, or pursuant to this article through their public housing authorities, may join or cooperate in the exercise, jointly or otherwise, of any or all of their powers under this article for the purpose of financing, planning, owning, constructing, operating or contracting with respect to a housing project located within the area of operation of one or more of the public housing authorities, cities, towns or counties.

**NOW, THEREFORE, BE IT RESOLVED** that the Tusayan Town Council hereby adopts Resolution No. 2016-07, for the following purposes:

1. The Town will cooperate with the HATT in one or more affordable housing projects.
2. The Town authorizes and directs Town employees and staff to provide any executive, administrative, fiscal or technical experts and other officers, attorneys, independent contractors, agents and employees to HATT as may be necessary or desirable achieve the purposes of the HATT.
3. The Town may, as needed and necessary, join or cooperate in the exercise, jointly or otherwise, of any or all of its powers for the purpose of financing, planning, owning, constructing, operating or contracting with respect to a housing project located within the area of operation of the HATT.

**PASSED AND ADOPTED by the Town Council of the Town of Tusayan, Arizona on this day 17 August, 2016.**

\_\_\_\_\_  
**John Rueter, Mayor**

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**Town Clerk**

\_\_\_\_\_  
**Town Attorney**

**INTERGOVERNMENTAL (IGA) AGREEMENT**

**BETWEEN**

**HOUSING AUTHORITY OF THE TOWN OF TUSAYAN**

**AND**

**TOWN OF TUSAYAN**

This **INTERGOVERNMENTAL AGREEMENT** (“Agreement”) is entered into this 17 day of August, 2016, by and between the **HOUSING AUTHORITY OF THE TOWN OF TUSAYAN** (“HATT”) and the Town of Tusayan (“Town”).

**WHEREAS**, the Town determined by resolution that there is a shortage of affordable, decent, safe and sanitary housing which impairs the economic conditions in Tusayan; and

**WHEREAS**, the Town declared that these housing conditions cannot be relieved solely by private enterprise, and therefore expending public funds are for a public use and purpose and are in the public interest; and

**WHEREAS**, the Town will construct affordable housing units and desires to provide opportunities for affordable, decent, safe and sanitary housing to families in the Town; and

**WHEREAS**, pursuant to A.R.S. § 36-1401, et seq. the HATT has the delegated authority to acquire, purchase, lease, construct, reconstruct, improve, alter, extend, repair, operate or maintain any housing project in order to provide opportunities for affordable, decent, safe and sanitary housing to moderate income families in the Town; and

**WHEREAS**, the HATT has the governance and operational authority to provide affordable housing opportunities; and will provide a comprehensive and consistent set of guidance provisions, as well as direct management, for affordable housing projects in the Town.

**NOW, THEREFORE**, in consideration of the premises and mutual promises and undertakings herein contained, and for other good and valuable consideration, and with authority pursuant to A.R.S § 11-951, et seq. the parties agree as follows:

1. **Maintain Affordable Housing Projects.** The HATT will operate, maintain, and monitor affordable housing projects constructed by the Town, which may include but is not limited to acquisition, construction, maintenance, repairs; sale and lease of units to eligible residents. The HATT will manage and maintain the affordable housing project by implementation and execution of the Departmental Guidelines for the Housing Authority of the Town of Tusayan (“Guidelines”).

2. **Term.** The term of this Agreement shall be for thirty (30) years from the date of this Agreement.

3. Monthly Reporting. The HATT shall submit a Monthly IGA Report to Town Manager of the Town, or a designee of the Town Manager. The monthly report shall be submitted by mail, fax, or email, on or before the 15<sup>th</sup> of the following month. The HATT will provide the monthly report in a format acceptable to both parties, and will contain, at a minimum, the following information:

- a. Number of housing units sold or leased
- b. Total number of housing units occupied
- c. Total number of housing units unoccupied
- d. Total number of new housing units being constructed
- e. Maintenance and repair report
- f. Total number of ownership lotteries conducted
- g. Total number of grievances filed, pending, and resolved
- h. Total number of appeals filed, pending, and resolved

4. Fees Charged by the HATT. Pursuant to the Guidelines, the HATT is entitle to collect HOA fees; fees upon the sale of a housing unit; and fees for grievances and appeals filed by homeowners. The HATT may collect any administrative or operational fees from the Town for managing and maintaining an affordable housing project.

5. Termination. Either party may terminate this Agreement at any time without cause by giving the other party thirty (30) days written notice prior to the date of termination. Additionally, Town may terminate this Agreement immediately and without notice, if the Town determines that the HATT is not complying with the Guidelines and not managing and maintaining the affordable housing project in a manner satisfactory to the Town.

6. HATT Personnel and Staff. The HATT is governed by a Board of Commissioners. The day-to-day operations of the HATT are conducted by an Executive Director, who shall also be the Secretary of the HATT. The HATT is authorized to employ technical experts and other officers, attorneys, agents and employees, permanent and temporary, as the authority requires, and to delegate to one or more of them powers or duties as the authority deems proper. The Town, with appropriate and sufficient authority staff, by a resolution of its governing body, may authorize and direct the staff provide any executive, administrative, fiscal or technical experts and other officers, attorneys, independent contractors, agents and employees to the HATT as may be necessary or desirable to the achieve the purposes of this Agreement.

7. Cooperation with the Town. The HATT and the Town may join or cooperate in the exercise, jointly or otherwise, of any or all of their powers for the purpose of financing, planning, owning, constructing, operating or contracting with respect to the affordable housing project. For such purpose, the HATT may cooperate with one or more of the public housing authorities, cities, towns or counties with respect to any or all of such powers. See A.R.S § 36-1422 and A.R.S § 11-951, et seq.

8. Notices. All notices shall be mailed or delivered to the party to receive such notice to the following address.

- a. If intended for HATT to:

Housing Authority of the Town of Tusayan  
PO Box 709  
Tusayan, AZ 86023

Attn: Eric Duthie  
Title: Executive Director  
Phone: (928) 638-9909

- b. If intended for Town, to:

Town of Tusayan  
PO Box 709  
Tusayan, Arizona 86023

Attn: Eric Duthie  
Title: Town Manager  
Phone: (928) 638-9909

9. **Interpretation and Amendments.** This Agreement contains the entire agreement between the parties hereto. This Agreement shall not be amended or modified in any manner, except by an instrument in writing signed by the parties hereto.

10. **Headings.** Headings are for convenience only and are not to be construed as part of this Agreement.

11. **Severability.** The parties agree that in the event any term, covenant or conditions herein contained should be held to be invalid or void, the invalidity of any such term, covenant or condition shall in no way affect any other term, covenant or condition of this Agreement.

12. **Dispute.** In the event of any dispute between the parties under this Agreement, the parties agree to initially attempt to resolve the dispute informally. If informal means do not resolve the dispute, the parties agree to seek resolution by way of mediation. If mediation does not resolve the dispute, the parties agree to seek arbitration under rules agree to by the parties.

13. **Inspection and Audit; Record Retention.** The parties agree that all books, accounts, reports, files and other records relating to this Agreement shall be subject to inspection at all reasonable times. The parties will respect applicable privacy restrictions on information that may be personal, confidential, or restricted by law. The parties will retain records pursuant to applicable rules established by the Arizona Department of Libraries, Archives and Public Records.

14. **Conflict of Interest.** The parties acknowledge that this Agreement is subject to cancellation by the Governor of Arizona pursuant to A.R.S. § 38-511, the provisions of which are incorporated herein.

15. **Governing Law and Venue.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of Arizona. The exclusive venue for any litigation, arbitration, administrative hearing or the like concerning this Agreement or any matter arising therefrom shall be in Coconino County, State of Arizona.

16. Unavailability of Funding. Every payment or financial obligation of the parties under this Agreement is conditioned upon the availability of funds appropriated or allocated for the payment of such obligation. If funds are not allocated and available for the continuance of this Agreement, this Agreement may be terminated by any party at the end of the period for which funds are available. No liability shall accrue to any party in the event this provision is exercised, and neither the HATT or Town shall be obligated or liable for any future payments nor for any damages as a result of termination under this paragraph.

17. E-verify. To the extent applicable under A.R.S. § 41-4401, each party and its respective subcontractors warrant compliance with all federal immigration laws and regulations that relate to its employees and compliance with the E-verify requirements under A.R.S. § 23-214(A). Each party has the right to inspect the papers of the other party or its subcontractors participating in this Agreement and may result in the termination of the Agreement by a non-breaching party under terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto agree to carry out the terms of this Agreement and have executed this Agreement the day, month and year first written above.

BOARD OF COMMISSIONER  
HOUSING AUTHORITY TOWN OF TUSAYAN

TOWN OF TUSAYAN:

Name: \_\_\_\_\_  
Chairman

Name: \_\_\_\_\_  
John Rueter, Mayor

ATTEST: \_\_\_\_\_  
Melissa Drake, Town Clerk

APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

This Intergovernmental Agreement has been reviewed by the undersigned attorney for the Town who has determined that it is in appropriate form and within the powers and authority granted by law to the Town designed herein.

BY: \_\_\_\_\_  
Bill J Sims, Town Attorney

This Intergovernmental Agreement has been reviewed pursuant to A.R.S. § 11-952 by the undersigned attorney, who has determined that it is in the proper form and is within the powers granted to the HATT under the laws of the State of Arizona to those Parties to the Agreement.

BY: \_\_\_\_\_  
David H. Benton  
Sims Murray, Ltd

**Item No. 6E**

# Form 1023 Checklist

(Revised December 2013)

## Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code

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Note. Retain a copy of the completed Form 1023 in your permanent records. Refer to the General Instructions regarding Public Inspection of approved applications.

Check each box to finish your application (Form 1023). Send this completed Checklist with your filled-in application. If you have not answered all the items below, your application may be returned to you as incomplete.

- Assemble the application and materials in this order:
- Form 1023 Checklist
  - Form 2848, *Power of Attorney and Declaration of Representative* (if filing)
  - Form 8821, *Tax Information Authorization* (if filing)
  - Expedite request (if requesting)
  - Application (Form 1023 and Schedules A through H, as required)
  - Articles of organization
  - Amendments to articles of organization in chronological order
  - Bylaws or other rules of operation and amendments
  - Documentation of nondiscriminatory policy for schools, as required by Schedule B
  - Form 5768, *Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation* (if filing)
  - All other attachments, including explanations, financial data, and printed materials or publications. Label each page with name and EIN.
- User fee payment placed in envelope on top of checklist. DO NOT STAPLE or otherwise attach your check or money order to your application. Instead, just place it in the envelope.
- Employer Identification Number (EIN)
- Completed Parts I through XI of the application, including any requested information and any required Schedules A through H.
- You must provide specific details about your past, present, and planned activities.
  - Generalizations or failure to answer questions in the Form 1023 application will prevent us from recognizing you as tax exempt.
  - Describe your purposes and proposed activities in specific easily understood terms.
  - Financial information should correspond with proposed activities.
- Schedules. Submit only those schedules that apply to you and check either "Yes" or "No" below.
- |            |  |            |  |
|------------|--|------------|--|
| Schedule A | Yes ___ No <input checked="" type="checkbox"/> | Schedule E | Yes ___ No <input checked="" type="checkbox"/> |
| Schedule B | Yes ___ No <input checked="" type="checkbox"/> | Schedule F | Yes ___ No <input checked="" type="checkbox"/> |
| Schedule C | Yes ___ No <input checked="" type="checkbox"/> | Schedule G | Yes ___ No <input checked="" type="checkbox"/> |
| Schedule D | Yes <input checked="" type="checkbox"/> No ___ | Schedule H | Yes ___ No <input checked="" type="checkbox"/> |

- An exact copy of your complete articles of organization (creating document). Absence of the proper purpose and dissolution clauses is the number one reason for delays in the issuance of determination letters.
  - Location of Purpose Clause from Part III, line 1 (Page, Article and Paragraph Number) \_\_\_\_\_
  - Location of Dissolution Clause from Part III, line 2b or 2c (Page, Article and Paragraph Number) or by operation of state law \_\_\_\_\_
- Signature of an officer, director, trustee, or other official who is authorized to sign the application.
  - Signature at Part XI of Form 1023.
- Your name on the application must be the same as your legal name as it appears in your articles of organization.

Send completed Form 1023, user fee payment, and all other required information, to:

Internal Revenue Service  
P.O. Box 192  
Covington, KY 41012-0192

If you are using express mail or a delivery service, send Form 1023, user fee payment, and attachments to:

Internal Revenue Service  
201 West Rivercenter Blvd.  
Attn: Extracting Stop 312  
Covington, KY 41011

## Power of Attorney and Declaration of Representative

OMB No. 1545-0150  
 For IRS Use Only  
 Received by: \_\_\_\_\_  
 Name \_\_\_\_\_  
 Telephone \_\_\_\_\_  
 Function \_\_\_\_\_  
 Date / /

▶ Information about Form 2848 and its instructions is at [www.irs.gov/form2848](http://www.irs.gov/form2848).

**Part I Power of Attorney**

**Caution:** A separate Form 2848 must be completed for each taxpayer. Form 2848 will not be honored for any purpose other than representation before the IRS.

**1 Taxpayer Information.** Taxpayer must sign and date this form on page 2, line 7.

Taxpayer name and address	Taxpayer identification number(s) <b>81-0965314</b>
<b>Grand Canyon Housing, Foundation, Inc.</b>	Daytime telephone number <b>928-638-9909</b>
	Plan number (if applicable)

hereby appoints the following representative(s) as attorney(s)-in-fact:

**2 Representative(s) must sign and date this form on page 2, Part II.**

Name and address  <b>William J. Sims III</b> <b>Sims Murray, Ltd.</b> <b>2020 N. Central Ave., Suite 670, Phoenix, AZ 85004</b>	CAF No. <u>None</u> PTIN <u>None</u> Telephone No. <u>602-772-5501</u> Fax No. <u>602-772-5509</u> Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
Check if to be sent copies of notices and communications <input checked="" type="checkbox"/>	
Name and address  _____ _____	CAF No. _____ PTIN _____ Telephone No. _____ Fax No. _____ Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
Check if to be sent copies of notices and communications <input type="checkbox"/>	
Name and address  _____ _____	CAF No. _____ PTIN _____ Telephone No. _____ Fax No. _____ Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
(Note: IRS sends notices and communications to only two representatives.)	
Name and address  _____ _____	CAF No. _____ PTIN _____ Telephone No. _____ Fax No. _____ Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
(Note: IRS sends notices and communications to only two representatives.)	

to represent the taxpayer before the Internal Revenue Service and perform the following acts:

**3 Acts authorized (you are required to complete this line 3).** With the exception of the acts described in line 5b, I authorize my representative(s) to receive and inspect my confidential tax information and to perform acts that I can perform with respect to the tax matters described below. For example, my representative(s) shall have the authority to sign any agreements, consents, or similar documents (see instructions for line 5a for authorizing a representative to sign a return).

Description of Matter (Income, Employment, Payroll, Excise, Estate, Gift, Whistleblower, Practitioner Discipline, PLR, FOIA, Civil Penalty, Sec. 5000A Shared Responsibility Payment, Sec. 4980H Shared Responsibility Payment, etc.) (see instructions)	Tax Form Number (1040, 941, 720, etc.) (if applicable)	Year(s) or Period(s) (if applicable) (see instructions)
<b>Application for Recognition of Exemption as Public Charitiy</b>	<b>1023</b>	<b>2016-2017</b>

**4 Specific use not recorded on Centralized Authorization File (CAF).** If the power of attorney is for a specific use not recorded on CAF, check this box. See the instructions for Line 4. Specific Use Not Recorded on CAF

**5a Additional acts authorized.** In addition to the acts listed on line 3 above, I authorize my representative(s) to perform the following acts (see instructions for line 5a for more information):

- Authorize disclosure to third parties;  Substitute or add representative(s);  Sign a return; \_\_\_\_\_
- \_\_\_\_\_
- Other acts authorized: \_\_\_\_\_
- \_\_\_\_\_

b **Specific acts not authorized.** My representative(s) is (are) not authorized to endorse or otherwise negotiate any check (including directing or accepting payment by any means, electronic or otherwise, into an account owned or controlled by the representative(s) or any firm or other entity with whom the representative(s) is (are) associated) issued by the government in respect of a federal tax liability.

List any other specific deletions to the acts otherwise authorized in this power of attorney (see instructions for line 5b): \_\_\_\_\_

6 **Retention/revocation of prior power(s) of attorney.** The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same matters and years or periods covered by this document. If you do not want to revoke a prior power of attorney, check here  **YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.**

7 **Signature of taxpayer.** If a tax matter concerns a year in which a joint return was filed, each spouse must file a separate power of attorney even if they are appointing the same representative(s). If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the legal authority to execute this form on behalf of the taxpayer.  
**▶ IF NOT COMPLETED, SIGNED, AND DATED, THE IRS WILL RETURN THIS POWER OF ATTORNEY TO THE TAXPAYER.**

Signature

Date

Title (if applicable)

Print Name

Print name of taxpayer from line 1 if other than individual

**Part II Declaration of Representative**

Under penalties of perjury, by my signature below I declare that:

- I am not currently suspended or disbarred from practice, or ineligible for practice, before the Internal Revenue Service;
- I am subject to regulations contained in Circular 230 (31 CFR, Subtitle A, Part 10), as amended, governing practice before the Internal Revenue Service;
- I am authorized to represent the taxpayer identified in Part I for the matter(s) specified there; and
- I am one of the following:
  - a Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
  - b Certified Public Accountant—licensed to practice as a certified public accountant is active in the jurisdiction shown below.
  - c Enrolled Agent—enrolled as an agent by the Internal Revenue Service per the requirements of Circular 230.
  - d Officer—a bona fide officer of the taxpayer organization.
  - e Full-Time Employee—a full-time employee of the taxpayer.
  - f Family Member—a member of the taxpayer's immediate family (spouse, parent, child, grandparent, grandchild, step-parent, step-child, brother, or sister).
  - g Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the Internal Revenue Service is limited by section 10.3(d) of Circular 230).
  - h Unenrolled Return Preparer—Authority to practice before the IRS is limited. An unenrolled return preparer may represent, provided the preparer (1) prepared and signed the return or claim for refund (or prepared if there is no signature space on the form); (2) was eligible to sign the return or claim for refund; (3) has a valid PTIN; and (4) possesses the required Annual Filing Season Program Record of Completion(s). See *Special Rules and Requirements for Unenrolled Return Preparers in the Instructions for additional information.*
  - k Student Attorney or CPA—receives permission to represent taxpayers before the IRS by virtue of his/her status as a law, business, or accounting student working in an LITC or STCP. See instructions for Part II for additional information and requirements.
  - r Enrolled Retirement Plan Agent—enrolled as a retirement plan agent under the requirements of Circular 230 (the authority to practice before the Internal Revenue Service is limited by section 10.3(e)).

**▶ IF THIS DECLARATION OF REPRESENTATIVE IS NOT COMPLETED, SIGNED, AND DATED, THE IRS WILL RETURN THE POWER OF ATTORNEY. REPRESENTATIVES MUST SIGN IN THE ORDER LISTED IN PART I, LINE 2.**

Note: For designations d-f, enter your title, position, or relationship to the taxpayer in the "Licensing jurisdiction" column.

Designation— Insert above letter (a-r).	Licensing jurisdiction (State) or other licensing authority (if applicable).	Bar, license, certification, registration, or enrollment number (if applicable).	Signature	Date
a	AZ	010458	<i>William J. Sino</i>	8/10/16

A new interactive version of Form 1023 is available at [tax.irs.gov](http://tax.irs.gov). It includes prerequisite questions, auto-calculated fields, help buttons and links to relevant information.

Form **1023**  
(Rev. December 2013)  
Department of the Treasury  
Internal Revenue Service

**Application for Recognition of Exemption  
Under Section 501(c)(3) of the Internal Revenue Code**

(00)

OMB No. 1545-0058

Note: If exempt status is approved, this application will be open for public inspection.

▶ (Use with the June 2006 revision of the Instructions for Form 1023 and the current Notice 1382)

Use the instructions to complete this application and for a definition of all bold items. For additional help, call IRS Exempt Organizations Customer Account Services toll-free at 1-877-829-5500. Visit our website at [www.irs.gov](http://www.irs.gov) for forms and publications. If the required information and documents are not submitted with payment of the appropriate user fee, the application may be returned to you.

Attach additional sheets to this application if you need more space to answer fully. Put your name and EIN on each sheet and identify each answer by Part and line number. Complete Parts I - XI of Form 1023 and submit only those Schedules (A through H) that apply to you.

**Part I Identification of Applicant**

1 Full name of organization (exactly as it appears in your organizing document) <b>Grand Canyon Housing Foundation, Inc.</b>		2 c/o Name (if applicable)	
3 Mailing address (Number and street) (see instructions) <b>PO Box 709</b>		Room/Suite	4 Employer Identification Number (EIN) <b>81-0965314</b>
City or town, state or country, and ZIP + 4 <b>Tusayan, AZ 86023-0709</b>		5 Month the annual accounting period ends (01 - 12) <b>06</b>	
6 Primary contact (officer, director, trustee, or authorized representative) a Name: <b>Eric Duthle</b>		b Phone: <b>928-638-9909</b>	
		c Fax: (optional) <b>928-638-9910</b>	
7 Are you represented by an authorized representative, such as an attorney or accountant? If "Yes," provide the authorized representative's name, and the name and address of the authorized representative's firm. Include a completed Form 2848, <i>Power of Attorney and Declaration of Representative</i> , with your application if you would like us to communicate with your representative.		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
8 Was a person who is not one of your officers, directors, trustees, employees, or an authorized representative listed in line 7, paid, or promised payment, to help plan, manage, or advise you about the structure or activities of your organization, or about your financial or tax matters? If "Yes," provide the person's name, the name and address of the person's firm, the amounts paid or promised to be paid, and describe that person's role.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
9a Organization's website: <b>None</b>			
b Organization's email: (optional)			
10 Certain organizations are not required to file an information return (Form 990 or Form 990-EZ). If you are granted tax-exemption, are you claiming to be excused from filing Form 990 or Form 990-EZ? If "Yes," explain. See the instructions for a description of organizations not required to file Form 990 or Form 990-EZ.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
11 Date incorporated if a corporation, or formed, if other than a corporation. (MM/DD/YYYY)		<b>12 / 08 / 2015</b>	
12 Were you formed under the laws of a foreign country? If "Yes," state the country.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

**Part II Organizational Structure**

You must be a corporation (including a limited liability company), an unincorporated association, or a trust to be tax exempt. (See instructions.) **DO NOT file this form unless you can check "Yes" on lines 1, 2, 3, or 4.**

- 1 Are you a corporation? If "Yes," attach a copy of your articles of incorporation showing certification of filing with the appropriate state agency. Include copies of any amendments to your articles and be sure they also show state filing certification.  Yes  No
- 2 Are you a limited liability company (LLC)? If "Yes," attach a copy of your articles of organization showing certification of filing with the appropriate state agency. Also, if you adopted an operating agreement, attach a copy. Include copies of any amendments to your articles and be sure they show state filing certification. Refer to the instructions for circumstances when an LLC should not file its own exemption application.  Yes  No
- 3 Are you an unincorporated association? If "Yes," attach a copy of your articles of association, constitution, or other similar organizing document that is dated and includes at least two signatures. Include signed and dated copies of any amendments.  Yes  No
- 4a Are you a trust? If "Yes," attach a signed and dated copy of your trust agreement. Include signed and dated copies of any amendments.  Yes  No
- b Have you been funded? If "No," explain how you are formed without anything of value placed in trust.  Yes  No
- 5 Have you adopted bylaws? If "Yes," attach a current copy showing date of adoption. If "No," explain how your officers, directors, or trustees are selected.  Yes  No

**Part III Required Provisions in Your Organizing Document**

The following questions are designed to ensure that when you file this application, your organizing document contains the required provisions to meet the organizational test under section 501(c)(3). Unless you can check the boxes in both lines 1 and 2, your organizing document does not meet the organizational test. **DO NOT file this application until you have amended your organizing document.** Submit your original and amended organizing documents (showing state filing certification if you are a corporation or an LLC) with your application.

- 1 Section 501(c)(3) requires that your organizing document state your exempt purpose(s), such as charitable, religious, educational, and/or scientific purposes. Check the box to confirm that your organizing document meets this requirement. Describe specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document. Refer to the instructions for exempt purpose language. Location of Purpose Clause (Page, Article, and Paragraph): Article II
- 2a Section 501(c)(3) requires that upon dissolution of your organization, your remaining assets must be used exclusively for exempt purposes, such as charitable, religious, educational, and/or scientific purposes. Check the box on line 2a to confirm that your organizing document meets this requirement by express provision for the distribution of assets upon dissolution. If you rely on state law for your dissolution provision, do not check the box on line 2a and go to line 2c.
- 2b If you checked the box on line 2a, specify the location of your dissolution clause (Page, Article, and Paragraph). Do not complete line 2c if you checked box 2a. Article V
- 2c See the instructions for information about the operation of state law in your particular state. Check this box if you rely on operation of state law for your dissolution provision and indicate the state:

**Part IV Narrative Description of Your Activities**

Using an attachment, describe your *past*, *present*, and *planned* activities in a narrative. If you believe that you have already provided some of this information in response to other parts of this application, you may summarize that information here and refer to the specific parts of the application for supporting details. You may also attach representative copies of newsletters, brochures, or similar documents for supporting details to this narrative. Remember that if this application is approved, it will be open for public inspection. Therefore, your narrative description of activities should be thorough and accurate. Refer to the instructions for information that must be included in your description.

**Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors**

- 1a List the names, titles, and mailing addresses of all of your officers, directors, and trustees. For each person listed, state their total annual compensation, or proposed compensation, for all services to the organization, whether as an officer, employee, or other position. Use actual figures, if available. Enter "none" if no compensation is or will be paid. If additional space is needed, attach a separate sheet. Refer to the instructions for information on what to include as compensation.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
Rebecca Wirth	Director	PO Box 709 Tusayan, AZ 86023	None
John Rueter	Director	PO Box 709 Tusayan, AZ 86023	None
Al Montoya	Director	PO Box 709 Tusayan, AZ 86023	None
John Schoppman	Director	PO Box 709 Tusayan, AZ 86023	None
Eric Duthie	Executive Director	PO Box 709 Tusayan, AZ 86023	None

**Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)**

**b** List the names, titles, and mailing addresses of each of your five highest compensated employees who receive or will receive compensation of more than \$50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation. Do not include officers, directors, or trustees listed in line 1a.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
		.....	
		.....	
		.....	
		.....	
		.....	

**c** List the names, names of businesses, and mailing addresses of your five highest compensated independent contractors that receive or will receive compensation of more than \$50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
None		.....	None
		.....	
		.....	
		.....	
		.....	

The following "Yes" or "No" questions relate to *past, present, or planned* relationships, transactions, or agreements with your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, and 1c.

**2a** Are any of your officers, directors, or trustees related to each other through family or business relationships? If "Yes," identify the individuals and explain the relationship.  Yes  No

**b** Do you have a business relationship with any of your officers, directors, or trustees other than through their position as an officer, director, or trustee? If "Yes," identify the individuals and describe the business relationship with each of your officers, directors, or trustees.  Yes  No

**c** Are any of your officers, directors, or trustees related to your highest compensated employees or highest compensated independent contractors listed on lines 1b or 1c through family or business relationships? If "Yes," identify the individuals and explain the relationship.  Yes  No

**3a** For each of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c, attach a list showing their name, qualifications, average hours worked, and duties.

**b** Do any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c receive compensation from any other organizations, whether tax exempt or taxable, that are related to you through common control? If "Yes," identify the individuals, explain the relationship between you and the other organization, and describe the compensation arrangement.  Yes  No

**4** In establishing the compensation for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, and 1c, the following practices are recommended, although they are not required to obtain exemption. Answer "Yes" to all the practices you use.

**a** Do you or will the individuals that approve compensation arrangements follow a conflict of interest policy?  Yes  No

**b** Do you or will you approve compensation arrangements in advance of paying compensation?  Yes  No

**c** Do you or will you document in writing the date and terms of approved compensation arrangements?  Yes  No

**Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)**

- d Do you or will you record in writing the decision made by each individual who decided or voted on compensation arrangements?  Yes  No
- e Do you or will you approve compensation arrangements based on information about compensation paid by similarly situated taxable or tax-exempt organizations for similar services, current compensation surveys compiled by independent firms, or actual written offers from similarly situated organizations? Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation.  Yes  No
- f Do you or will you record in writing both the information on which you relied to base your decision and its source?  Yes  No
- g If you answered "No" to any item on lines 4a through 4f, describe how you set compensation that is reasonable for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c.
- 
- 5a Have you adopted a conflict of interest policy consistent with the sample conflict of interest policy in Appendix A to the instructions? If "Yes," provide a copy of the policy and explain how the policy has been adopted, such as by resolution of your governing board. If "No," answer lines 5b and 5c.  Yes  No
- b What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you for setting their own compensation?
- c What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you regarding business deals with themselves?
- Note: A conflict of interest policy is recommended though it is not required to obtain exemption. Hospitals, see Schedule C, Section I, line 14.
- 
- 6a Do you or will you compensate any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, or 1c through non-fixed payments, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are determined, who is eligible for such arrangements, whether you place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation.  Yes  No
- b Do you or will you compensate any of your employees, other than your officers, directors, trustees, or your five highest compensated employees who receive or will receive compensation of more than \$50,000 per year, through non-fixed payments, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are or will be determined, who is or will be eligible for such arrangements, whether you place or will place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation.  Yes  No
- 
- 7a Do you or will you purchase any goods, services, or assets from any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such purchase that you made or intend to make, from whom you make or will make such purchases, how the terms are or will be negotiated at arm's length, and explain how you determine or will determine that you pay no more than fair market value. Attach copies of any written contracts or other agreements relating to such purchases.  Yes  No
- b Do you or will you sell any goods, services, or assets to any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such sales that you made or intend to make, to whom you make or will make such sales, how the terms are or will be negotiated at arm's length, and explain how you determine or will determine you are or will be paid at least fair market value. Attach copies of any written contracts or other agreements relating to such sales.  Yes  No
- 
- 8a Do you or will you have any leases, contracts, loans, or other agreements with your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," provide the information requested in lines 8b through 8f.  Yes  No
- b Describe any written or oral arrangements that you made or intend to make.
- c Identify with whom you have or will have such arrangements.
- d Explain how the terms are or will be negotiated at arm's length.
- e Explain how you determine you pay no more than fair market value or you are paid at least fair market value.
- f Attach copies of any signed leases, contracts, loans, or other agreements relating to such arrangements.
- 
- 9a Do you or will you have any leases, contracts, loans, or other agreements with any organization in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 35% interest? If "Yes," provide the information requested in lines 9b through 9f.  Yes  No

**Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)**

- b Describe any written or oral arrangements you made or intend to make.
- c Identify with whom you have or will have such arrangements.
- d Explain how the terms are or will be negotiated at arm's length.
- e Explain how you determine or will determine you pay no more than fair market value or that you are paid at least fair market value.
- f Attach a copy of any signed leases, contracts, loans, or other agreements relating to such arrangements.

**Part VI Your Members and Other Individuals and Organizations That Receive Benefits From You**

The following "Yes" or "No" questions relate to goods, services, and funds you provide to individuals and organizations as part of your activities. Your answers should pertain to *past, present, and planned* activities. (See instructions.)

- 1a In carrying out your exempt purposes, do you provide goods, services, or funds to individuals? If "Yes," describe each program that provides goods, services, or funds to individuals.  Yes  No
- b In carrying out your exempt purposes, do you provide goods, services, or funds to organizations? If "Yes," describe each program that provides goods, services, or funds to organizations.  Yes  No
- 2 Do any of your programs limit the provision of goods, services, or funds to a specific individual or group of specific individuals? For example, answer "Yes," if goods, services, or funds are provided only for a particular individual, your members, individuals who work for a particular employer, or graduates of a particular school. If "Yes," explain the limitation and how recipients are selected for each program.  Yes  No
- 3 Do any individuals who receive goods, services, or funds through your programs have a family or business relationship with any officer, director, trustee, or with any of your highest compensated employees or highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c? If "Yes," explain how these related individuals are eligible for goods, services, or funds.  Yes  No

**Part VII Your History**

The following "Yes" or "No" questions relate to your history. (See instructions.)

- 1 Are you a successor to another organization? Answer "Yes," if you have taken or will take over the activities of another organization; you took over 25% or more of the fair market value of the net assets of another organization; or you were established upon the conversion of an organization from for-profit to non-profit status. If "Yes," complete Schedule G.  Yes  No
- 2 Are you submitting this application more than 27 months after the end of the month in which you were legally formed? If "Yes," complete Schedule E.  Yes  No

**Part VIII Your Specific Activities**

The following "Yes" or "No" questions relate to specific activities that you may conduct. Check the appropriate box. Your answers should pertain to *past, present, and planned* activities. (See instructions.)

- 1 Do you support or oppose candidates in political campaigns in any way? If "Yes," explain.  Yes  No
- 2a Do you attempt to influence legislation? If "Yes," explain how you attempt to influence legislation and complete line 2b. If "No," go to line 3a.  Yes  No
- b Have you made or are you making an election to have your legislative activities measured by expenditures by filing Form 5768? If "Yes," attach a copy of the Form 5768 that was already filed or attach a completed Form 5768 that you are filing with this application. If "No," describe whether your attempts to influence legislation are a substantial part of your activities. Include the time and money spent on your attempts to influence legislation as compared to your total activities.  Yes  No
- 3a Do you or will you operate bingo or gaming activities? If "Yes," describe who conducts them, and list all revenue received or expected to be received and expenses paid or expected to be paid in operating these activities. Revenue and expenses should be provided for the time periods specified in Part IX, Financial Data.  Yes  No
- b Do you or will you enter into contracts or other agreements with individuals or organizations to conduct bingo or gaming for you? If "Yes," describe any written or oral arrangements that you made or intend to make, identify with whom you have or will have such arrangements, explain how the terms are or will be negotiated at arm's length, and explain how you determine or will determine you pay no more than fair market value or you will be paid at least fair market value. Attach copies of any written contracts or other agreements relating to such arrangements.  Yes  No
- c List the states and local jurisdictions, including Indian Reservations, in which you conduct or will conduct gaming or bingo.

**Part VIII Your Specific Activities (Continued)**

- 4a Do you or will you undertake fundraising? If "Yes," check all the fundraising programs you do or will conduct. (See instructions.)  Yes  No
- |   |  |
|---|--|
| <input type="checkbox"/> mail solicitations                         | <input type="checkbox"/> phone solicitations                                   |
| <input type="checkbox"/> email solicitations                        | <input type="checkbox"/> accept donations on your website                      |
| <input type="checkbox"/> personal solicitations                     | <input type="checkbox"/> receive donations from another organization's website |
| <input type="checkbox"/> vehicle, boat, plane, or similar donations | <input type="checkbox"/> government grant solicitations                        |
| <input type="checkbox"/> foundation grant solicitations             | <input checked="" type="checkbox"/> Other                                      |
- Attach a description of each fundraising program.
- b Do you or will you have written or oral contracts with any individuals or organizations to raise funds for you? If "Yes," describe these activities. Include all revenue and expenses from these activities and state who conducts them. Revenue and expenses should be provided for the time periods specified in Part IX, Financial Data. Also, attach a copy of any contracts or agreements.  Yes  No
- c Do you or will you engage in fundraising activities for other organizations? If "Yes," describe these arrangements. Include a description of the organizations for which you raise funds and attach copies of all contracts or agreements.  Yes  No
- d List all states and local jurisdictions in which you conduct fundraising. For each state or local jurisdiction listed, specify whether you fundraise for your own organization, you fundraise for another organization, or another organization fundraises for you.
- e Do you or will you maintain separate accounts for any contributor under which the contributor has the right to advise on the use or distribution of funds? Answer "Yes" if the donor may provide advice on the types of investments, distributions from the types of investments, or the distribution from the donor's contribution account. If "Yes," describe this program, including the type of advice that may be provided and submit copies of any written materials provided to donors.  Yes  No
- 
- 5 Are you affiliated with a governmental unit? If "Yes," explain.  Yes  No
- 6a Do you or will you engage in economic development? If "Yes," describe your program.  Yes  No
- b Describe in full who benefits from your economic development activities and how the activities promote exempt purposes.
- 
- 7a Do or will persons other than your employees or volunteers develop your facilities? If "Yes," describe each facility, the role of the developer, and any business or family relationship(s) between the developer and your officers, directors, or trustees.  Yes  No
- b Do or will persons other than your employees or volunteers manage your activities or facilities? If "Yes," describe each activity and facility, the role of the manager, and any business or family relationship(s) between the manager and your officers, directors, or trustees.  Yes  No
- c If there is a business or family relationship between any manager or developer and your officers, directors, or trustees, identify the individuals, explain the relationship, describe how contracts are negotiated at arm's length so that you pay no more than fair market value, and submit a copy of any contracts or other agreements.
- 
- 8 Do you or will you enter into joint ventures, including partnerships or limited liability companies treated as partnerships, in which you share profits and losses with partners other than section 501(c)(3) organizations? If "Yes," describe the activities of these joint ventures in which you participate.  Yes  No
- 
- 9a Are you applying for exemption as a childcare organization under section 501(k)? If "Yes," answer lines 9b through 9d. If "No," go to line 10.  Yes  No
- b Do you provide child care so that parents or caretakers of children you care for can be gainfully employed (see instructions)? If "No," explain how you qualify as a childcare organization described in section 501(k).  Yes  No
- c Of the children for whom you provide child care, are 85% or more of them cared for by you to enable their parents or caretakers to be gainfully employed (see instructions)? If "No," explain how you qualify as a childcare organization described in section 501(k).  Yes  No
- d Are your services available to the general public? If "No," describe the specific group of people for whom your activities are available. Also, see the instructions and explain how you qualify as a childcare organization described in section 501(k).  Yes  No
- 
- 10 Do you or will you publish, own, or have rights in music, literature, tapes, artworks, choreography, scientific discoveries, or other intellectual property? If "Yes," explain. Describe who owns or will own any copyrights, patents, or trademarks, whether fees are or will be charged, how the fees are determined, and how any items are or will be produced, distributed, and marketed.  Yes  No

**Part VIII Your Specific Activities (Continued)**

- 11 Do you or will you accept contributions of: real property; conservation easements; closely held securities; intellectual property such as patents, trademarks, and copyrights; works of music or art; licenses; royalties; automobiles, boats, planes, or other vehicles; or collectibles of any type? If "Yes," describe each type of contribution, any conditions imposed by the donor on the contribution, and any agreements with the donor regarding the contribution.  Yes  No
- 
- 12a Do you or will you operate in a foreign country or countries? If "Yes," answer lines 12b through 12d. If "No," go to line 13a.  Yes  No
- b Name the foreign countries and regions within the countries in which you operate.
- c Describe your operations in each country and region in which you operate.
- d Describe how your operations in each country and region further your exempt purposes.
- 
- 13a Do you or will you make grants, loans, or other distributions to organization(s)? If "Yes," answer lines 13b through 13g. If "No," go to line 14a.  Yes  No
- b Describe how your grants, loans, or other distributions to organizations further your exempt purposes.
- c Do you have written contracts with each of these organizations? If "Yes," attach a copy of each contract.  Yes  No
- d Identify each recipient organization and any relationship between you and the recipient organization.
- e Describe the records you keep with respect to the grants, loans, or other distributions you make.
- f Describe your selection process, including whether you do any of the following:
- (i) Do you require an application form? If "Yes," attach a copy of the form.  Yes  No
- (ii) Do you require a grant proposal? If "Yes," describe whether the grant proposal specifies your responsibilities and those of the grantee, obligates the grantee to use the grant funds only for the purposes for which the grant was made, provides for periodic written reports concerning the use of grant funds, requires a final written report and an accounting of how grant funds were used, and acknowledges your authority to withhold and/or recover grant funds in case such funds are, or appear to be, misused.  Yes  No
- g Describe your procedures for oversight of distributions that assure you the resources are used to further your exempt purposes, including whether you require periodic and final reports on the use of resources.
- 
- 14a Do you or will you make grants, loans, or other distributions to foreign organizations? If "Yes," answer lines 14b through 14f. If "No," go to line 15.  Yes  No
- b Provide the name of each foreign organization, the country and regions within a country in which each foreign organization operates, and describe any relationship you have with each foreign organization.
- c Does any foreign organization listed in line 14b accept contributions earmarked for a specific country or specific organization? If "Yes," list all earmarked organizations or countries.  Yes  No
- d Do your contributors know that you have ultimate authority to use contributions made to you at your discretion for purposes consistent with your exempt purposes? If "Yes," describe how you relay this information to contributors.  Yes  No
- e Do you or will you make pre-grant inquiries about the recipient organization? If "Yes," describe these inquiries, including whether you inquire about the recipient's financial status, its tax-exempt status under the Internal Revenue Code, its ability to accomplish the purpose for which the resources are provided, and other relevant information.  Yes  No
- f Do you or will you use any additional procedures to ensure that your distributions to foreign organizations are used in furtherance of your exempt purposes? If "Yes," describe these procedures, including site visits by your employees or compliance checks by impartial experts, to verify that grant funds are being used appropriately.  Yes  No

**Part VIII Your Specific Activities (Continued)**

- 15 Do you have a close connection with any organizations? If "Yes," explain.  Yes  No
- 16 Are you applying for exemption as a cooperative hospital service organization under section 501(e)? If "Yes," explain.  Yes  No
- 17 Are you applying for exemption as a cooperative service organization of operating educational organizations under section 501(f)? If "Yes," explain.  Yes  No
- 18 Are you applying for exemption as a charitable risk pool under section 501(n)? If "Yes," explain.  Yes  No
- 19 Do you or will you operate a school? If "Yes," complete Schedule B. Answer "Yes," whether you operate a school as your main function or as a secondary activity.  Yes  No
- 20 Is your main function to provide hospital or medical care? If "Yes," complete Schedule C.  Yes  No
- 21 Do you or will you provide low-income housing or housing for the elderly or handicapped? If "Yes," complete Schedule F.  Yes  No
- 22 Do you or will you provide scholarships, fellowships, educational loans, or other educational grants to individuals, including grants for travel, study, or other similar purposes? If "Yes," complete Schedule H.  Yes  No

**Note:** Private foundations may use Schedule H to request advance approval of individual grant procedures.

**Part IX Financial Data**

For purposes of this schedule, years in existence refer to completed tax years. If in existence 4 or more years, complete the schedule for the most recent 4 tax years. If in existence more than 1 year but less than 4 years, complete the statements for each year in existence and provide projections of your likely revenues and expenses based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. If in existence less than 1 year, provide projections of your likely revenues and expenses for the current year and the 2 following years, based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. (See instructions.)

**A. Statement of Revenues and Expenses**

	Type of revenue or expense	Current tax year	3 prior tax years or 2 succeeding tax years			(e) Provide Total for (a) through (d)
		(a) From 1/1/2016 To .....	(b) From..... To .....	(c) From..... To .....	(d) From..... To .....	
Revenues	1 Gifts, grants, and contributions received (do not include unusual grants)	500,000	0	0		500,000
	2 Membership fees received	0	0	0		0
	3 Gross investment income	0	0	0		0
	4 Net unrelated business income	0	0	0		0
	5 Taxes levied for your benefit	0	0	0		0
	6 Value of services or facilities furnished by a governmental unit without charge (not including the value of services generally furnished to the public without charge)	50,000				50,000
	7 Any revenue not otherwise listed above or in lines 9-12 below (attach an itemized list)	0	0	0		0
	8 Total of lines 1 through 7	550,000				550,000
Expenses	9 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (attach itemized list)	0	0	0		0
	10 Total of lines 8 and 9	550,000				550,000
	11 Net gain or loss on sale of capital assets (attach schedule and see instructions)	0	0	0		0
	12 Unusual grants	0	0	0		0
	13 Total Revenue Add lines 10 through 12	550,000				550,000
	14 Fundraising expenses	0	0	0		
	15 Contributions, gifts, grants, and similar amounts paid out (attach an itemized list)					
	16 Disbursements to or for the benefit of members (attach an itemized list)	0	0	0		
	17 Compensation of officers, directors, and trustees	0	0	0		
	18 Other salaries and wages	0	0	0		
	19 Interest expense	0	0	0		
	20 Occupancy (rent, utilities, etc.)	0	0	0		
	21 Depreciation and depletion	0	0	0		
	22 Professional fees	0	0	0		
	23 Any expense not otherwise classified, such as program services (attach itemized list)	0	0	0		
	24 Total Expenses Add lines 14 through 23					

**Part IX Financial Data (Continued)**

**B. Balance Sheet (for your most recently completed tax year)**

Year End: 2016

Assets		(Whole dollars)
1	Cash . . . . .	500,000
2	Accounts receivable, net . . . . .	0
3	Inventories . . . . .	0
4	Bonds and notes receivable (attach an itemized list) . . . . .	0
5	Corporate stocks (attach an itemized list) . . . . .	0
6	Loans receivable (attach an itemized list) . . . . .	0
7	Other investments (attach an itemized list) . . . . .	0
8	Depreciable and depletable assets (attach an itemized list) . . . . .	0
9	Land . . . . .	0
10	Other assets (attach an itemized list) . . . . .	0
11	<b>Total Assets (add lines 1 through 10)</b> . . . . .	<b>500,000</b>
Liabilities		
12	Accounts payable . . . . .	0
13	Contributions, gifts, grants, etc. payable . . . . .	50,000
14	Mortgages and notes payable (attach an itemized list) . . . . .	0
15	Other liabilities (attach an itemized list) . . . . .	0
16	<b>Total Liabilities (add lines 12 through 15)</b> . . . . .	<b>50,000</b>
Fund Balances or Net Assets		
17	<b>Total fund balances or net assets</b> . . . . .	<b>450,000</b>
18	<b>Total Liabilities and Fund Balances or Net Assets (add lines 16 and 17)</b> . . . . .	<b>500,000</b>

19 Have there been any substantial changes in your assets or liabilities since the end of the period shown above? If "Yes," explain.  Yes  No

**Part X Public Charity Status**

Part X is designed to classify you as an organization that is either a private foundation or a public charity. Public charity status is a more favorable tax status than private foundation status. If you are a private foundation, Part X is designed to further determine whether you are a private operating foundation. (See instructions.)

1a Are you a private foundation? If "Yes," go to line 1b. If "No," go to line 5 and proceed as instructed.  Yes  No  
If you are unsure, see the instructions.

b As a private foundation, section 508(e) requires special provisions in your organizing document in addition to those that apply to all organizations described in section 501(c)(3). Check the box to confirm that your organizing document meets this requirement, whether by express provision or by reliance on operation of state law. Attach a statement that describes specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document or by operation of state law. See the instructions, including Appendix B, for information about the special provisions that need to be contained in your organizing document. Go to line 2.

2 Are you a private operating foundation? To be a private operating foundation you must engage directly in the active conduct of charitable, religious, educational, and similar activities, as opposed to indirectly carrying out these activities by providing grants to individuals or other organizations. If "Yes," go to line 3. If "No," go to the signature section of Part XI.  Yes  No

3 Have you existed for one or more years? If "Yes," attach financial information showing that you are a private operating foundation; go to the signature section of Part XI. If "No," continue to line 4.  Yes  No

4 Have you attached either (1) an affidavit or opinion of counsel, (including a written affidavit or opinion from a certified public accountant or accounting firm with expertise regarding this tax law matter), that sets forth facts concerning your operations and support to demonstrate that you are likely to satisfy the requirements to be classified as a private operating foundation; or (2) a statement describing your proposed operations as a private operating foundation?  Yes  No

5 If you answered "No" to line 1a, indicate the type of public charity status you are requesting by checking one of the choices below. You may check only one box.

- The organization is not a private foundation because it is:
- a 509(a)(1) and 170(b)(1)(A)(i)—a church or a convention or association of churches. Complete and attach Schedule A.
  - b 509(a)(1) and 170(b)(1)(A)(ii)—a school. Complete and attach Schedule B.
  - c 509(a)(1) and 170(b)(1)(A)(iii)—a hospital, a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital. Complete and attach Schedule C.
  - d 509(a)(3)—an organization supporting either one or more organizations described in line 5a through c, f, g, or h or a publicly supported section 501(c)(4), (5), or (6) organization. Complete and attach Schedule D.

**Part X Public Charity Status (Continued)**

- e 509(a)(4)—an organization organized and operated exclusively for testing for public safety.
- f 509(a)(1) and 170(b)(1)(A)(iv)—an organization operated for the benefit of a college or university that is owned or operated by a governmental unit.
- g 509(a)(1) and 170(b)(1)(A)(vi)—an organization that receives a substantial part of its financial support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public.
- h 509(a)(2)—an organization that normally receives not more than one-third of its financial support from gross investment income and receives more than one-third of its financial support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions).
- i A publicly supported organization, but unsure if it is described in 5g or 5h. The organization would like the IRS to decide the correct status.

**6** If you checked box g, h, or i in question 5 above, you must request either an advance or a definitive ruling by selecting one of the boxes below. Refer to the instructions to determine which type of ruling you are eligible to receive.

**a Request for Advance Ruling:** By checking this box and signing the consent, pursuant to section 6501(c)(4) of the Code you request an advance ruling and agree to extend the statute of limitations on the assessment of excise tax under section 4940 of the Code. The tax will apply only if you do not establish public support status at the end of the 5-year advance ruling period. The assessment period will be extended for the 5 advance ruling years to 8 years, 4 months, and 15 days beyond the end of the first year. You have the right to refuse or limit the extension to a mutually agreed-upon period of time or issue(s). Publication 1035, *Extending the Tax Assessment Period*, provides a more detailed explanation of your rights and the consequences of the choices you make. You may obtain Publication 1035 free of charge from the IRS web site at [www.irs.gov](http://www.irs.gov) or by calling toll-free 1-800-829-3676. Signing this consent will not deprive you of any appeal rights to which you would otherwise be entitled. If you decide not to extend the statute of limitations, you are not eligible for an advance ruling.

**Consent Fixing Period of Limitations Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code**

**For Organization**

.....  
 (Signature of Officer, Director, Trustee, or other authorized official)

.....  
 (Type or print name of signer)

.....  
 (Date)

.....  
 (Type or print title or authority of signer)

**For IRS Use Only**

.....  
 IRS Director, Exempt Organizations

.....  
 (Date)

**b Request for Definitive Ruling:** Check this box if you have completed one tax year of at least 8 full months and you are requesting a definitive ruling. To confirm your public support status, answer line 6b(i) if you checked box g in line 5 above. Answer line 6b(ii) if you checked box h in line 5 above. If you checked box i in line 5 above, answer both lines 6b(i) and (ii).

(i) (a) Enter 2% of line 8, column (e) on Part IX-A. Statement of Revenues and Expenses. \_\_\_\_\_

(b) Attach a list showing the name and amount contributed by each person, company, or organization whose gifts totaled more than the 2% amount. If the answer is "None," check this box.

(ii) (a) For each year amounts are included on lines 1, 2, and 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each disqualified person. If the answer is "None," check this box.

(b) For each year amounts are included on line 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each payer, other than a disqualified person, whose payments were more than the larger of (1) 1% of line 10, Part IX-A. Statement of Revenues and Expenses, or (2) \$5,000. If the answer is "None," check this box.

**7** Did you receive any unusual grants during any of the years shown on Part IX-A. Statement of Revenues and Expenses? If "Yes," attach a list including the name of the contributor, the date and amount of the grant, a brief description of the grant, and explain why it is unusual.  Yes  No

**Part XI User Fee Information**

You must include a user fee payment with this application. It will not be processed without your paid user fee. If your average annual gross receipts have exceeded or will exceed \$10,000 annually over a 4-year period, you must submit payment of \$850. If your gross receipts have not exceeded or will not exceed \$10,000 annually over a 4-year period, the required user fee payment is \$400. See instructions for Part XI, for a definition of gross receipts over a 4-year period. Your check or money order must be made payable to the United States Treasury. User fees are subject to change. Check our website at www.irs.gov and type "User Fee" in the keyword box, or call Customer Account Services at 1-877-829-5500 for current information.

1 Have your annual gross receipts averaged or are they expected to average not more than \$10,000?  Yes  No  
If "Yes," check the box on line 2 and enclose a user fee payment of \$400 (Subject to change—see above).  
If "No," check the box on line 3 and enclose a user fee payment of \$850 (Subject to change—see above).

2 Check the box if you have enclosed the reduced user fee payment of \$400 (Subject to change).

3 Check the box if you have enclosed the user fee payment of \$850 (Subject to change).

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please Sign Here

.....  
(Signature of Officer, Director, Trustee, or other authorized official)

Eric A. Duthle  
.....  
(Type or print name of signer)

.....  
(Date)

Executive Director  
.....  
(Type or print title or authority of signer)

Reminder: Send the completed Form 1023 Checklist with your filled-in-application.

**Schedule D. Section 509(a)(3) Supporting Organizations**

**Section I Identifying Information About the Supported Organization(s)**

1 State the names, addresses, and EINs of the supported organizations. If additional space is needed, attach a separate sheet.

Name	Address	EIN
Housing Authority of the Town of Tusayan	PO Box 709 Tusayan, AZ 86023	-
		-

2 Are all supported organizations listed in line 1 public charities under section 509(a)(1) or (2)? If "Yes," go to Section II. If "No," go to line 3.  Yes  No

3 Do the supported organizations have tax-exempt status under section 501(c)(4), 501(c)(5), or 501(c)(6)?  Yes  No

If "Yes," for each 501(c)(4), (5), or (6) organization supported, provide the following financial information:

- Part IX-A. Statement of Revenues and Expenses, lines 1-13 and
- Part X, lines 6b(ii)(a), 6b(ii)(b), and 7.

If "No," attach a statement describing how each organization you support is a public charity under section 509(a)(1) or (2).

**Section II Relationship with Supported Organization(s)—Three Tests**

To be classified as a supporting organization, an organization must meet one of three relationship tests:

- Test 1: "Operated, supervised, or controlled by" one or more publicly supported organizations, or
- Test 2: "Supervised or controlled in connection with" one or more publicly supported organizations, or
- Test 3: "Operated in connection with" one or more publicly supported organizations.

1 Information to establish the "operated, supervised, or controlled by" relationship (Test 1)  
Is a majority of your governing board or officers elected or appointed by the supported organization(s)? If "Yes," describe the process by which your governing board is appointed and elected; go to Section III. If "No," continue to line 2.  Yes  No

2 Information to establish the "supervised or controlled in connection with" relationship (Test 2)  
Does a majority of your governing board consist of individuals who also serve on the governing board of the supported organization(s)? If "Yes," describe the process by which your governing board is appointed and elected; go to Section III. If "No," go to line 3.  Yes  No

3 Information to establish the "operated in connection with" responsiveness test (Test 3)  
Are you a trust from which the named supported organization(s) can enforce and compel an accounting under state law? If "Yes," explain whether you advised the supported organization(s) in writing of these rights and provide a copy of the written communication documenting this; go to Section II, line 5. If "No," go to line 4a.  Yes  No

4 Information to establish the alternative "operated in connection with" responsiveness test (Test 3)  
a Do the officers, directors, trustees, or members of the supported organization(s) elect or appoint one or more of your officers, directors, or trustees? If "Yes," explain and provide documentation; go to line 4d, below. If "No," go to line 4b.  Yes  No

b Do one or more members of the governing body of the supported organization(s) also serve as your officers, directors, or trustees or hold other important offices with respect to you? If "Yes," explain and provide documentation; go to line 4d, below. If "No," go to line 4c.  Yes  No

c Do your officers, directors, or trustees maintain a close and continuous working relationship with the officers, directors, or trustees of the supported organization(s)? If "Yes," explain and provide documentation.  Yes  No

d Do the supported organization(s) have a significant voice in your investment policies, in the making and timing of grants, and in otherwise directing the use of your income or assets? If "Yes," explain and provide documentation.  Yes  No

e Describe and provide copies of written communications documenting how you made the supported organization(s) aware of your supporting activities.

**Schedule D. Section 509(a)(3) Supporting Organizations (Continued)****Section II Relationship with Supported Organization(s)—Three Tests (Continued)**

- 5** Information to establish the "operated in connection with" integral part test (Test 3)  
Do you conduct activities that would otherwise be carried out by the supported organization(s)? If "Yes," explain and go to Section III. If "No," continue to line 6a.  Yes  No
- 6** Information to establish the alternative "operated in connection with" integral part test (Test 3)  
**a** Do you distribute at least 85% of your annual net income to the supported organization(s)? If "Yes," go to line 6b. (See instructions.)  Yes  No  
If "No," state the percentage of your income that you distribute to each supported organization. Also explain how you ensure that the supported organization(s) are attentive to your operations.  
**b** How much do you contribute annually to each supported organization? Attach a schedule.  
**c** What is the total annual revenue of each supported organization? If you need additional space, attach a list.  
**d** Do you or the supported organization(s) earmark your funds for support of a particular program or activity? If "Yes," explain.  Yes  No
- 7a** Does your organizing document specify the supported organization(s) by name? If "Yes," state the article and paragraph number and go to Section III. If "No," answer line 7b.  Yes  No  
**b** Attach a statement describing whether there has been an historic and continuing relationship between you and the supported organization(s).

**Section III Organizational Test**

- 1a** If you met relationship Test 1 or Test 2 in Section II, your organizing document must specify the supported organization(s) by name, or by naming a similar purpose or charitable class of beneficiaries. If your organizing document complies with this requirement, answer "Yes." If your organizing document does not comply with this requirement, answer "No," and see the instructions.  Yes  No
- b** If you met relationship Test 3 in Section II, your organizing document must generally specify the supported organization(s) by name. If your organizing document complies with this requirement, answer "Yes," and go to Section IV. If your organizing document does not comply with this requirement, answer "No," and see the instructions.  Yes  No

**Section IV Disqualified Person Test**

You do not qualify as a supporting organization if you are controlled directly or indirectly by one or more disqualified persons (as defined in section 4946) other than foundation managers or one or more organizations that you support. Foundation managers who are also disqualified persons for another reason are disqualified persons with respect to you.

- 1a** Do any persons who are disqualified persons with respect to you, (except individuals who are disqualified persons only because they are foundation managers), appoint any of your foundation managers? If "Yes," (1) describe the process by which disqualified persons appoint any of your foundation managers, (2) provide the names of these disqualified persons and the foundation managers they appoint, and (3) explain how control is vested over your operations (including assets and activities) by persons other than disqualified persons.  Yes  No
- b** Do any persons who have a family or business relationship with any disqualified persons with respect to you, (except individuals who are disqualified persons only because they are foundation managers), appoint any of your foundation managers? If "Yes," (1) describe the process by which individuals with a family or business relationship with disqualified persons appoint any of your foundation managers, (2) provide the names of these disqualified persons, the individuals with a family or business relationship with disqualified persons, and the foundation managers appointed, and (3) explain how control is vested over your operations (including assets and activities) in individuals other than disqualified persons.  Yes  No
- c** Do any persons who are disqualified persons, (except individuals who are disqualified persons only because they are foundation managers), have any influence regarding your operations, including your assets or activities? If "Yes," (1) provide the names of these disqualified persons, (2) explain how influence is exerted over your operations (including assets and activities), and (3) explain how control is vested over your operations (including assets and activities) by individuals other than disqualified persons.  Yes  No

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**Section 501(c)(3), Form 1023**

**Part I. Identification of Applicant.**

Line 7. The authorized representative of the Grand Canyon Housing Foundation, Inc. is attorney William J. Sims, III of Sims Murray Ltd. A completed Form 2848 is enclosed with this application.

**Part II. Organizational Structure.**

Line 1. The GCHF was incorporated in Arizona. The Articles of Incorporation and Certification of filing with the Arizona Corporation Commission are submitted with this application.

Line 5. GCHF has not yet adopted its bylaws, but it intends to do so. The members of the Town Council will serve as the directors of GCHF, and the councilmembers are elected by the public at large. The initial executive director of GCHF will be the Town Manager. The bylaws shall provide the method of selection or appointment of future executive directors.

**Part III. Required Provisions in Your Organizing Documents.**

The organizing documents of the GCHF are submitted with this application.

**Part IV. Narrative Description of Your Activities.**

Private home ownership is currently unavailable in Tusayan. Employer provided, assigned and maintained housing has been, and still is, the housing model for the Town

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of Tusayan. Accordingly, The Grand Canyon Housing Foundation, Inc. ("GCHF") is established to enhance and support the efforts of providing affordable housing to Tusayan residents by supporting the Housing Authority of the Town of Tusayan. The goal of the GCHF is to offer residents the ability to build a community which will be long-term, multi-generational private property ownership and sustainability of the community building model. GCHF expects to financially support the Housing Authority's construction, sale, and/or leasing of affordable housing to Tusayan residents. In furtherance of its purpose, GCHF will receive and distribute charitable funds to provide subsidies and/or grants to Tusayan resident to develop, construct, or purchase affordable housing within the Town of Tusayan. GCHF will select grant recipients through a process established by the Housing Authority and in accordance with its conflict of interest policy as discussed in Part V of this supplement. Grant recipients shall be required to pay back grants for down payment assistance and/or relocation costs upon the sale of their housing unit. (See Housing Authority Guidelines at Section 107.2(6).) GCHF may also provide homeowner resource counseling or other educational services to help establish a successful homeownership program within the community. As discussed in Section VIII of this application, GCHF's activities will be supported by initial endowments from third parties. Additional funding may be received from the Town of Tusayan, and other public and private sources.

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**Part V. Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors.**

Line 2a. The Directors of GCHF will be Tusayan Town Council members, who serve in addition to their duties as Councilmembers. The Executive Director will initially be the Tusayan Town Manager, who serves in addition to all regular assigned duties. As the population of Tusayan is very small (558 according to the 2010 Census), it is possible that GCHF directors and/or its executive director may be related through familial or business relationships. GCHF will, however, implement and follow the conflict of interest policy adopted by the Town of Tusayan and included with this application as Attachment 1.

Line 3a. The name, qualifications, average hours worked, and duties of each officer and director:

- Director John Rueter, Tusayan Town Councilmember, 20 hours' p/month, Policy creation and oversight.
- Director Al Montoya, Tusayan Town Councilmember, 20 hours' p/month, Policy creation and oversight.
- Director John Schoppman, Tusayan Town Councilmember, 20 hours' p/month, Policy creation and oversight.
- Director Becky Wirth, Tusayan Town Councilmember, 20 hours' p/month, Policy creation and oversight.

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- Executive Director Eric Duthie, Tusayan Town Manager, 80 hours' p/month,  
Policy implementation and operations.

Line 3b. The Directors also serve as councilmembers of the Town of Tusayan Town Council. Councilmembers receive a monthly stipend of \$200 for their service, and the mayor receives a stipend of \$400.

Line 5a. GCHF will adopt the Town of Tusayan's conflict of interest policy, which is included with this application as Attachment 1. GCHF will adopt the conflict of interest policy at its initial board meeting. The Town's conflict of interest policy incorporates and adopts Arizona statutes of conflicts of interest for public officials, A.R.S. §§ 38-501-511, a copy of which is attached here as Attachment 2. While the board of directors are not acting in their capacity as public officials in their position on the board and are not legally required to follow Arizona's conflict of interest rules for public employees, the board intends to adopt the same rules as a matter of policy.

Line 9. GCHF may have one or more agreements with the Housing Authority regarding grant-making. The Housing Authority intends to adopt guidelines to determine eligibility to receive grants. The Housing Authority will then have an agreement with GCHF to select those recipients in accordance with the Guidelines. The terms of the grant eligibility guidelines will be adopted in a public hearing at an open meeting. The agreement between GCHF and the Housing Authority will not include any monetary value for GCHF's services. GCHF's function is solely to support the needs of the Housing Authority.

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**Part VI. Your Members and Other Individuals, and Organizations That Receive Benefits from You.**

Line 1a. GCHF will provide services and/or funds directly to qualified individuals under the Housing Authority Guidelines. GCHF intends to provide subsidies and/or grants to Tusayan resident to develop, construct, or purchase affordable housing within the Town of Tusayan. Financial assistance may be provided to qualified parties for purposes such as down payment assistance, home construction, and/or land purchase. The recipients of said subsidies and/or grants will be selected through a process established by the Housing Authority. Any person(s) within the class of people to be served by the Housing Authority may be eligible for a grant from the GCHF. GCHF may also provide homeowner resource counseling or other educational services to help establish a successful homeownership program within the community.

Line 1b. In carrying out its exempt purpose, GCHF may also provide assistance directly to the Housing Authority to further the Housing Authority's mission to provide affordable housing and homeownership opportunities to qualified Tusayan residents as defined within the Housing Authority's Guidelines. Such assistance may include facilitation of real property sales, assistance in homeownership document preparation, procedural and policy review and development, and any other activities as may be needed to support the Housing Authority.

Line 2. The GCHF limits participation for provision of goods, services or funding to qualified Tusayan Resident as defined by the Housing Authority Guidelines (see attached

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Guidelines at Section 204). Qualified individuals will be chosen by GCHF through a process to be established by the Housing Authority to receive assistance from GCHF.

Line 3. As stated previously, the Town of Tusayan has a very small population of approximately 550. There are also limited employment opportunities within the Town and surrounding area. These two facts necessarily mean that many individuals within the Town are related through family or business relationships. Accordingly, it is highly possible that an officer or director of GCHF may be related by business or familial relationships to a recipient of funds or services of GCHF. All recipients, however, will be chosen by guidelines set forth by the Housing Authority and the selection process will be subject to the conflict of interest policy adopted by the board of directors.

**Part VIII. Your Specific Activities.**

Line 4a. The GCHF expects to receive at least two endowments from area business and property owners to establish and maintain the Foundation. See Attachment 3.

Line 4d. If necessary outside of its endowments, the GCHF will conduct its own fundraising within the State of Arizona, specifically within the Town of Tusayan. The GCHF will fundraise only for the GCHF.

Line 5. GCHF was created by the Town of Tusayan and its directors will be the Board of Directors. GCHF, however, is a separate legal entity and will have its own bylaws and a conflict of interest policy. The Town has not and will not grant any authority of a political subdivision to the GCHF, such as the power to tax, police or regulate. GCHF's

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Board of Directors will convene any meetings and make decisions separately and apart from the Town.

Line 11. The GCHF will accept all manner of contributions which will further the ability of the GCHF to provide housing and homeownership to eligible parties, to include: real property; conservation easements; closely held securities; intellectual property such as patents, trademarks, and copyrights; works of music or art; licenses; royalties; automobiles; boats; planes; or other vehicles; or collectibles of any type.

Line 15. The GCHF supports the Housing Authority for Town of Tusayan to facilitate homeownership within the Town. The GCHF was formed under the direction, and in cooperation with, the Town of Tusayan. The initial Directors will be Tusayan Town Council members, and the initial Executive Director will be the Tusayan Town Manager.

**Schedule D**

**Section I. Identifying Information About the Supported Organization**

Line 3. The Housing Authority of the Town of Tusayan is a qualifying 509(a)(1) organization under IRS 170(b)(1)(A)(vi). The Housing Authority is a publicly supported organization because it receives a substantial portion of its support from a governmental unit, i.e., the Town of Tusayan. Further, the Housing Authority represents the broad interests of the public at large, which will be served by a governing body comprised of elected public officials. The Housing Authority is organized exclusively for the public benefit of providing affordable housing for the Town of Tusayan.

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**Section II. Relationship with Supported Organization**

Line 1. The Board of Directors of GCHF is the same as the Tusayan Town Council. The Town Council is elected by registered voters pursuant to governing Arizona statutes.

**Attachments:**

1. Conflict of Interest Policy
2. Arizona State Revised Statutes §§ 38-501 through 38-511
3. Pledges of Endowment
4. Housing Authority Guidelines

**Grand Canyon Housing Foundation, Inc. (EIN 81-0965314)**  
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**Section 501(c)(3), Form 1023**

**ATTACHMENT 1:**  
**Conflict of Interest Policy**

## **SECTION 8. CONFLICT OF INTEREST**

### **8.1 INTRODUCTION**

Occasionally, a Council Member may find himself/herself in a situation that requires a Council Member remove himself/herself from participation in discussion and voting on a matter before the Council. This situation exists when the Council Member has a "conflict of interest" as defined by the Arizona Conflict of Interest Law or the Town of Tusayan Ethics Policy. This law and Policy establishes minimum standards for the conduct of public officers and employees who, in their official capacity, are, or may become involved with, a decision, which might unduly affect their personal interests or those of their close relatives.

### **8.2 PURPOSE OF CONFLICT OF INTEREST LAWS**

The purpose of Arizona's Conflict of Interest Law or the Town of Tusayan Ethics Policy is to prevent self-dealing by public officials and to remove or limit any improper influence, direct or indirect, which might bear on an official's decision, as well as to discourage deliberate dishonesty.

### **8.3 APPLICABILITY OF THE ARIZONA CONFLICT OF INTEREST LAW OR THE TOWN OF TUSAYAN ETHICS POLICY**

The Arizona Conflict of Interest Law or the Town of Tusayan Ethics Policy, as now set forth or as amended in the future, applies to all actions taken by Council Members.

### **8.4 DISCLOSURE OF INTEREST**

Any Council Member who may have a conflict of interest should seek the opinion of the Town Attorney as to whether a conflict exists under the State law prior to the Meeting or may request a recess during the Meeting to discuss a potential conflict with the Town Attorney. Any Council Member who has a conflict of interest in any decision must disclose that interest. The Council Member may either file a signed, written disclosure statement fully disclosing the interest, or declare the existence of the conflict and the reasons therefore at a Meeting and then ensure that a copy of the Minutes is filed in the Clerk's Office in the file containing conflict of interest disclosures. The Disclosure of the conflict shall include a statement that the Council Member withdraws from further participation regarding the matter. The Town Clerk shall maintain for public inspection all documents necessary to memorialize all disclosures of a conflict of interest by a Council Member.

### **8.5 WITHDRAWAL FROM PARTICIPATION**

Having disclosed the conflict of interest and withdrawn in the matter, the Council Member must not communicate about the matter with anyone involved in the decision making process in any manner. Further, the Council Member should not otherwise attempt to influence the decision and should remove himself/herself from the Council table or dais while the matter is considered. Failure to disclose any conflict of interest is addressed in Section ???

## **8.6 RULE OF IMPOSSIBILITY**

In the unlikely situation the majority of Council Members have a conflict of interest and the Council is unable to act in its official capacity, Members may participate in the Council's decision after making known their conflicts of interest in the official records.

## **8.7 IMPROPER USE OF OFFICE FOR PERSONAL GAIN**

Public officers and employees are prohibited from using or attempting to use their official positions to secure valuable things or benefits for themselves, unless such benefits are (i) part of the compensation they would normally be entitled to for performing their duties or (ii) otherwise permitted according to State Law.

## **8.8 SANCTIONS FOR VIOLATIONS**

Violations of the conflict of interest provisions set forth herein shall be punished as provided for in State law.

## **8.9 NON-STATUTORY CONFLICTS OF INTEREST**

Occasionally, a Council Member may feel that he/she should ethically refrain from participation in a decision even though the circumstances may not amount to a conflict of interest under the State law described above. It is the policy of the Council to encourage Council Members to adhere to strongly held ethical values, which are exercised in good faith. However, subsection 6.6.E.2 above encourages participation in the decision making process unless the matter involves a statutory conflict of interest set forth by State law. Therefore, failure to vote on a matter for any reason other than a conflict of interest under State law shall be considered a vote cast with the majority or, if no majority exists, it shall be considered an "aye" vote.

**Grand Canyon Housing Foundation, Inc. (EIN 81-0965314)**  
**Supplemental Descriptions to Application for Recognition of Exemption Under**  
**Section 501(c)(3), Form 1023**

**ATTACHMENT 2:**

**Arizona State Revised Statutes**

**§§ 38-501 through 38-511**

T. 38, Ch. 3, Art. 8, Refs & Annos, AZ ST T. 38, Ch. 3, Art. 8, Refs & Annos

Arizona Revised Statutes Annotated  
Title 38. Public Officers and Employees  
Chapter 3. Conduct of Office  
Article 8. Conflict of Interest of Officers and Employees

A.R.S. T. 38, Ch. 3, Art. 8, Refs & Annos  
Currentness

**Editors' Notes**

**GENERAL NOTES**

<Article 8, consisting of §§ 38-501 to 38-504, was added by Laws 1968, Ch. 88, § 1, effective June 20, 1968.>

A. R. S. T. 38, Ch. 3, Art. 8, Refs & Annos, AZ ST T. 38, Ch. 3, Art. 8, Refs & Annos  
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§ 38-501. Application of article, AZ ST § 38-501

Arizona Revised Statutes Annotated

Title 38. Public Officers and Employees (Refs & Annos)

Chapter 3. Conduct of Office

Article 8. Conflict of Interest of Officers and Employees (Refs & Annos)

A.R.S. § 38-501

§ 38-501. Application of article

Currentness

A. This article shall apply to all public officers and employees of incorporated cities or towns, of political subdivisions and of the state and any of its departments, commissions, agencies, bodies or boards.

B. Notwithstanding the provisions of any other law, or the provisions of any charter or ordinance of any incorporated city or town to the contrary, the provisions of this article shall be exclusively applicable to all officers and employees of every incorporated city or town or political subdivision or the state and any of its departments, commissions, agencies, bodies or boards and shall supersede the provisions of any other such law, charter provision or ordinance.

C. Other prohibitions in the state statutes against any specific conflict of interests shall be in addition to this article if consistent with the intent and provisions of this article.

**Credits**

Added by Laws 1968, Ch. 88, § 1. Amended by Laws 1978, Ch. 208, § 1, eff. Oct. 1, 1978; Laws 1992, Ch. 140, § 1.

**Notes of Decisions (9)**

A. R. S. § 38-501, AZ ST § 38-501

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§ 38-502. Definitions, AZ ST § 38-502

KeyCite Yellow Flag - Negative Treatment  
Proposed Legislation

Arizona Revised Statutes Annotated  
Title 38. Public Officers and Employees (Refs & Annos)  
Chapter 3. Conduct of Office  
Article 8. Conflict of Interest of Officers and Employees (Refs & Annos)

A.R.S. § 38-502

§ 38-502. Definitions

Currentness

In this article, unless the context otherwise requires:

1. "Compensation" means money, a tangible thing of value or a financial benefit.
2. "Employee" means all persons who are not public officers and who are employed on a full-time, part-time or contract basis by an incorporated city or town, a political subdivision or the state or any of its departments, commissions, agencies, bodies or boards for remuneration.
3. "Make known" means the filing of a paper which is signed by a public officer or employee and which fully discloses a substantial interest or the filing of a copy of the official minutes of a public agency which fully discloses a substantial interest. The filing shall be in the special file established pursuant to § 38-509.
4. "Official records" means the minutes or papers, records and documents maintained by a public agency for the specific purpose of receiving disclosures of substantial interests required to be made known by this article.
5. "Political subdivision" means all political subdivisions of the state and county, including all school districts.
6. "Public agency" means:
  - (a) All courts.
  - (b) Any department, agency, board, commission, institution, instrumentality or legislative or administrative body of the state, a county, an incorporated town or city and any other political subdivision.
  - (c) The state, county and incorporated cities or towns and any other political subdivisions.

7. "Public competitive bidding" means the method of purchasing defined in title 41, chapter 4, article 3,<sup>1</sup> or procedures substantially equivalent to such method of purchasing, or as provided by local charter or ordinance.

8. "Public officer" means all elected and appointed officers of a public agency established by charter, ordinance, resolution, state constitution or statute.

9. "Relative" means the spouse, child, child's child, parent, grandparent, brother or sister of the whole or half blood and their spouses and the parent, brother, sister or child of a spouse.

10. "Remote interest" means:

(a) That of a nonsalaried officer of a nonprofit corporation.

(b) That of a landlord or tenant of the contracting party.

(c) That of an attorney of a contracting party.

(d) That of a member of a nonprofit cooperative marketing association.

(e) The ownership of less than three per cent of the shares of a corporation for profit, provided the total annual income from dividends, including the value of stock dividends, from the corporation does not exceed five per cent of the total annual income of such officer or employee and any other payments made to him by the corporation do not exceed five per cent of his total annual income.

(f) That of a public officer or employee in being reimbursed for his actual and necessary expenses incurred in the performance of official duty.

(g) That of a recipient of public services generally provided by the incorporated city or town, political subdivision or state department, commission, agency, body or board of which he is a public officer or employee, on the same terms and conditions as if he were not an officer or employee.

(h) That of a public school board member when the relative involved is not a dependent, as defined in § 43-1001, or a spouse.

(i) That of a public officer or employee, or that of a relative of a public officer or employee, unless the contract or decision involved would confer a direct economic benefit or detriment upon the officer, employee or his relative, of any of the following:

(i) Another political subdivision.

§ 38-502. Definitions, AZ ST § 38-502

(ii) A public agency of another political subdivision.

(iii) A public agency except if it is the same governmental entity.

(j) That of a member of a trade, business, occupation, profession or class of persons consisting of at least ten members which is no greater than the interest of the other members of that trade, business, occupation, profession or class of persons.

11. "Substantial interest" means any pecuniary or proprietary interest, either direct or indirect, other than a remote interest.

**Credits**

Added by Laws 1968, Ch. 88, § 1. Amended by Laws 1973, Ch. 116, § 6; Laws 1974, Ch. 199, § 1; Laws 1977, Ch. 164, § 17; Laws 1978, Ch. 151, § 7; Laws 1978, Ch. 208, § 2, eff. Oct. 1, 1978; Laws 1979, Ch. 145, § 36; Laws 1992, Ch. 140, § 2.

**Notes of Decisions (8)**

**Footnotes**

1 Section 41-722 et seq.

A. R. S. § 38-502, AZ ST § 38-502

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Arizona Revised Statutes Annotated

Title 38. Public Officers and Employees (Refs & Annos)

Chapter 3. Conduct of Office

Article 8. Conflict of Interest of Officers and Employees (Refs & Annos)

A.R.S. § 38-503

§ 38-503. Conflict of interest; exemptions; employment prohibition

Currentness

A. Any public officer or employee of a public agency who has, or whose relative has, a substantial interest in any contract, sale, purchase or service to such public agency shall make known that interest in the official records of such public agency and shall refrain from voting upon or otherwise participating in any manner as an officer or employee in such contract, sale or purchase.

B. Any public officer or employee who has, or whose relative has, a substantial interest in any decision of a public agency shall make known such interest in the official records of such public agency and shall refrain from participating in any manner as an officer or employee in such decision.

C. Notwithstanding the provisions of subsections A and B of this section, no public officer or employee of a public agency shall supply to such public agency any equipment, material, supplies or services, unless pursuant to an award or contract let after public competitive bidding, except that:

1. A school district governing board may purchase, as provided in §§ 15-213 and 15-323, supplies, materials and equipment from a school board member.

2. Political subdivisions other than school districts may purchase through their governing bodies, without using public competitive bidding procedures, supplies, materials and equipment not exceeding three hundred dollars in cost in any single transaction, not to exceed a total of one thousand dollars annually, from a member of the governing body if the policy for such purchases is approved annually.

D. Notwithstanding subsections A and B of this section and as provided in §§ 15-121 and 15-1441, the governing board of a school district or a community college district may not employ a person who is a member of the governing board or who is the spouse of a member of the governing board.

Credits

Added by Laws 1968, Ch. 88, § 1. Amended by Laws 1978, Ch. 208, § 3, eff. Oct. 1, 1978; Laws 1980, Ch. 170, § 3; Laws 1986, Ch. 17, § 3; Laws 1986, Ch. 246, § 1; Laws 1987, Ch. 138, § 2.

Notes of Decisions (73)

A. R. S. § 38-503, AZ ST § 38-503

§ 38-503. Conflict of interest; exemptions; employment prohibition, AZ ST § 38-503

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Arizona Revised Statutes Annotated

Title 38. Public Officers and Employees (Refs & Annos)

Chapter 3. Conduct of Office

Article 8. Conflict of Interest of Officers and Employees (Refs & Annos)

A.R.S. § 38-504

§ 38-504. Prohibited acts

Currentness

A. A public officer or employee shall not represent another person for compensation before a public agency by which the officer or employee is or was employed within the preceding twelve months or on which the officer or employee serves or served within the preceding twelve months concerning any matter with which the officer or employee was directly concerned and in which the officer or employee personally participated during the officer's or employee's employment or service by a substantial and material exercise of administrative discretion.

B. During the period of a public officer's or employee's employment or service and for two years thereafter, a public officer or employee shall not disclose or use for the officer's or employee's personal profit, without appropriate authorization, any information acquired by the officer or employee in the course of the officer's or employee's official duties which has been clearly designated to the officer or employee as confidential when such confidential designation is warranted because of the status of the proceedings or the circumstances under which the information was received and preserving its confidentiality is necessary for the proper conduct of government business. A public officer or employee shall not disclose or use, without appropriate authorization, any information that is acquired by the officer or employee in the course of the officer's or employee's official duties and that is declared confidential by law.

C. A public officer or employee shall not use or attempt to use the officer's or employee's official position to secure any valuable thing or valuable benefit for the officer or employee that would not ordinarily accrue to the officer or employee in the performance of the officer's or employee's official duties if the thing or benefit is of such character as to manifest a substantial and improper influence on the officer or employee with respect to the officer's or employee's duties.

**Credits**

Added by Laws 1974, Ch. 199, § 3. Amended by Laws 1995, Ch. 76, § 5; Laws 1999, Ch. 40, § 1.

**Notes of Decisions (3)**

A. R. S. § 38-504, AZ ST § 38-504

Current through legislation effective April 5, 2016 of the Second Regular Session of the Fifty-Second Legislature (2016)

§ 38-505. Additional income prohibited for services, AZ ST § 38-505

Arizona Revised Statutes Annotated

Title 38. Public Officers and Employees (Refs & Annos)

Chapter 3. Conduct of Office

Article 8. Conflict of Interest of Officers and Employees (Refs & Annos)

A.R.S. § 38-505

§ 38-505. Additional income prohibited for services

Currentness

A. No public officer or employee may receive or agree to receive directly or indirectly compensation other than as provided by law for any service rendered or to be rendered by him personally in any case, proceeding, application, or other matter which is pending before the public agency of which he is a public officer or employee.

B. This section shall not be construed to prohibit the performance of ministerial functions including, but not limited to, the filing, or amendment of tax returns, applications for permits and licenses, incorporation papers, and other documents.

**Credits**

Added by Laws 1974, Ch. 199, § 3.

Notes of Decisions (1)

A. R. S. § 38-505, AZ ST § 38-505

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Title 38. Public Officers and Employees (Refs & Annos)  
Chapter 3. Conduct of Office  
Article 8. Conflict of Interest of Officers and Employees (Refs & Annos)

A.R.S. § 38-506

§ 38-506. Remedies

Currentness

A. In addition to any other remedies provided by law, any contract entered into by a public agency in violation of this article is voidable at the instance of the public agency.

B. Any person affected by a decision of a public agency may commence a civil suit in the superior court for the purpose of enforcing the civil provisions of this article. The court may order such equitable relief as it deems appropriate in the circumstances including the remedies provided in this section.

C. The court may in its discretion order payment of costs, including reasonable attorney's fees, to the prevailing party in an action brought under subsection B.

**Credits**

Added by Laws 1978, Ch. 208, § 5, eff. Oct. 1, 1978.

**Notes of Decisions (3)**

A. R. S. § 38-506, AZ ST § 38-506

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§ 38-507. Opinions of the attorney general, county attorneys, city.... AZ ST § 38-507

Arizona Revised Statutes Annotated

Title 38. Public Officers and Employees (Refs & Annos)

Chapter 3. Conduct of Office

Article 8. Conflict of Interest of Officers and Employees (Refs & Annos)

**A.R.S. § 38-507**

**§ 38-507. Opinions of the attorney general, county attorneys,  
city or town attorneys and house and senate ethics committee**

**Currentness**

Requests for opinions from either the attorney general, a county attorney, a city or town attorney, the senate ethics committee or the house of representatives ethics committee concerning violations of this article shall be confidential, but the final opinions shall be a matter of public record. The county attorneys shall file opinions with the county recorder, the city or town attorneys shall file opinions with the city or town clerk, the senate ethics committee shall file opinions with the senate secretary and the house of representatives ethics committee shall file opinions with the chief clerk of the house of representatives.

**Credits**

Added by Laws 1978, Ch. 208, § 5, eff. Oct. 1, 1978. Amended by Laws 1992, Ch. 140, § 3.

**A. R. S. § 38-507, AZ ST § 38-507**

**Current through legislation effective April 5, 2016 of the Second Regular Session of the Fifty-Second Legislature (2016)**

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§ 38-508. Authority of public officers and employees to act, AZ ST § 38-508

Arizona Revised Statutes Annotated

Title 38. Public Officers and Employees (Refs & Annos)

Chapter 3. Conduct of Office

Article 8. Conflict of Interest of Officers and Employees (Refs & Annos)

A.R.S. § 38-508

§ 38-508. Authority of public officers and employees to act

Currentness

A. If the provisions of § 38-503 prevent an appointed public officer or a public employee from acting as required by law in his official capacity, such public officer or employee shall notify his superior authority of the conflicting interest. The superior authority may empower another to act or such authority may act in the capacity of the public officer or employee on the conflicting matter.

B. If the provisions of § 38-503 prevent a public agency from acting as required by law in its official capacity, such action shall not be prevented if members of the agency who have apparent conflicts make known their substantial interests in the official records of their public agency.

Credits

Added by Laws 1978, Ch. 208, § 5, eff. Oct. 1, 1978.

Notes of Decisions (1)

A. R. S. § 38-508, AZ ST § 38-508

Current through legislation effective April 5, 2016 of the Second Regular Session of the Fifty-Second Legislature (2016)

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§ 38-509. Filing of disclosures, AZ ST § 38-509

Arizona Revised Statutes Annotated

Title 38. Public Officers and Employees (Refs & Annos)

Chapter 3. Conduct of Office

Article 8. Conflict of Interest of Officers and Employees (Refs & Annos)

A.R.S. § 38-509

§ 38-509. Filing of disclosures

Currentness

Every political subdivision and public agency subject to this article shall maintain for public inspection in a special file all documents necessary to memorialize all disclosures of substantial interest made known pursuant to this article.

**Credits**

Added by Laws 1978, Ch. 208, § 5, eff. Oct. 1, 1978.

A. R. S. § 38-509, AZ ST § 38-509

Current through legislation effective April 5, 2016 of the Second Regular Session of the Fifty-Second Legislature (2016)

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§ 38-510. Penalties, AZ ST § 38-510

Arizona Revised Statutes Annotated  
Title 38. Public Officers and Employees (Refs & Annos)  
Chapter 3. Conduct of Office  
Article 8. Conflict of Interest of Officers and Employees (Refs & Annos)

A.R.S. § 38-510

§ 38-510. Penalties

Currentness

**A. A person who:**

1. Intentionally or knowingly violates any provision of §§ 38-503 through 38-505 is guilty of a class 6 felony.
2. Recklessly or negligently violates any provision of §§ 38-503 through 38-505 is guilty of a class 1 misdemeanor.

**B. A person found guilty of an offense described in subsection A of this section shall forfeit his public office or employment if any.**

**C. It is no defense to a prosecution for a violation of §§ 38-503 through 38-505 that the public officer or employee to whom a benefit is offered, conferred or agreed to be conferred was not qualified or authorized to act in the desired way.**

**D. It is a defense to a prosecution for a violation of §§ 38-503 through 38-505 that the interest charged to be substantial was a remote interest.**

**Credits**

Added by Laws 1978, Ch. 208, § 5, eff. Oct. 1, 1978.

**A. R. S. § 38-510, AZ ST § 38-510**

**Current through legislation effective April 5, 2016 of the Second Regular Session of the Fifty-Second Legislature (2016)**

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§ 38-511. Cancellation of political subdivision and state contracts;..., AZ ST § 38-511

Arizona Revised Statutes Annotated  
Title 38. Public Officers and Employees (Refs & Annos)  
Chapter 3. Conduct of Office  
Article 8. Conflict of Interest of Officers and Employees (Refs & Annos)

A.R.S. § 38-511

§ 38-511. Cancellation of political subdivision and state contracts; definition

Currentness

A. The state, its political subdivisions or any department or agency of either may, within three 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.

B. Leases of state trust land for terms longer than ten years cancelled under this section shall respect those rights given to mortgagees of the lessee by § 37-289 and other lawful provisions of the lease.

C. The cancellation under this section by the state or its political subdivisions 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.

D. The cancellation under this section by any department or agency of the state or its political subdivisions shall be effective when written notice from such party is received by all other parties to the contract unless the notice specifies a later time.

E. In addition to the right to cancel a contract as provided in subsection A of this section, 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.

F. Notice of this section shall be included in every contract to which the state, its political subdivisions, or any of the departments or agencies of either is a party.

G. For purposes of this section, "political subdivisions" do not include entities formed or operating under title 48, chapter 11, 12, 13, 17, 18, 19 or 22.<sup>1</sup>

Credits

Added as § 38-507 by Laws 1978, Ch. 189, § 1. Renumbered as § 38-511. Amended by Laws 1985, Ch. 155, § 1; Laws 1988, Ch. 169, § 1; Laws 1992, Ch. 45, § 1.

**§ 38-511. Cancellation of political subdivision and state contracts;..., AZ ST § 38-511**

Notes of Decisions (1)

**Footnotes**

1 Sections 48-1501 et seq., 48-1701 et seq., 48-1901 et seq., 48-2301 et seq., 48-2601 et seq., 48-2901 et seq., 48-3701 et seq.

A. R. S. § 38-511, AZ ST § 38-511

Current through legislation effective April 5, 2016 of the Second Regular Session of the Fifty-Second Legislature (2016)

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**Grand Canyon Housing Foundation, Inc. (EIN 81-0965314)**  
**Supplemental Descriptions to Application for Recognition of Exemption Under**  
**Section 501(c)(3), Form 1023**

**ATTACHMENT 3:**  
**Pledges of Endowment**



November 13, 2013

Tusayan Town Council  
845 Mustang Drive  
Tusayan, Arizona, 86023

Dear Members of the Tusayan Town Council:

As you are aware, on January 24, 2012, Elling and Barbara Halvorson committed in a letter to establish a non-profit entity "for the benefit of the citizens of Tusayan who are not presently landowners."

Since 2008, Stilo has shown its commitment to bring new housing opportunities to Tusayan, supporting the campaign for Tusayan's incorporation and committing 40 acres of private land to be transferred to the town as part of the 2011 Pre-Annexation Development Agreement with Tusayan.

We are pleased to say as part of our future development plans, we are committed to match Mr. and Mrs. Halvorson's donation of up to \$250,000 upon their formation of the aforementioned non-profit entity and deposit of their contribution.

Any new development in Tusayan by Stilo will require quality, sustainable housing for our employees and the town's residents. Our commitment to affordable housing in Tusayan remains one of our top priorities.

Sincerely,

Vittorio Bianchi

Federico Pelliccioli

A handwritten signature in cursive script that reads "Pelliccioli".

*Elling and Barbara Halvorson*  
12515 Willows Road NE, Suite 200  
Kirkland, WA 98034

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January 24, 2012

Dear Citizens of Tusayan:

Some of you know me personally, but most of you have only heard of me or seen me occasionally, probably serving Salmon at the traditional Halvorson BBQ.

It is a rare occasion that I write a letter to you the community, but at this time I see the most hopeful opportunities for the future of Tusayan and its residents than I have ever seen in the 50 years I have been involved in Tusayan. With that future in reach, I want to share my thoughts.

For years, Barbara and I have been deeply, personally committed to the fact that there should be more opportunity for the individual citizen of Tusayan. Tusayan, for the past 50 years, has been a total company-owned community. During that period of time, there has been little significant change in opportunity for the average citizen. Fifty years ago, people lost their homes when they lost their job or retired and the same is still true today. On top of that, living standards over this period of time have seen little change. I see no opportunities in the future for improvement of these situations except for the bold actions that the Town Council has taken with annexation and rezoning. Everyone in Tusayan should be proud and happy for the **action** of your Town Council. Their approval of the development agreement for annexation and rezoning can bring each person in Tusayan an opportunity for a brighter future. That opportunity may be:

1. To own a home,
2. To have more year-round employment,
3. To have increased salaries, and/or
4. To own a business.

It is my understanding that the Farm Home Administration has a home financing program that is designed for small communities like Tusayan. Their loan rates are extremely low and terms are very liberal. At the present time, I understand that the loan rate is 1.5% with small down payments.

For years, my wife Barbara and I have had a passion to assist deserving locals with down payments for housing. We realize that the income levels in the past have been marginally low and difficult for people to create savings. We are therefore committed to deposit \$250,000 US dollars into an interest-bearing account for the benefit of the citizens of Tusayan who are not presently landowners.

After the election, a committee will be formed to establish the terms of the program. The only condition that Barbara and I have is that the opportunity for this gifting is open to all qualified people in Tusayan who are working in the town for at least 3 years regardless of where they have worked or who they have worked for.

On May 15, 2012, each of you will have the opportunity to vote to support the acts of your Town Council on the annexation and re-zoning which will enable the opportunities I have discussed here.

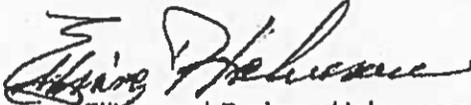
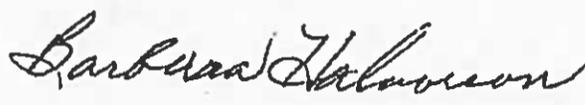
When the Town Council's actions are supported by the voters, I will form a non-profit entity called "**Tusayan Housing Alliance**". A random management committee will be selected hopefully by people of all walks of life and businesses to establish the program. Their mission will be to assist residents in securing a grant and help them procure a new home with no strings attached.

There is much more to be said on this subject than I can share in this letter. I have therefore set aside the evening of February 8, 2012, 7:30 pm as a town hall-type event in the large top floor room at the Squire Inn. At that time, you can meet me and my wife Barbara. You may ask me any question you wish and I will answer it with truth and accuracy. There are no dumb or embarrassing questions.

Remember, February 8, 2012, 7:30 pm, dessert and coffee will be served.

Our goal is to see ALL of the people and ALL of the businesses in the Tusayan area thrive.

Yours very truly,

   
Elling and Barbara Halvorson

**Grand Canyon Housing Foundation, Inc. (EIN 81-0965314)**  
**Supplemental Descriptions to Application for Recognition of Exemption Under**  
**Section 501(c)(3), Form 1023**

**ATTACHMENT 4:**

**Housing Authority Guidelines**

**DEPARTMENTAL GUIDELINES**  
**for the**  
**HOUSING AUTHORITY OF**  
**THE TOWN OF TUSAYAN**

**May 5, 2016**

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## Section 101 PURPOSE AND APPLICABILITY

**101.1** The purpose of the Housing Authority of the Town of Tusayan (the "HATT") Guidelines ("Guidelines") is to provide a comprehensive and consistent set of provisions that apply to housing in the Town of Tusayan (the "Town") through direct construction and management by the HATT, through the financing thereof or via agreement with a third party developer.

The HATT Guidelines establish the standards and procedures for initial and subsequent sales and/or rental of deed-restricted affordable housing units constructed, financed or otherwise produced in the Town of Tusayan, and managed by the HATT in order to permanently create affordable home ownership opportunities.

These Guidelines are intended to apply to the acquisition, construction, rehabilitation, purchase, sale, transfer, assignment, conveyance, or rental of affordable housing constructed, financed or otherwise produced in the Town of Tusayan, and managed by the HATT. Owners and renters of Deed Restricted Housing Units are subject to these Guidelines, as the same may be amended from time to time. In cases where there is a conflict between these Guidelines and the Deed Restriction for any given Housing Unit, the provisions of the Deed Restriction shall govern.

**101.2** Each sale or rental of any Housing Unit shall be subject to the Guidelines in effect at the time of sale or rental of the unit, except that the Maximum Resale Price shall always be determined by the deed restriction for the Housing Unit. The HATT may require filing of a new deed restriction with updated terms at the time of resale of the Housing Unit to comply with the then current Guidelines.

**101.3** Violations of these Guidelines may, at the discretion of the HATT, cause the lease of a Housing Unit to terminate on pursuant to Section 103.3.A.2 of these Guidelines, or require the sale of the Housing Unit pursuant to Section 105 of these Guidelines.

## Section 102 GENERAL GUIDELINES, DUTIES, AND RESPONSIBILITIES

**102.1** The general goal of these Guidelines is to provide affordable housing for persons who live within the boundaries of the Town of Tusayan, and meet the Employment Requirements set forth in these Guidelines. This is accomplished primarily by restricting occupancy and sale of the Housing Units covered by these Guidelines to "Qualified Households" as defined herein.

**102.2** These Guidelines also limit initial eligibility for ownership or the rental to Qualified Households that meet specific economic means tests which is based on both Household Income and Household Net Assets. Such tests of economic means are intended to promote economic diversity within the Tusayan community.

**102.3** The Housing Units covered by these Guidelines are subject to price limitations for sale, resale and/or rental. These limitations are intended to insure affordability for both the current Household occupying the Housing Unit and for the long-term affordability of the Housing Unit in the future.

**102.4** These Guidelines are intended to provide for clear, fair and consistent administration of the housing program. It is recognized that there are individual Households or Housing Units that may not fit clearly within the specific provisions of the Guidelines but still meet these general policy goals. For these cases, Exception, Appeal and Grievance processes have been included in the Guidelines.

**102.5** These Guidelines are designed to guide and direct HATT employees, personnel, and contractors to implement responsible management of housing projects under the jurisdiction of the HATT. These Guidelines shall be used as guides to the acquisition, construction, rehabilitation, planning, purchase, sale, transfer, assignment, conveyance, or rental of housing.

**102.6** The HATT shall perform such other duties and functions as may from time to time be required by state statutes or these Guidelines.

**102.7 HATT Personnel.**

- A. Executive Director.** The Town Manager may recommend to the Council a person to serve as the Executive Director of the HATT. The Executive Director shall exercise all authorities and execute all duties established by law or provided in these Guidelines. The Executive Director shall sign all contracts, deeds and other relevant instruments. The Executive Director shall make recommendations and provide information as the Executive Director may consider fit and proper concerning the business, affairs and objectives of the HATT. The Executive Director shall develop, or cause to be developed, all relevant and necessary policies that govern the HATT's role and responsibility to implement housing projects in the Town of Tusayan.
- B. Duties of the Executive Director.** The Executive Director shall be responsible for the management of the housing projects. The Executive Director shall keep the records of the HATT; shall act as chair of the meetings, and cause the keeping of meeting minutes; record all votes; shall keep a record of the actions and activities of the HATT. The Executive Director shall create, implement and manage, as necessary, written employee policies and procedures that include, but are not limited to, cell phone usage, driving records, procurement, credit card usage, travel, performance evaluations, ethics, conflicts of interest, hiring practices, disclosure requirements, confidentiality requirements, and other human resource management tools. Such policies shall be consistent with other Town Code and Town policies.

**C. Financial Management.** The Executive Director, or a designee, shall act as the Treasurer of the HATT, and shall have the care and custody of all funds of the HATT, and shall deposit the same in the name of the HATT in such financial institutions as permitted by law. The Executive Director may sign all orders and checks for payment of money. The Executive Director shall keep regular books of accounts showing receipts and expenditures and shall render to the Town Council, when requested, an account of financial transactions and also of the financial condition of the HATT. The Executive Director may be required to give such bond for the faithful performance of his/her duties as the HATT may determine. The Executive Director's duties (when acting as the Treasurer) shall also include, but are not limited to, the following:

- a. Develop and implement standard operating procedures and internal controls for activities related to managing, billing and collecting of fees and charges that are the responsibility of the HATT pursuant to a Federal, State or local law, regulation or policy.
- b. Develop, implement and monitor written policies on authorized use of grant funds, donations, or gifts as they may be provided, including policies for credit card use by HATT employees.
- c. Properly execute and implement all necessary documentation with respect to bank accounts held by the HATT and ensure all deposits and withdrawals are made in accordance with Federal and State law.
- d. Develop and implement a comprehensive financial management system that includes standard operating procedures and internal controls for all activities including, but not limited to, budgeting, cash management, accounting, accounts payable, collections, debt management, and all contractual financial obligations.

**102.8 DISCLAIMER:** The Town of Tusayan and the HATT expressly disclaim any and all warranties, express or implied, including without limitation fitness for a particular purpose with respect to leasing or conveying of Housing Units. Neither the Town of Tusayan nor the HATT represent, warrant or promise to construct, finance or otherwise produce, in whole or in part, any Housing Units pursuant to these Guidelines or under any other programs. No applicant may rely upon any promise implied or express that Housing Units shall be constructed, financed or otherwise produced, in whole or in part, by the Town of Tusayan or the HATT. In no event shall either the Town of Tusayan or the HATT be liable to any applicant for any direct, indirect, incidental, punitive, or consequential damage of any kind whatsoever, including without limitation lost profits, lost sales, lost business, lost opportunity, lost information, lost or wasted time. None of the information contained in these Guidelines constitutes an offer to sell or the solicitation of an offer to buy a Housing Unit.

## Section 103 HOUSEHOLD QUALIFICATION, ELIGIBILITY AND PRIORITY

**103.1** There are up to three levels of evaluation to determine the qualification of applicants for the Housing Unit in question, known as Qualification, Eligibility and Priority.

*Qualification* is the most general and is the same definition for ownership or rental units.

*Eligibility* refers to additional requirements specific to a particular Housing Unit.

*Priority* refers to the rules by which applicants for particular Housing Unit(s) are placed the purpose of offering the Unit(s) for sale or lease as they become available and is typically applied to a particular Housing Unit by determination of the HATT.

- A. A Household must maintain its Qualification continuously as long as it occupies the Housing Unit, except Qualified Owners who are Disabled or Retired are not required to continuously meet the Employment Requirement of these Guidelines. Notwithstanding any exception herein provided, failure to continuously meet Qualified Household Criteria shall require sale of Housing Unit according to Section 105 below or termination of the lease of Housing Unit according to Section 103.3.A.2 below.
- B. Eligibility and Priority only apply at the time of initial sale or rental of the Housing Unit.

**103.2 Qualified Household Defined.** To be considered a "Qualified Household" under these Guidelines, all of the following criteria must be met:

- A. At least one member of the Household must either:
  - 1. A Resident and meet the applicable Employment Requirement described below; or,
  - 2. Be Disabled, met the Employment Requirement, and have been a Resident within the boundaries of the Town of Tusayan; or,
  - 3. Retired, provided that only persons who meet the Employment Requirement for at least consecutive 10 years immediately prior to becoming retired shall be considered.
- B. To purchase or lease a Housing Unit or leasing a Housing Unit, or a room therein, meet the Employment Requirement, as defined herein, immediately prior to submitting an application.
- C. Up to ten percent (10%) of the required hours per year may be filled by verifiable Volunteer Community Service within those same boundaries.
- D. Upon purchase or rental of a Housing Unit, the Household must make and continuously maintain the Housing Unit as their principal place of residence for no less than three (3) continuous years, except for those periods the HATT granted a Leave of Absence.

- E. **Leave of Absence:** No Housing unit shall be unoccupied by a Household for a period exceeding three (3) months without an approved leave of absence from the HATT. The Household must provide clear and convincing evidence showing both a bona fide reason for leaving and a commitment to re-occupy the Housing Unit. The HATT may condition the granting of the leave of absence on the Household's offering the unit for rent to a Qualified Household, agreeable to the Household, during the period of the requested leave. Applications for a Leave of Absence shall be made to the HATT according to the Exceptions Procedure provisions of Section 109.2 below.
- F. **Military Leave of Absence:** A Housing Unit may be unoccupied by active duty uniformed service members, reservists, or National Guard personnel to perform military duties. Military duties include tours of duty, training, periods of active military service, and funeral honors duty, as well as time spent being examined to determine fitness to perform such service. The owner of a Housing Unit taking a Military Leave of Absence may, but is not required to, offer the owner's Housing Unit for rent to a Qualified Household.

**103.3 General Qualification Criteria for Purchase or Lease:** In addition to the general Qualification criteria in section 103 above, Households must meet all of the following criteria to be eligible to purchase and occupy, or lease, a Housing Unit. These criteria must be met continuously so long as the Household occupies the Housing Unit.

- A. **Assets/Household Total Net Assets:**
  - 1. Total Household Net Assets in the Household shall not exceed four (4) times the Original Purchase Price (OPP) of the Housing Unit. All Household members' shares of business assets, including real estate, shall be included in determination of total household net assets. See Definitions Section for further information regarding the definition of "Net Assets" and "Assets."
  - 2. If at any time the Net Assets of the Household exceed the above limit, the HATT may give notice requiring the owner to sell the Housing Unit within one year from the date of the notice or requiring the Lessee to terminate the lease of the Housing Unit upon ninety (90) days' prior written notice.
- B. **Ownership of Property:** This Section B shall only apply to Households which are seeking eligibility to purchase and occupy.
  - 1. At the time of application, a Household may own other undeveloped or developed residential or commercial property. The fair market value of such property will be taken into consideration when determining Household Net Assets. Any change in the fair market value of such property shall be taken into consideration in evaluating the Household's continued Qualification to occupy the Housing Unit.
  - 2. A Household will be able to acquire or maintain ownership of other

property with no effect on the Qualification of the Household, unless such ownership causes the Household to exceed the limitation on Net Assets contained in paragraph "A" above.

3. Households that desire to acquire other developed residential property after taking ownership of a Housing Unit must be granted an Exception prior to taking ownership of the other developed residential property if the acquisition causes the Housing Unit's Household Net Assets to exceed the limits in order for the Household Unit to be a Qualified Household.

**103.4 Additional Eligibility Criteria:** To purchase a Housing Unit, applicants shall meet the requirements for being a Qualified Household in this Section 103, and these additional Eligibility Criteria.

- A. **Appropriate Size:** The total number of people in a Household must be appropriate for the available unit size. Household size must fall within the limit below:

<b>Unit Size:</b>	<b>Minimum Household Size:</b>
1 Bedroom	1 person
2 Bedroom	2 persons
3 Bedroom	3 persons
4 Bedroom	4 persons

- B. **Income Limits:** Owner occupied units are subject to a Household Income Limit range of a minimum of \$12,400 to a maximum \$250,000 per year, gross income. As may be required, Housing Units will be designated by a Resolution of the HATT Board for occupancy as determined by the HATT Board on an annual basis.

**103.5** Owner Units may be rented to a Qualified Household provided an Exception is granted by the HATT Board, except for Housing Units leased during permitted Leaves of Absences and Military Leaves of Absences.

## Section 104 HOUSEHOLD APPLICATION PROCESS AND VERIFICATION.

At the time a qualified and eligible application is submitted to the HATT, the approved Qualified Household shall be placed on a list (the "Wait List") maintained by the HATT.

**104.1** The HATT will establish priorities for the Wait List as follows:

- A. **First Priority:** Qualified Households who make their "primary residence" within the boundaries of the Town of Tusayan and satisfy the Employment Requirement within the boundaries of the Town of Tusayan, and both Residency and Employments shall be at least for five (5) years. For the purposes of this Section 104.1, indicia of a "primary residence" include the location for the purposes of voting, mailing address, and no other location where the person resides for a period of time longer than the period of time the person resides in Tusayan and the location where the person files his or her federal income taxes.
- B. **Second Priority:** Qualified Households who make their primary residence within the boundaries of the Town of Tusayan and satisfy the Employment Requirement within the boundaries of the Town of Tusayan.
- C. **Third Priority:** Qualified Households who satisfy the Employment Requirement within the boundaries of the Town of Tusayan but do not make their primary residence within the boundaries of the Town of Tusayan.
- D. **Four Priority:** Qualified Households who make their primary residence within boundaries of the Grand Canyon Unified School District No. 4 as delineated on April 29, 2016 and who meet the Employment Requirement within the boundaries of the Grand Canyon Unified School District No. 4 as delineated on April 29, 2016. Prior to offering a Housing Unit for Sale to Purchaser with this Fourth Priority, the Housing Unit must have been open, available, and unoccupied for at least twelve (12) consecutive months.
- E. The Wait List shall be administered so that when a Housing Unit is available, the Housing Unit will be made available to the Qualified Household with the highest priority *and* who applied first (based on the date of the application). For example, if there are two available Housing Units and there are two persons in the First Priority, the Housing Units will be made available to those persons with the earliest application date. In another example, if there are two available Housing Units and there is only one person in the First Priority on the Waiting List and there are three persons in the Second Priority on the Waiting List, the Housing Units would be made available to the one person in the First Priority and then to the person with the earliest application date in the Second Priority.

**104.2** When there are more Qualified and Eligible applicants than available and appropriate Housing Units, the HATT may, at its sole discretion, conduct a lottery to determine who may purchase the available unit(s) pursuant to Section 108.

**104.3** The HATT may request any combination of documentation reasonably related to proof of income, assets, and employment. The Household applicant shall sign a release so that HATT may obtain access, and may use this information. The HATT will require a Household applicant to swear to a statement of the facts contained in the application, which shall include at least the following certifications:

- A. That the facts contained in the application are true and correct to the best of the Applicant's knowledge;
- B. That the Applicant has been given the standard application information packet by the HATT Staff; and,
- C. That the Applicant, on the basis of the application presented, believes that the Household qualifies to occupy the Housing Unit in question according to the Deed Restriction, these Guidelines, and all other applicable procedures, rules and regulations.

**104.4** Verification of Qualification and Eligibility standards will be completed upon request of the HATT at any time circumstances require verification such as at the time of initial application for occupancy or when the HATT becomes aware of evidence that an Applicant no longer meets Qualification or Eligibility requirements, or renewal of an Applicant's lease term.

**104.5** Any material misstatement of fact or deliberate fraud or misrepresentation by the Household in connection with any information supplied to the HATT shall be cause for either immediate expulsion from the application process, forced sale of the Housing Unit, immediate termination of a lease and order to vacate or non-renewal of a lease. In addition, any material misstatement of fact or deliberate fraud or misrepresentation by the Household in connection with any information supplied to the HATT may, in the sole discretion of the HATT, cause the person making the application to be barred from submitting subsequent applications for a three (3) year period.

**104.6** HATT requires all owners of Housing Units to maintain Qualified Household status on an on-going basis, excluding exceptions provided in these Guidelines, or upon exception at the sole discretion of the HATT pursuant to Section 109. The HATT may perform random audits and investigate complaints or reports of non-compliance on an on-going basis. The HATT may require at any time that a Household verify within twenty-one (21) days of such request by the HATT that the Household is a "Qualified Household."

**104.7 Homeowners Associations:** The Housing Unit may be subject to a Homeowners Association. Homeowners Association ("HOA") dues are authorized in Arizona under A.R.S. § 33-1801 et seq. All Owners and Lessees of Housing Units are required to pay HOA dues, if applicable, unless otherwise exempted.

**104.8** All personal and financial information provided to the HATT Staff will be kept strictly confidential, except as follows:

- A. Signed contracts between the Applicant or Household and the HATT, including but not limited to Contracts to Purchase a Housing Unit, Deed

Restrictions, any document to be recorded with the sale of the Housing Unit along with the Deed Restriction, and any document that would customarily be a matter of public record in the property records of the applicable jurisdiction;

- B. The names and lottery positions of all persons who have participated in any Lottery held under these Guidelines; and
- C. Any other information which a court of competent jurisdiction rules must be released under the Freedom of Information Act or the Arizona Public Records Act.
- D. In addition, the HATT may provide for access to personal and private information to any person or entity undertaking an independent audit of the records kept under these Guidelines provided such person or entity agrees to be subject to this confidentiality provision.

**104.9** The HATT may from time to time employ outside expertise to evaluate the reasonability of Applicant or Household representations of income and assets, especially in cases of self-employment, business ownership and complex asset portfolios.

## Section 105 SALE AND RESALE OF UNITS

**105.1 Options:** Sellers of Housing Units have the following options for advertisement and marketing of their units:

- A. Seller may advertise, market and sell a unit directly; or
- B. Seller may list the unit with a real estate broker licensed to do business in the State of Arizona; Real estate commissions are NOT included in the Maximum Resale Price and cannot be passed on to the Purchaser.

**105.2 Allowed Sales Price:** The sale price of the Housing Unit shall be calculated according to its Deed Restriction. This sale price shall be the only exchange of value between parties to any sale of the Housing Unit. Both Purchaser and Seller must execute a sworn statement affirming that the contracted sale price is the only exchange in value in the sale. Any exchange of value outside the sale price shall invalidate the sale in addition to being a violation of these Guidelines enforceable by the HATT.

**105.3 Disclosure of relevant contracts and information:** Both Purchaser and Seller of any Housing Unit must sign a release of information allowing the HATT to obtain copies of all documents relevant to the sale, including but not limited to:

- A. The sales contract for the Housing Unit
- B. The purchaser's application for financing and related documentation
- C. Title and escrow documents related to the sale

All financial information shall remain confidential except as noted in Section 104.6.

**105.4 Consult with Staff:** Sellers of Housing Units are advised to consult with the HATT staff prior to offering a Housing Unit for sale, in order to obtain the most current information about applicable Housing Guidelines and Wait List processes, and to verify the allowed maximum sale price of the unit and other applicable provisions of the Deed Restriction concerning the sale. Actual notice of intent to sell a Housing Unit must be given in writing to the HATT at least sixty (60) days prior to the sale of the unit. Notice forms are available from the HATT staff.

**105.5 Independent Legal Counsel:** All Sellers and Purchasers of Housing Units are advised to consult independent legal counsel regarding the examination of title and all contracts, agreements and title documents. The retention of such counsel, or related services, shall be at purchaser's and seller's own expense. All fees due to the HATT pursuant to Section 105.7 shall be paid regardless of any amounts the Sellers or Purchasers to third parties in connection with the purchase and sale of a Housing Unit.

**105.6 Title Company:** The HATT advises purchasers to use a local title company and escrow agent with experience in closings of Housing Units to close the sale transaction. The title documents involved in a closing of Housing Units are unique and technical. Mistakes in the closing documents are easily made and difficult to correct. Seller shall authorize the HATT to review the conveyance documents prior to closing.

**105.7 Fee:** At the closing of the sale, the Seller, except when the seller is the HATT, will pay to the HATT a fee equal to 1% of the sales price. The HATT may instruct the title company to pay such fees out of the funds held for the seller at closing. The HATT may also waive the fee, or a portion thereof, in its sole discretion, to promote affordable housing.

**105.8 Deed Restriction:** The HATT shall prepare the Purchaser's Deed Restriction, including the Option to Purchase, in accordance with the provisions of Section 107.

## Section 106 LEASE PROCEDURES

**106.1** In cases when a Housing Unit is available for sale, and there is no one on the Wait List, and there are no Applicants for the purchase of such Housing Unit, or when the owner of a Housing Unit wishes to lease the Housing Unit during an approved Leave of Absence, a Housing Unit may be leased, and the following shall apply:

- A. Tenants shall be a Qualified Household according to the general Qualification and Eligibility Criteria contained in Section 103 of these Guidelines. The HATT Staff shall certify the qualification of the Household prior to tenancy of the Housing Unit.
- B. Tenants shall meet the Eligibility Criteria in Section 103 of the Guidelines as determined by the Household's Income and Assets that apply to the particular Housing Unit in question at time of initial tenancy.

- C. Lease Renewal: At the time of any Lease renewal, Allowed Gross Rent, as determined in accordance with the formula set forth in Appendix B to these Guidelines, may be adjusted up or down in conformity with amendments to the Guidelines.
- D. Applicable Household Qualification and Eligibility contained in Section 103 of the Guidelines and Income as designated by the Housing Unit's income level shall be recertified by HATT Staff at any time there is a change of tenancy of the Housing Unit.
- E. Rental of all Housing Units shall be through the HATT and must be by a written Lease, an executed copy of which shall be on file with the HATT at all times during the period in which rental of the Housing Unit has been approved. In cases where the approved rental period exceeds one year, the lease copy on file shall be updated at least once every twelve calendar months.
- F. Housing Units will be leased to Qualified and Eligible applicants as they become available. When there are more Qualified and Eligible applicants than the availability of appropriate Housing Units, the HATT will conduct a lottery to determine who may lease the available unit(s). HATT shall conduct a lottery to lease vacant Housing Units in the same manner and procedure for sales provided these Guidelines.

**106.2 Qualification for Renting a Room in a Housing Unit.** Owners of a Housing Unit may lease an individual room in the Owner-occupied Housing Unit provided that the owner continuously occupies the Housing Unit. No more than one (1) room may be rented in a Housing Unit. The Tenant must meet the Employment Requirement of Section 103.2.B. Verification of qualification shall be determined by the HATT.

## **Section 107 DEED RESTRICTION FORM AND PROCESS**

**107.1** The Deed Restriction shall be applied to Housing Units prior to the initial sale. The original executed and recorded documents will be maintained by the HATT. Provisions in these Guidelines regarding the form of the Deed Restriction are a summary of significant Guidelines and should not be considered the complete and final Deed Restriction. Sellers and Purchasers are advised to consult the Deed Restriction for the Housing Unit for complete specific language, which is the final authority for that Housing Unit.

**107.2** The Deed Restriction shall specify

1. The Original Purchase Price [OPP];
2. The Allowed Gross Rent (if applicable to the particular Housing Unit) including provisions for any increases in Gross Rent;
3. That upon death of the Owner, the Housing Unit may be inherited by any heir who is legally entitled, by law or by the terms of a will, to inherit the Housing Unit. Such legal entitlement shall be demonstrated and proven by the appropriate documentation to the HATT. The heir shall meet the

requirements of these Guidelines to maintain the Housing Unit as a Qualified Household. If an inheritance cannot maintain the Housing Unit as a Qualified Household under these Guidelines, ownership of the Housing Unit shall revert back to the HATT;

4. Establish rights and privileges of potential heirs, successors, and assigns of Housing Unit; and
5. The allowed Maximum Resale Price ("MRP");
6. Upon sale of the Housing Unit, the Owner agrees and acknowledges that any and all subsidies, down payments, or closing costs funded by the HATT or the Grand Canyon Housing Foundation, an Arizona nonprofit corporation, shall be refunded and repaid from the proceeds of the sale. The balance of the proceeds shall be paid to the Owner or (in the case that the Owner is deceased) to the Owner's estate.
7. The HATT does not make any guarantees of the subsequent owner's ability to sell the Housing Unit for its Maximum Resale Price or lease the Housing Unit for its Allowed Gross Rent.

**107.3 Maximum Resale Price [MRP] shall be the OPP specified in the Deed Restriction:**

- A. PLUS, the lesser of:
  1. An increase in price of three percent (3%) per year from the date of purchase to the date of Owner's notice of intent to sell (compounded annually and prorated at the rate of .25 percent per each whole month of any part of a year); or
  2. The amount based on the Consumer Price Index, Urban Wage Earners and Clerical Workers (CPI-W) calculated as follows: The Original Purchase Price of the Affordable Housing Unit multiplied by the CPI-W index last published prior to the date of the Owner's notice of intent to sell, divided by the CPI-W as of the date of purchase, (in no event shall the multiplier be less than one).
- B. PLUS, the costs of any public improvements for which assessments were imposed by any municipal special improvement district or the Town since the recordation date of the Deed Restriction;
- C. PLUS, the costs of Capital Improvements, not to exceed thirty percent (30%) of the OPP, which have been
  1. Properly permitted and inspected by the Town of Tusayan Building Official; and,
  2. Documented by the Owner and approved and determined by the HATT to benefit the affordable housing program through increasing the unit's capacity to house additional Qualified Households.

- D. PLUS, any other costs allowed by the HATT pursuant to policies in effect on the date of Household's notice of intent to sell.
- E. OPP's shall be recorded in the Deed Restriction for the unit. Each property sale generates a new OPP. The language in the Deed Restriction shall be the final determination of Maximum Resale Price.

**107.4** Subsequent purchasers of Housing Units must execute a Deed Restriction prior to or simultaneously with the closing on the purchase of a Housing Unit. Should a Housing Unit be sold for less than its Maximum Resale Price, the actual sale price shall become the basis for the new Original Purchase Price. Seller and Purchaser will consent to allow the HATT or its Designee to become privy to the sales contract and title commitment and will cooperate with the HATT or its Designee to complete and have recorded the Deed Restriction and option to Purchase and any other documents required for the transfer of the Housing Unit.

**107.5** An Option to Purchase shall be granted by the Lender to the HATT to redeem the Housing Unit in the event of default by purchasing the unit from the holder of the trustee's deed at the redemption price plus reasonable costs of the holder.

**107.6** The Deed Restriction shall be binding on all owners, successors and assigns including any holder of a deed in lieu of foreclosure. Exceptions may be granted to allow the release of the Deed Restriction in the event of foreclosure if granting such an Exception meets the standards contained in Sections and 109.1 and 109.2C below.

**107.7** The Deed Restriction and any amendments thereto must be recorded in the property records of Coconino County. The original executed and recorded documents must be returned to the HATT for their files.

**107.8** All Deed Restrictions must be prepared by the HATT. No modification or amendment to the Deed Restriction shall be effective unless agreed to in writing by the HATT.

## Section 108 OWNERSHIP LOTTERIES

### **108.1 Ownership Lottery Procedure**

- A. At the sole discretion of the HATT, a Lottery may be conducted to sell or lease a Housing Unit. The HATT shall establish a procedure to create an orderly lottery process for offering units to Qualified Households when there are more Qualified Households than units available for sale or lease.
- B. The HATT shall open an Ownership Lottery as follows:
  - 1. Notice of the date, time and location at which lottery applications will be taken shall be published as a legal notice in a newspaper of general circulation in the Tusayan region and at locations for posting notices

customarily used by the Town of Tusayan. Such notice shall be published at least two weeks prior to the date on which applications will be accepted. The HATT shall accept lottery applications for at least a two-week period. In addition, the HATT shall develop a public information program regarding the lottery that, in the judgment of the HATT, will adequately inform any reasonably interested potential lottery participant of the requirements in these Guidelines.

2. Application and information materials shall be available at the time of publication of the legal notice described above at locations and web sites announced in the legal notice.

### **108.2 Lottery Application Process and Applicant Responsibilities**

#### **A. Completeness of Application:**

1. Households, as defined in these Guidelines, interested in purchasing a Housing unit must submit an application to the HATT. All members of a Household over eighteen years of age must submit the required information necessary to determine eligibility. In addition, a Household must submit a letter from a mortgage lender, stating the Household's ability to pre-qualify for a mortgage.
2. In order to participate in a lottery, Households must sign the sworn statement described in Section 104.1 above
3. If a Household cannot sign the sworn statement, or if a Household does not provide staff with information required to process the application, then it will not be eligible to be entered into the lottery.
4. The HATT Staff shall rely on the sworn statement of the applicant as to the completeness and accuracy of the application for the purpose of determining eligibility to participate in a lottery.
5. Staff will require a Household to submit a statement of loan pre-certification from a mortgage lender, indicating that the Household is capable of qualifying for the approximate sales price of the Housing Unit that it is interested in purchasing

### **108.3 Lottery Order**

- A. The HATT shall only accept lottery applications during the time period specified in the legal notice provided in accordance with Section 108.1(B)(1). Mailed applications shall be considered received in the proper time period if postmarked at least two days prior to the last day of the application period and received within two business days after the application period closes. The HATT shall not be responsible for delays in the delivery of mail beyond two business days after the application period closes.
- B. Applications that are certified as complete shall qualify in the lottery according to the following Criteria:

1. All Households that meet the Qualification and Eligibility Criteria listed in Sections 103 and 104 shall have one (1) entry in the lottery.
  2. An additional entry in the lottery shall be awarded to Households that can demonstrate compliance with the Employment Requirement at least three (3) consecutive calendar years of full-time employment within the boundaries of the Town of Tusayan within the previous five (5) calendar years.
- C. Lotteries are subject to the following guidelines:
1. A lottery must be conducted in a duly noticed public meeting of the HATT.
  2. An independent Coconino County resident with no direct stake in the lottery outcome shall be invited to draw the applicants' names.
  3. Once an applicant's name is drawn, any further instances of that applicant's name drawn are recorded, but ignored in establishing the order of applicants.
  4. The results of the lottery shall be certified by such resident drawing the names and posted as soon as practically possible after the drawing.
  5. The order in which applicant names are drawn in the lottery shall determine the order in which applicants are contacted to purchase the Housing Units offered in the lottery (except for handicapped-accessible units as noted in paragraph D below).
- D. First priority for disabled accessible units shall be given to Disabled persons that submit a lottery application pursuant to Section 108.2 above based on the lottery order of all Disabled Persons. If there are no Disabled Persons that submit a lottery application, the handicapped accessible unit/s will become available for purchase by Households that submitted a lottery application.
- E. Any material misstatement of fact or deliberate fraud or misrepresentation by the Household in connection with any information supplied by the Household to the HATT shall be cause for disqualification from lottery and the Household will be prohibited from reapplying for any future lottery for one year.

## Section 109 EXCEPTIONS, APPEALS AND GRIEVANCES

### 109.1 Definitions

- A. **Exceptions:** Except as otherwise set forth herein, a request for an exception to the standards and requirements of the Guidelines may be appropriate when the applicant understands and acknowledges the criteria and believes that there exists a legitimate and compelling reason why the applicant should be

exempt from such criteria or allowed a modification of the criteria. Exceptions may be granted to the Guidelines on a case-by-case basis, provided that the HATT finds there is a legitimate and compelling reason to do so, and such exception will promote the availability of affordable housing.

- B. Appeals: An appeal of an action or failure to act by the HATT is appropriate when the applicant understands and acknowledges the criteria and believes that the criteria have been applied incorrectly to the applicant.
- C. Grievances: A grievance is any dispute with the HATT with respect to an action or failure to act in accordance with an individual's rights, duties, welfare, or status. A grievance may be presented to the HATT Board under the procedures below.

### **109.2 Exception Procedure**

- A. A Request for Exception must be presented in writing to the HATT and include:
  - 1. Verification that Applicant has fully completed the application process and that the Applicant's qualification has been confirmed as of the date of the Exception application;
  - 2. The particular ground(s) upon which it is based;
  - 3. The action or remedy requested;
  - 4. The name, address, telephone number of the complainant and similar information of complainant's representative, if any;
  - 5. Proof of notification of Exception request to the Housing Unit's Home Owners Association, if applicable; and,
  - 6. Exception fee of \$100.00.

Request for Exception forms are available from the HATT.

- B. Process: All requests for exceptions will be reviewed by the HATT Staff for completeness and forwarded with a recommendation for action to the HATT Board within 30 days.
  - 1. Prior to consideration by the Board, the HATT Staff shall prepare a written report summarizing its recommendation regarding the requested exception. The HATT Staff shall distribute a copy of the report to the Board, the Applicant requesting the exception, and make the report available to the public.
  - 2. If, following a hearing by the Board, the decision by the Board is a Denial or less than a complete Approval, Applicant may appeal to the HATT Board pursuant the Appeals Section, below.
- C. Standards for Review of Exception applications: Applicants desiring an Exception should demonstrate and the HATT Board must find that the Exception meets one or more of the following review standards:

1. Promotes greater affordability through:
  - i. Decreasing the long term operating and maintenance costs of the Housing Unit in question;
  - ii. Enabling the Applicant to take advantage of a financing opportunity that would not be available without the Exception; and/or,
  - iii. Protecting the long term affordability of the Housing Unit through a price control or other similar means;
2. Promotes or recognizes long term commitment of the Applicant to residency, employment and community involvement within the boundaries of the Town or provides housing for a critical community need;
3. Provides increased livability or durability in materials, finishes, fixtures or appliances or useful increased square footage (which shall not include "luxuries" or significantly exceed standards set in recent Town-constructed Housing Units);
4. Creates living space for an additional member of the Household while maintaining the income targeting for the Housing Unit;
5. Enables a Household to own and occupy a Housing Unit more suitable to the Household's needs; and/or
6. Enables the Household to respond to life circumstances that arise beyond the reasonable control of the household (such as need to care for an Elderly or Disabled Household member).

In addition, all Exceptions must meet the General Policy Goals described in Section 102 above.

### **109.3 Appeal Procedure**

- A. Any appeal must be presented in writing to the HATT and include:
  1. Verification that Applicant has fully completed the application process and that the Applicant's qualification has been confirmed as of the date of the Exception application;
  2. The particular ground(s) upon which it is based;
  3. The action or remedy requested;
  4. The name, address, telephone number of the complainant and similar information of complainant's representative, if any;
  5. Proof of notification of Appeal request to the Housing Unit's Home Owners Association, if applicable; and
  6. Appeal fee of \$100.00.

Appeal forms are available from the HATT.

**B. Process:** All appeals will be reviewed by the HATT Staff for completeness and forwarded with a recommendation for action to the HATT Board within 30 days.

1. Applicant shall be entitled to present evidence in support of the appeal.

**C. Binding Determination:** The final determination of the HATT Board shall be binding and HATT shall take all actions necessary to carry out the decision.

#### **109.4 Grievance Procedure**

**A. A. Any grievance must be presented in writing to the HATT and include:**

1. The particular ground(s) upon which it is based;
2. The action or remedy requested;
3. The name, address, telephone number of the complainant and similar information of complainant's representative, if any; and
4. Grievance fee of \$100.00

**B. The HATT Board shall address the grievance at the next scheduled board meeting. The complainant shall be afforded a fair hearing providing the basic safeguards of due process, including notice and an opportunity to be heard in a timely, reasonable manner. HATT Board may continue the hearing. The complainant and the HATT Staff shall have the opportunity to examine all documents, records and regulations of the HATT that are relevant to the hearing. Complainant shall be responsible for all photocopying expenses. Any document not made available after written request may not be relied upon at the hearing. Complainant has the right to be represented by counsel.**

1. If the complainant fails to appear at the hearing, the HATT Board may make a determination to postpone the hearing or make a determination based upon the evidence submitted.
2. The hearing shall be conducted by a designated member of the HATT Board, and referred to as the "Hearing Officer" for purposes of a Grievance hearing. The hearing shall be recorded. Oral or documentary evidence may be received without strict compliance with the Arizona Rules of Evidence.
3. The right to cross-examine shall be at the discretion of the Hearing Officer and may be regulated by the Hearing Officer as it deems necessary for a fair hearing.

**C. Based on the records of the hearing, the HATT Board will provide a written decision with findings to support the determination. The decision shall be binding and HATT shall take all actions necessary to carry out the decision.**

## Section 110 LENDERS AND LOANS

**110.1 Purpose:** This section is intended to meet the following goals regarding individual mortgage financing for Housing Units under the jurisdiction of the HATT.

- A. Protect the public investment and regulatory integrity of the affordable housing program in the short and long term.
- B. Minimize financial, and other risks, to the HATT and the affordable housing program by prohibiting excessive debt or other obligations from being secured by a Housing Unit.
- C. Minimize the chance that an owner of a Housing Unit will create a financial risk for HATT, and the affordable housing program, through creation of debt or other secured obligations against the Housing Unit.
- D. Increase the potential financing opportunities for applicants and owners.
- E. Render all lender loan documents shall be subject to review and approval by the HATT.

**110.2 Lenders and Mortgages:** Borrowers are restricted to either conventional or government guaranteed mortgages with a fixed rate from commercial banking and lending institutions authorized to engage in mortgage lending practices in the State of Arizona. All other mortgages will require an Exception from the HATT, obtained pursuant to Section 109, in order to purchase the Housing Unit.

**110.3 Option to Purchase:** Lenders who are beneficiaries of any Deed of Trust executed in connection with the sale of a Housing Unit must sign an Option to Purchase, acknowledging the provisions of the Deed Restriction and granting a right to the HATT to purchase the unit in a foreclosure. The lender shall provide the HATT sixty (60) days' prior notice of any change in ownership or assignment of the mortgage is anticipated and shall fully cooperate in securing the required signatures for a new Option to Purchase.

**110.4 Total Debt:** Owners shall not incur debt, liens or other obligations secured by the Housing Unit that exceed the total Original Purchase Price of the unit and shall notify the HATT immediately when a change in the total of these secured obligations is anticipated. This limitation and notice requirement shall apply also to any refinance of existing debt secured by the Housing Unit. The HATT, Owners and Lenders shall cooperate in obtaining new signatures for any new Options to Purchase that may be necessary.

Any debt, lien or other obligation (or any portion thereof) that either exceeds the OPP or for which an Option to Purchase has not been granted to the HATT shall be considered an unsecured obligation.

**110.5 Increases in Total Debt:** Owners or potential purchasers may apply for an Exception to increase the allowed Total Debt to an amount greater than the Original Purchase Price for one or more of the following reasons:

- A. An increase to not more than 103% of the OPP may be allowed to secure a closing cost or down payment assistance loan issued by a local, state or federal public agency or qualified non-profit agency.
- B. An increase to not more than the currently allowed Maximum Resale Price at the time of application may be allowed to secure debt associated with allowed and approved Capital Improvements.

The HATT shall not be obligated to approve any increase in the allowed Total Debt and shall consider the overall benefits and costs to the affordable housing program as well as the individual situation involved.

**110.6 Co-ownership and co-signatures:** Any co-ownership interest other than Joint Tenancy or Tenancy-In-Common must be approved as an Exception according to Section 109.2 above. Co-signers may be approved for ownership of the unit but shall not occupy the unit unless qualified by the HATT. Approved Co-signers shall be required to sign a separate agreement to sell in the event the owner defaults or is otherwise required to sell the Housing Unit.

## Section 201 LEGISLATIVE HISTORY

**201.1** This Housing Authority of the Town of Tusayan was approved by resolution on March 2, 2016. These Guidelines, substantially in this form, were approved by the Town Council on May 4, 2016.

## Section 202 AMENDMENTS

**202.1** These Guidelines shall be reviewed and revised as necessary at least every two years by the HATT Executive Director. Changes, if any, will be reviewed and commented on by the Town Manager to Town Council.

**202.2** Amendments to these Guidelines shall be made according to the following procedure:

- A. Any proposed amendment shall be presented to the HATT Board of Directors for approval.
- B. The Board of Directors shall conduct a public hearing of any proposed amendment and either adopt, adopt with amendments or reject the proposed amendment. The public hearing on the proposed amendment shall be scheduled in a timely manner.

**202.3** Amendments to Appendices A and B may be proposed by the HATT Staff and require only the approval of the Executive Director to become effective.

## Section 203 ADMINISTRATIVE PROCEDURES

**203.1 Fair Housing Standards** The HATT Staff shall administer this policy in compliance with all applicable fair housing standards, including but not limited to the Fair Housing Act. These standards prohibit discrimination in housing on the basis of age, race, religion, handicapped or disabled status, country of origin, sex or sexual identity. In addition to any remedies available in the applicable law, any dispute between an applicant and the HATT Staff regarding these standards may be filed as a Grievance (see Section 109.4.).

**203.2 Reasonable Accommodation.** The HATT Staff shall administer this policy in compliance with all reasonable accommodation standards, including but not limited to the Americans with Disabilities Act. Persons requiring reasonable accommodation for their disability shall give the HATT Staff at least 48 hours' notice of such need so that appropriate arrangements can be made (for example: providing sign language services for a hearing impaired person).

**203.3 Assignment of Administrative Responsibilities.** The HATT shall have the right to contract with any qualified person or entity for the purpose of administering these Guidelines. The contract for administration shall provide for oversight by the Town, including access to applicable records and the ability to conduct an independent audit of administrative procedure.

## Section 204 DEFINITIONS

**PURPOSE:** The purpose of this Section is to define words, terms and phrases contained within these Housing Guidelines.

**Affordable Housing:** Any Housing Unit that is restricted to sale at a specified price to a Qualified Household and subject to these Guidelines.

**Alter or Alteration:** Alter or alteration means any change, addition, or modification in construction or occupancy.

**Applicant:** A Household that has submitted the required application either for qualification as a Purchaser or for placement on the Ownership Waiting List, as the context requires.

**Assets:** Anything owned by an individual that has commercial or exchange value. Assets consist of specific property or claims against others, in contrast to obligations due others. See

also definition for Gross Assets and Net Assets.

**Bedroom:** Area designed to be used for sleeping purposes that shall contain closets, have access to a bathroom and meets applicable Town Building Code requirements for light, ventilation, sanitation and egress.

**Capital Improvements (Allowed):** Unless otherwise defined in the Deed Restriction covering the Housing Unit, an allowed Capital Improvement is any fixture approved by the HATT staff prior to erection/construction that is erected as a permanent improvement to real property or non-recurring expenses for physical improvements that provide a long-term upgrade or improvement to the deed- restricted housing unit, plus the present value of capital improvement costs including labor, if professionally provided, and for which verification of the expenditure (documentation) is provided by the Owner. Labor costs provided by the Owner may be authorized for up to 50% of the Allowed Capital Improvements upon approval by the HATT staff. Allowed Capital Improvements shall NOT include landscaping, non-essential appliances, fixtures or upgrades or costs associated with ordinary repair, replacement, and maintenance. It is the Owner's responsibility to secure any approval necessary from the Housing Unit's Homeowners Association prior to undertaking any Capital Improvement.

**Consumer Price Index (CPI):** Two Consumer Price Indices are used for purposes of the Guidelines and for purposes of the Deed Restriction. The homeowner may choose from which Consumer Price Index to use- U.S. City Average and Regions, Urban Wage Earners and Clerical Workers (CPI-W), All Items, not seasonally adjusted, or its successor index CPI-W average. Updated information is received on a regular basis from the U.S. Department of Labor, Bureau of Labor Statistics.

**Co-signer:** A joint signatory of a promissory note whose obligations are the same as those of the primary borrower. If the primary borrower does not repay the loan, the cosigner accepts responsibility for the debt. A Co-signer shall not occupy the unit unless qualified by the HATT.

**Contract Rent:** See Rent

**Deed Restriction:** A contract prepared by the HATT, in coordination with the Town Legal advisor, and entered into between the HATT, and the owner or purchaser of real property identifying and burdening the conditions of use, occupancy and sale which shall not be altered by any party without the written consent of all parties.

**Dependent:** A minor child (18 years or younger) or other relative of the renter or owner of a Housing Unit, which child or relative is taken and listed as a dependent for federal income tax purposes by such renter or owner or his or her present or former spouse (said dependent must also be related by blood or adoption).

**Designee:** A person or entity who is named and authorized to act in place of the person or entity granting the designation.

**Disabled Person:** A person with a "disability" as defined in the Americans with Disabilities Act of 1990 as amended. Federal laws currently define a person with a disability as "Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an "impairment."

**Eligibility:** Qualification requirements applied to a Household based on the specific Housing Unit the Household intends to occupy the Housing Unit.

**Employment Requirement:** The Employment Requirement is met if at least one individual in a Household is a full time employee for a single employer, and has worked at least a total of 3120 hours during the last twenty-four (24) consecutive months as a Resident within the boundaries of the Town. An employee must obtain verification of full-time employment from the employer. In cases of employment for an individual, institution or employer located outside the Town, or for self-employment, the HATT may request additional evidence to establish the location and number of hours of eligible employment. Employment evidence provided by the applicant is subject to evaluation of reasonableness by the HATT. For purposes of this Employment Requirement, the time a person is on Military Leave of Absence, as defined in these Guidelines, will not be used against the person, and such time may be used

to count towards satisfying Employment Requirement criteria. For purposes of this definition, "within the boundaries of the Town of Tusayan (the "Town")" means an Employee must verify that they are, or have been physically working at a location or combination of locations as a Resident of the Town for the required number of hours.

**Exception:** A variance from these Guidelines granted to a Household or other interested party through the Exception Procedure contained in Section 109.2 above

**Fair Market Value:** The price that an interested but not desperate buyer would be willing to pay and an interested but not desperate seller would be willing to accept on the open market assuming a reasonable period of time for an agreement to arise. The price at which bona fide sales have been consummated for assets of like type, quality, and quantity in a particular market.

**Fee Simple Estate:** The maximum possible estate that one can possess in real property; complete and absolute ownership of indefinite duration, freely transferable, and inheritable.

**Fixture:** 1) A tangible thing which previously was personal property and which has been attached to or installed on land or a structure thereon in such a way as to become a part of the real property; 2) Any non-portable lighting device built in or attached securely to the structure; 3) The permanent parts of a plumbing system and fixtures.

**Gross Assets:** Anything which has tangible or intangible value, including property of all kinds, both real and personal; includes among other things, patents and causes of action which belong to any person, as well as any stock in a corporation and any interest in the estate of a decedent; also, the entire property of a person, association, corporation, or estate that is applicable or subject to the payment of debts. Gross Assets shall include funds or property held in a living trust or any similar entity or interest, where the person has management rights or the ability to apply the assets to the payment of debts. Assets are evaluated at current fair market value, not accounting book value.

**Gross Income:** Total individual income including:

1. Income from employment, Social Security benefits, alimony and child support;
2. Trust and other investment income; and
3. Net income derived from a business or from income-producing property, after reasonable deductions for expenses, depreciation, taxes, and similar allowances.

Applicant representations of Gross Income are subject to verification and evaluation of reasonableness by the HATT.

**Gross Liabilities:** The total amount owed to other persons including loans, liens, accounts payable and other financial obligations as defined by generally accepted

accounting practice.

**Gross Rent:** Sec Rent

**Guideline(s):** A set of operational regulations adopted by the HATT of the Town of Tusayan and the Tusayan Town Council, and amended from time to time, that set out definitions, standards and procedures that are to be applied to specific Housing Units. These HATT of the Town of Tusayan Guidelines or specific provisions thereof as the context requires.

**HATT:** The Housing Authority of the Town of Tusayan. As used in these Guidelines, the HATT may also mean the Board of Commissioners of the HATT of the Town of Tusayan, or the HATT Staff as the context requires.

**HATT Board:** The Board of Commissioners of the HATT of the Town of Tusayan

**HATT Staff:** The person or persons who the HATT of the Town of Tusayan employs for the purpose of administering these Guidelines.

**Household:** All Owners or Renters, their immediate family which includes spouses, siblings, parents and/ or offspring, either biologically, by marriage or by legal adoption, regardless of age, and any parties who by legal arrangement including by leasehold interest, deed, joint tenancy, tenancy in common, or tenancy in its entirety shall have a legal right to fee ownership or leasehold interest, who will be occupying the Housing Unit.

**Household Income:** Combined Gross Income of all individuals in the Household.

**Household Gross Assets:** Combined Gross Assets of the Household

**Household Net Assets:** Gross Household Assets less Gross Household Liabilities.

**Household Net Worth:** Equivalent of Household Net Assets. Household Net Assets is the term used throughout these Guidelines.

**Housing Unit:** A deed-restricted unit that is subject to the Housing Authority of the Town of Tusayan Guidelines and any additional covenants that run with the land.

**Joint Tenancy:** Ownership of real estate between two or more parties who have been named in one conveyance as joint tenants. Upon the death of one tenant, surviving joint tenant(s) have the right of survivorship.

**Lease:** A written agreement between an owner and a tenant Household that creates a Leasehold Interest.

**Leasehold Interest:** A less than fee simple estate that a tenant possesses in real property.

**Leave of Absence:** An Exception from the requirement that a Qualified Household maintain the Housing Unit in question as its primary place of residence granted according to Section 103.2F.

**Maximum Resale Price [MRS]:** Unless otherwise defined in the Deed Restriction covering the unit, the owner's maximum resale price is determined according to Section 107.

**Mortgagee:** A lender in a mortgage loan transaction.

**Mortgagor:** A borrower in a mortgage loan transaction.

**Net Assets:** Gross Assets minus liabilities. Retirement accounts will be reviewed on a case-by-case basis to determine whether or not they shall be included as a net asset.

**Option to Purchase:** A legal document signed by the Mortgagee, and where applicable a co-signer, acknowledging the provisions of the Deed Restriction and granting a right to the HATT to purchase the Housing Unit in a foreclosure under certain conditions.

**Original Purchase Price (Allowed) [OPP]:** The price paid for the Housing Unit by the current Owner(s) and used as a basis to determine the Maximum Resale Price. The OPP is recorded in the Deed Restriction attached to each Housing Unit.

**Owner:** Owner means an individual or individuals who have a legal right to the property by deed, tenancy in common, joint tenancy or tenancy in the entirety or other relationship and who have a proprietary interest.

**Priority:** The order in which Housing Units are offered to Applicant Households based on the applicable selection procedure (e.g., Waiting List or Lottery) for the Housing Unit in question.

**Present Value:** The cost or price of any capital improvements as established at the time of such improvement and shall be neither appreciated nor depreciated from such time.

**Property:** Includes all real estate of any kind, developed or undeveloped, including but not limited to land, commercial property, investment property, residential property.

**Purchaser:** A person who is buying or has purchased a Housing Unit.

**Qualification:** The minimum standards of employment, residency and/or net assets that are applied to a Qualified Household according to Sections 103.2 and 103.3 above.

**Qualified Household:** A Household that has been certified by the HATT as qualified to own or occupy a Housing Unit according to the Guidelines that apply to that Unit.

**Qualified Owner:** A person other than a Qualified Household who is permitted to own Housing Units.

**Rent:** The rent paid according to the Lease.

**Contract Rent:** Contract Rent does not include the Utilities Allowance. Allowed Gross Rent- Utilities Allowance = Contract Rent.

**Gross Rent (Allowed):** The total amount per month including utilities that a Qualified Owner is allowed to charge to a Household in leasing a Housing Unit. It differs from Contract Rent by the amount of the Utility Allowance (for utilities not included in the rent) that applies to the Housing Unit.

**Gross Rent (Actual):** Actual gross rent may be less than Allowed gross rent due to local market forces. In order to keep a unit occupied, Qualified Owner may be required to charge less than the Gross Rent Allowed.

**Resident:** For purposes of these Guidelines, a Resident is a person who (a) makes their primary residence within the boundaries of the Town of Tusayan and meets the Employment Requirement within the boundaries of the Town of Tusayan, or (b) meets the Employment Requirement, but may not have a primary residence within the boundaries of the Town of Tusayan. For purposes of this definition, "within the boundaries of the Town of Tusayan (the "Town")" means an Employee must verify that they are or have been physically working at a location or combination of locations as a Resident of the Town for the required number of hours.

**Retired:** A person who has met the Employment Requirement for at least 10 consecutive years prior to withdrawal from regular employment or work, and lives on a fixed income, such as a pension, annuity, or other form of capped and fixed income.

**Sale:** For purposes of these Guidelines, a sale is the exchange of a Housing Unit for an agreed amount of money in a single transaction in which title to the Housing Unit is transferred to a new qualified Household.

**Seller:** Seller means an individual or individuals who have a legal right to the property by deed, tenancy in common, joint tenancy or tenancy in the entirety or other relationship and who have a proprietary interest.

**Tenancy In Common:** Co-ownership in which individual holds an undivided interest in real property as if he were sole owner.

**Tenancy in the Entirety:** A special joint tenancy between a lawfully married husband and wife, which places all title to property (real or personal) into the marital unit, with both spouses having an equal, undivided interest in the whole property.

**Tenant:** A person(s) who has the temporary use and occupation of real property owned by another subject to the Guidelines.

**Town:** The Town of Tusayan.

**Town Council:** The Town Council of the Town of Tusayan.

**Volunteer Community Service:** Work which is performed for recognized non-profit community organizations for which no monetary or other material compensation is received. Volunteer Community Services shall not be court order or pursuant to any judicial requirement.

**Wait List:** An official HATT list of all Households that desire to purchase or lease a Housing Unit, and meet the Qualification and Eligibility Criteria listed in Sections 103 and 104, and have submitted a complete and accurate application pursuant to Section 108.

ARIZONA CORP COMMISSION  
FILED

DEC 03 2015

ARTICLES OF INCORPORATION

FILE NO. - 2-51 521-8

OF

GRAND CANYON HOUSING FOUNDATION, Inc.  
(An Arizona Tax-Exempt Non-Profit Corporation)

ARTICLE I

The Name of the tax-exempt non-profit Corporation shall be Grand Canyon Housing Foundation, Inc.

ARTICLE II

The corporation is organized and will be operated exclusively for charitable and educational purposes within the meaning of section 501(c)(3) of the Internal Revenue Code. In pursuance of these purposes it shall have the powers to carry on any business or other activity which may be lawfully conducted by a corporation organized in Arizona, whether or not related to the foregoing purposes, and to do all things necessary, proper and consistent with maintaining tax-exempt status under section 501(c)(3).

ARTICLE III

The character of affairs of the corporation shall be to enhance and support the efforts of the Town of Tusayan to offer and provide affordable housing to its residents, to support financially the construction and sale and/or leasing of affordable housing units to the residents of Tusayan in accordance with relevant housing guidelines. In furtherance of its purpose, the corporation will solicit, receive and distribute charitable funds to provide subsidies and/or assistance to Tusayan residents to develop, construct, or purchase affordable housing within the Town of Tusayan boundaries.

ARTICLE IV

No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, directors, officers or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments in furtherance of the purposes set forth in Article II. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on: (a) by a corporation exempt from Federal Income Tax under Section 501(c)(3) of the United States Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Laws) or (b) by a corporation, contributions to which are deductible under Section

501(c)(3) of the United States Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Laws).

#### ARTICLE V

Upon dissolution of the corporation, the Board of Directors shall, after paying or making provisions for the payment of all liabilities of the corporation, dispose of all its assets exclusively for the purposes of the corporation in such a manner, or to such organizations organized and operated exclusively for charitable, educational, religious or scientific purpose as shall at the time qualify as an exempt organization or organizations under Section 501(c)(3) of the United States Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue Laws) as the Board of Directors shall determine. Any such assets not disposed of shall be disposed of by the Coconino County Superior Court exclusively for such purpose or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purpose.

#### ARTICLE VI

The corporation will hold harmless and indemnify, to the fullest extent permissible under the provisions of A.R.S. §§ 10-3850 through 10-3858, or provisions of any successor amended statutes, each of its directors and officers ("indemnitee") against any and all liability and expenses incurred by indemnitee in connection with any threatened or actual proceeding or legal action resulting from indemnitee's service to the corporation or to another entity at the corporation's request.

#### ARTICLE VII

The initial Board of Directors shall consist of five (5) directors. The names and addresses of the persons who are to serve as the directors until the first annual meeting of the members, or until their successors are elected and qualify are:

Grog Bryan, 845 Mustang Drive, Tusayan, AZ 86023  
Craig Sanderson, 845 Mustang Drive, Tusayan, AZ 86023  
John Rueter, 845 Mustang Drive, Tusayan, AZ 86023  
Al Montoya, 845 Mustang Drive, Tusayan, AZ 86023  
John Schoppman, 845 Mustang Drive, Tusayan, AZ 86023

The number of persons to serve on the Board of Directors thereafter shall be defined by the Bylaws.

#### ARTICLE VIII

The street address of the known place of business of the Corporation is 845 Mustang Drive, Tusayan, AZ 86023.

#### ARTICLE IX

The name and address of the statutory agent of the Corporation is: Sims Murray, Ltd., 2020 N. Central Avenue, Suite 670, Phoenix AZ 85004.

**ARTICLE X**

The name and address of the incorporator is: Eric Duthie, 845 Mustang Drive, Tusayan, AZ 86023.

All powers, duties and responsibilities of the incorporator shall cease at the time of delivery of these Articles of Incorporation to the Arizona Corporation Commission.

**ARTICLE XI**

The corporation will not practice or permit discrimination on the basis of sex, age, race, national origin, religion or physical handicap or disability.

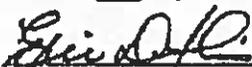
**ARTICLE XII**

The personal liability of a director of this corporation to the corporation or its members for money damages for any action taken or any failure to take any action as an officer is eliminated and such members are immune to the extent provided by the Arizona Nonprofit Corporation Act, including (without limitation) A.R.S. § 10-3202, and any amendments thereto.

**ARTICLE XIII**

The corporation will not have any members.

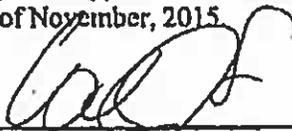
EXECUTED this 23 day of November, 2015 by the corporation.

Signed:   
Eric Duthie as Incorporator

Phone: 928-638-9909

**Acceptance of Appointment by Statutory Agent**

The undersigned hereby acknowledges and accepts the appointment as statutory agent of the above-named corporation effective this 30 day of November, 2015

Signed:   
William J. Sims III for Sims Murray, Ltd.

DO NOT WRITE ABOVE THIS LINE; RESERVED FOR ACC USE ONLY.

## STATUTORY AGENT ACCEPTANCE

Please read Instructions MQ02i

1. **ENTITY NAME** – give the **exact** name in Arizona of the corporation or LLC that has appointed the Statutory Agent (this must match exactly the name as listed on the document appointing the statutory agent, e.g., Articles of Organization or Article of Incorporation):

GRAND CANYON HOUSING FOUNDATION, Inc.

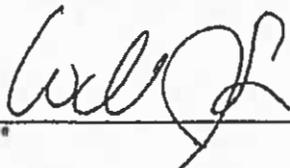
2. **STATUTORY AGENT NAME** – give the exact name of the Statutory Agent appointed by the entity listed in number 1 above (this will be *either* an individual or an entity). **NOTE** - the name must match **exactly** the statutory agent name as listed in the document that appoints the statutory agent (e.g. Articles of Incorporation or Articles of Organization), including any middle initial or suffix:

Sims Murray, Ltd.

### 3. STATUTORY AGENT SIGNATURE:

By the signature appearing below, the individual or entity named in number 2 above accepts the appointment as statutory agent for the entity named in number 1 above, and acknowledges that the appointment is effective until the appointing entity replaces the statutory agent or the statutory agent resigns, whichever occurs first.

The person signing below declares and certifies *under penalty of perjury* that the information contained within this document together with any attachments is true and correct, and is submitted in compliance with Arizona law.



William J. Sims III

11/30/15

Signature

Printed Name

Date

**REQUIRED** – check only one:

<input type="checkbox"/> <b>Individual as statutory agent:</b> I am signing on behalf of myself as the individual (natural person) named as statutory agent.	<input checked="" type="checkbox"/> <b>Entity as statutory agent:</b> I am signing on behalf of the entity named as statutory agent, and I am authorized to act for that entity.
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Filing Fee: none (regular processing)  
Expedited processing – not applicable.  
All fees are nonrefundable – see Instructions.

Mall: Arizona Corporation Commission – Corporate Filings Section  
1300 W. Washington St., Phoenix, Arizona 85007  
Fax: 602-542-4100

Please be advised that A.C.C. forms reflect only the minimum provisions required by statute. You should seek private legal counsel for those matters that may pertain to the individual needs of your business.  
All documents filed with the Arizona Corporation Commission are public record and are open for public inspection.  
If you have questions after reading the instructions, please call 602-542-3026 or (within Arizona only) 800-345-5819.

DO NOT WRITE ABOVE THIS LINE; RESERVED FOR ACC USE ONLY.

## CERTIFICATE OF DISCLOSURE

Read the Instructions C003

1. **ENTITY NAME** - give the exact name of the corporation in Arizona:

GRAND CANYON HOUSING FOUNDATION, Inc.

2. **A.C.C. FILE NUMBER** (if already incorporated or registered in AZ): \_\_\_\_\_

Find the A.C.C. file number on the upper corner of filed documents OR on our website at: <http://www.azcc.gov/Divisions/Corporations>

3. Check only one of the following to indicate the type of Certificate:

- Initial (accompanies formation or registration documents)  
 Annual (credit unions and loan companies only)  
 Supplemental to COD filed \_\_\_\_\_ (supplements a previously-filed Certificate of Disclosure)

### 4. FELONY/JUDGMENT QUESTIONS :

Has any person (a) who is currently an officer, director, trustee, or incorporator, or (b) who controls or holds over ten per cent of the issued and outstanding common shares or ten per cent of any other proprietary, beneficial or membership interest in the corporation been:

4.1	Convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven year period immediately preceding the signing of this certificate?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
4.2	Convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses or restraint of trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the signing of this certificate?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
4.3	Subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the signing of this certificate, involving any of the following: a. The violation of fraud or registration provisions of the securities laws of that jurisdiction; b. The violation of the consumer fraud laws of that jurisdiction; c. The violation of the antitrust or restraint of trade laws of that jurisdiction?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
4.4	If any of the answers to numbers 4.1, 4.2, or 4.3 are YES, you MUST complete and attach a Certificate of Disclosure Felony/Judgment Attachment form C004.		

**5. BANKRUPTCY QUESTION:**

<p><b>5.1</b> Has any person (a) who is currently an officer, director, trustee, incorporator, or (b) who controls or holds over twenty per cent of the issued and outstanding common shares or twenty per cent of any other proprietary, beneficial or membership interest in the corporation, served in any such capacity or held a twenty per cent interest in any other corporation (not the one filing this Certificate) on the bankruptcy or receivership of the other corporation?</p>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<p><b>5.2</b> If the answer to number 5.1 is YES, you <b>MUST</b> complete and attach a Certificate of Disclosure Bankruptcy Attachment form C005.</p>		

**IMPORTANT:** If within 60 days of the delivery of this Certificate to the A.C.C. any person not included in this Certificate becomes an officer, director, trustee or person controlling or holding over ten per cent of the issued and outstanding shares or ten per cent of any other proprietary, beneficial or membership interest in the corporation, the corporation must submit a SUPPLEMENTAL Certificate providing information about that person, signed by all incorporators or by a duly elected and authorized officer.

**SIGNATURE REQUIREMENTS:**

Initial Certificate of Disclosure:	This Certificate must be signed by all incorporators. If more space is needed, complete and attach an Incorporator Attachment form C084.
Foreign corporations:	This Certificate may be signed by a duly authorized officer or by the Chairman of the Board of Directors.
Credit Unions and Loan Companies:	This Certificate must be signed by any 2 officers or directors.

**Eric Duthie**

Name  
 845 Mustang Drive  
 Address 1  
 Address 2  
 Tusayan AZ 86023  
 City State Zip  
 Country UNITED STATES

**SIGNATURE - see Instructions C003i:**

By typing or entering my name and checking the box marked "I accept" below, I acknowledge under penalty of perjury that this document together with any attachments is submitted in compliance with Arizona law.

  I ACCEPT

Eric Duthie 11/23/15  
 Printed Name Date

**REQUIRED - check only one:**

- Incorporator - I am an incorporator of the corporation submitting this Certificate.
- Officer - I am an officer of the corporation submitting this Certificate
- Chairman of the Board of Directors - I am the Chairman of the Board of Directors of the corporation submitting this Certificate.
- Director - I am a Director of the credit union or loan company submitting this Certificate.

Name  
 Address 1  
 Address 2  
 City State Zip  
 Country

**SIGNATURE - see Instructions C003i:**

By typing or entering my name and checking the box marked "I accept" below, I acknowledge under penalty of perjury that this document together with any attachments is submitted in compliance with Arizona law.

I ACCEPT

Signature  
 Printed Name Date

**REQUIRED - check only one:**

- Incorporator - I am an incorporator of the corporation submitting this Certificate.
- Officer - I am an officer of the corporation submitting this Certificate
- Chairman of the Board of Directors - I am the Chairman of the Board of Directors of the corporation submitting this Certificate.
- Director - I am a Director of the credit union or loan company submitting this Certificate.

Filing Fee: None All fees are nonrefundable - see Instructions.	Mail: Arizona Corporation Commission - Corporate Filings Section 1300 W. Washington St., Phoenix, Arizona 85007 Fax: 602-542-4100
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Please be advised that A.C.C. forms reflect only the minimum provisions required by statute. You should seek private legal counsel for those matters that may pertain to the individual needs of your business.  
 All documents filed with the Arizona Corporation Commission are public record and are open for public inspection.  
 If you have questions after reading the Instructions, please call 602-542-3026 or (within Arizona only) 800-345-5819.

**Item No. 6F**

When Recorded, Return to:  
Town Clerk  
Town of Tusayan  
PO Box 709  
Tusayan, AZ 86023

With a copy to:  
Grady Gammage, Jr.  
Gammage & Burnham  
Two North Central Avenue  
Fifteenth Floor  
Phoenix, AZ 85004

**SECOND AMENDMENT  
TO  
PRE-ANNEXATION AND  
DEVELOPMENT AGREEMENT  
Agreement No. \_\_**

**BETWEEN THE TOWN OF TUSAYAN,  
an Arizona municipal corporation**

**and**

**STILO DEVELOPMENT GROUP USA, LP**

This Second Amendment to Pre-Annexation and Development Agreement (the “**Second Amendment**”) is entered into as of the 1st day of June, 2016 (“**Effective Date**”), by and between the **TOWN OF TUSAYAN**, an Arizona municipal corporation (the “**Town**”) and **STILO DEVELOPMENT GROUP USA, L.P.**, an Arizona Limited Partnership (“**Stilo**”). For purposes of this Second Amendment, Stilo and the Town are herein referred to collectively as the “**Parties.**”

### **RECITALS**

A. The Town and Stilo entered into the Pre-Annexation and Development Agreement, dated as of July 1, 2011 (the “**Prior Agreement**”). The Prior Agreement was determined to be a legislative act pursuant to stipulation in the matter of Stilo Development USA, LP, et al. v. Town of Tusayan, et al., Case No. CV2012-00080, Coconino County Superior Court. The Prior Agreement was amended by that certain First Amendment to Pre-Annexation and Development Agreement dated January 22, 2014 (the “**First Amendment**”).

B. The parties now desire to make administrative modifications to certain provisions of the First Amendment.

C. Because the provision of housing for residents of the Town continues to be of critical importance to the Town and Stilo and the ability of both parties to provide housing has been delayed by the actions of the U.S. Forest Service, Stilo and the Town wish to modify the timing of the occurrence of certain provisions of the First Amendment by this Second Amendment.

**NOW, THEREFORE**, in consideration of the foregoing premises and mutual promises set forth in this Second Amendment, the Town and Stilo state, confirm, and agree as follows:

### **AGREEMENT**

1. **Recitals.** The recitals set forth above are acknowledged by the parties to be true and correct and are incorporated herein by this reference.

2. **Prior Agreement.** The terms of the Prior Agreement and First Amendment are incorporated by reference, unless expressly modified by this Second Amendment. Capitalized terms and Exhibit references not otherwise defined herein shall have the meaning ascribed to such terms in the Prior Agreement and/or First Amendment.

3. **Infrastructure to Kotzin and TenX sites. Section 5(d), 5(e)(i), 5(e)(ii) and 5(e)(iii)** of the First Amendment shall be deleted and replaced with the following:

(d) **Infrastructure to Town Housing Parcels.** Stilo shall commence the construction of the Necessary Infrastructure to Kotzin before TenX and has the right to utilize the CV Escrow Account (as defined in Section 8(c)(i)) funds for such purposes. Necessary Infrastructure specifically includes providing backbone infrastructure to the Town Housing Parcels as well as to Kotzin and TenX, none of which may be developed until the Final Approval of the Forest Service Application (as those terms are defined in Section 5(f)) for the Necessary Infrastructure is obtained with the exception

of the Second Town Housing parcel, which may be developed subject to applicable deed restrictions. For each Town Housing Parcel through which a main road connects property not owned by the Town, Stilo will construct the Necessary Infrastructure through the Town Housing Parcel. Necessary Infrastructure does not include distribution lines or any other On-site Infrastructure to individual lots or homes on the Town Housing Parcels.

(e) (i) Stilo shall fund the costs for submittal and processing the Forest Service Application subject to a budget estimated at Nine Hundred Thousand (\$900,000.00), which may be modified subject to mutual agreement of the parties. In addition, Stilo shall reimburse the Town for all reasonable direct expenses incurred by the Town for internal staff time and external service providers in excess of One Hundred Thousand and No/100 (\$100,000.00). The Town and Stilo shall, on a pro-rata basis, share in the direct expenses incurred by the Town up to the \$100,000 contribution limit.

(ii) If the approval of the Forest Service Application is rejected, or administratively or judicially appealed, the Town shall agree to seek judicial review and/or to intervene in the proceedings utilizing counsel selected by Stilo and approved by the Town, which approval shall not be unreasonably withheld, conditioned or delayed, at Stilo's cost. In addition, the Town will support Stilo in any independent attempt to seek judicial review or intervene in any such proceedings.

(iii) If the Town has not obtained initial approval of the Forest Service Application by the U.S. Forest Service deciding officer within three (3) years of the Effective Date of this First Amendment and Stilo has not been the direct cause of the failure to obtain said approval or otherwise failed to meet its funding obligations set forth above, Stilo shall have the right but not the obligation at any time thereafter to take full control of the permitting process. The deadline established pursuant to this Section 5(e)(iii) shall be extended pursuant to Section 5(e). If Stilo elects to do so, the Town shall promptly cooperate to effectuate the transfer of the management of the Forest Service Application as directed by Stilo.

**4. Transfer of Parcels to Town for Housing. Section 7(a), 7(a)(ii), 7(a)(iii), 7(g), 7(g)(i), 7(g)(ii) and 7(g)(iii) of the First Amendment shall be deleted in its entirety and replaced with the following:**

(a) Transfer of Forty Acres to Town for Housing. In order to induce the Town to enter into the Prior Agreement (including the annexation of TenX and the approval of zoning of the Stilo Parcels) and the First Amendment and in order to assist the Parties in meeting the housing needs of the

community, Stilo has designated forty (40) acres to be transferred in fee simple ownership to the Town for the purpose of providing housing and employment opportunities within the Town. The First Town Housing Parcel and the Second Town Housing Parcel (as defined herein) shall collectively be referred to as the “**Town Housing Parcels.**”

(ii) Upon execution and delivery of this Second Amendment, Stilo agrees to transfer a second twenty (20) acre parcel to the Town (the “**Second Town Housing Parcel**”) pursuant to the escrow instructions attached hereto as Exhibit “A”. The parties agree that the Second Town Housing Parcel shall be located at TenX as legally described and depicted on Exhibit “B” to this Second Amendment.

(iii) Upon the delivery of the escrow instructions for the Second Town Housing Parcel, the parties shall direct Stewart Title (the “**Escrow Agent**”) to terminate the prior joint escrow instructions dated February 26, 2014 submitted to Escrow Agent following execution of the First Amendment.

(g) Escrow Instructions and Location of the Second Town Housing Parcel. Also upon execution and delivery of this Second Amendment, Stilo shall execute and deliver to Escrow Agent one (1) fully executed deed and accompanying Second Town Housing Parcel Escrow Instructions in the form of Exhibit “A” (the “**Second Town Housing Parcel Escrow Instructions**”) for the Town’s acquisition of the Second Town Housing Parcel.

5. Interim Housing at Camper Village. Section 8(c), 8(c)(i), 8(c)(ii) and 8(c)(iv) of the First Amendment shall be deleted in its entirety and replaced with the following, including a new 8(c)(v) and new 8(c)(vi):

(c) Transition of CV to Commercial Uses. The parties intend CV to ultimately become a commercial/mixed use site, and the PCD zoning application for Camper Village reflects this long-term plan. Subject to conditions set forth below, the owner of Camper Village (the “**CV Owner**”) or an affiliate of the CV Owner shall have the right, but not the obligation, to construct Limited Commercial Development (as defined below) at CV during the “**Camper Village Limited Commercial Development Period**” (as defined below). At the point at which housing (other than housing on the Town Housing Parcels) becomes available at Kotzin or TenX, Stilo shall phase out the Interim Housing at CV which is required by the First Amendment and shall provide relocation assistance for owners of Interim Housing provided pursuant to this Section 8 to either a Town Housing Parcel or to the Initial Subdivision (as that term is defined in Section 10(a) of this First Amendment); provided, however, that the obligation to provide such relocation assistance shall be limited to providing relocation to

individuals who have purchased Interim Housing and shall not be available for businesses that have purchased Interim Housing.

(i) The CV Owner must deposit into a jointly established escrow account (the “**CV Escrow Account**”) a surety bond or cash in an amount equal to the greater of Three Million and 00/100 Dollars (\$3,000,000) or two-thirds of an Engineer’s Estimate as a form of financial assurance for the construction of the Necessary Infrastructure to Kotzin (the “**CV Financial Assurance**”). The CV Financial Assurance shall be provided to the Town on or before the conclusion of the Kotzin Access Construction Period. The CV Escrow Account instructions shall provide that interest on any deposited funds shall be paid to the CV Owner and that no withdrawals from the CV Escrow Account, other than quarterly disbursements of any interest paid to the CV Owner, may be made without the prior written approval of the Town; and

(ii) Camper Village Limited Commercial Development (as defined below) shall be subject to a site plan (the “**Camper Village Limited Commercial Development Site Plan**”) which shall be submitted to the Town Council for preliminary consideration within three hundred and sixty-five (365) days after the Effective Date for preliminary Town Council review. Thereafter, the Camper Village Limited Commercial Development Site Plan shall be subject to review and approval pursuant to Section 13-10 of the Town Zoning Code, except that any action by the Planning and Zoning Commission is subject to the review and approval of the Town Council. In addition, the Camper Village Limited Commercial Development shall be subject to the terms, conditions and stipulations established pursuant to the CV Zoning Approval, except as modified by this Section 8(c)(ii). Except as provided in Section 8(c)(v), Stilo must construct sufficient residential housing on Camper Village to serve prospective employees who will work in the Camper Village Limited Commercial Development (“**Camper Village Employee Housing**”). The constructed Camper Village Employee Housing shall be in addition to and shall not supplant those temporary homes that constitute the Interim Housing and are the subject of leases or purchase agreements pursuant to Section 8(b) of this First Amendment. Camper Village Employee Housing may only consist of (A) multifamily dwellings authorized pursuant to the CV Zoning Approval and (B) those Interim Housing units that are not the subject of leases or purchase agreements pursuant to Section 8(b) of this First Amendment. Notwithstanding the foregoing provisions of this subsection (ii), Stilo shall be authorized to move the location of the temporary homes/sites that comprise the Interim

Housing to construct the Limited Commercial Development but may not reduce the number of such temporary homes/sites.

(iv) **“Limited Commercial Development”** at CV shall mean that the CV Owner or affiliate may develop CV pursuant to the CV Vested Zoning subject to the conditions set forth above. If, pursuant to this Agreement, the required Camper Village Employee Housing is not provided, then no commercial development may occur at CV until the Initial Subdivision is established at Kotzin or TenX. If the Limited Commercial Development at CV is constructed, and if Stilo constructs the Initial Subdivision (as defined in Section 10(a)) at either Kotzin or TenX, Stilo may thereafter convert the Camper Village Employee Housing to uses permitted by the CV Vested Zoning, provided the number of dwelling units in the Camper Village Employee Housing is replaced by an equal or greater number of dwelling units on Kotzin or TenX consistent with Stilo’s Vested Zoning.

(v) Notwithstanding Section 8(c)(ii), if Final Forest Service Approval has not occurred on or before the third anniversary of the Effective Date (the **“Third Anniversary”**), Stilo shall have the right, but not the obligation, to provide Camper Village Employee Housing at locations other than Camper Village in Tusayan or within thirty (30) miles of the exterior corporate boundary thereof (the **“Off-Site Locations”**) according to the following formula: (A) for the two (2) year period following the Third Anniversary, Stilo may provide up to fifty percent (50%) of the Camper Village Employee Housing at Off-Site Locations; (B) if two (2) years after the Third Anniversary Final Forest Service Approval has not occurred, Stilo may locate up to an additional ten percent (10%) of the Camper Village Employee Housing at Off-Site Locations; (C) if four (4) years after the Third Anniversary Final Forest Service Approval has not occurred, Stilo may locate up to an additional ten percent (10%) of the Camper Village Employee Housing at Off-Site Locations; (D) if six (6) years after the Third Anniversary Final Forest Service Approval has not occurred, Stilo may locate up to an additional ten percent (10%) of the Camper Village Employee Housing at Off-Site Locations; (E) if eight (8) years after the Third Anniversary Final Forest Service Approval has not occurred, Stilo may locate up to an additional ten percent (10%) of the Camper Village Employee Housing at Off-Site Locations; and (F) if ten (10) years after the Third Anniversary Final Forest Service Approval has not occurred, Stilo may locate up to an additional ten percent (10%) of the Camper Village Employee Housing at Off-Site Locations. Upon the occurrence of Final Forest Service Approval, the Camper Village employees residing at Off-Site Locations shall be capped at

the number of such employees on the date of Final Forest Service Approval.

(vi) Following the Third Anniversary, the number of permitted single family residential units that the Town or its designee may construct on the TenX Second Town Housing Parcel (the “**Authorized Residential Unit Cap**”) shall increase based on the percentage increase of Camper Village Employee Housing authorized and elected by Stilo to be placed at Off-Site Locations on the dates that occur (2) years, (4) years, six (6) years, eight (8) years and ten (10) years after the Third Anniversary as permitted by Section 8(c)(v) of this Second Amendment. The Authorized Residential Unit Cap shall increase one residential unit for each percentage increase in Camper Village Employee Housing authorized and elected by Stilo to be placed at Off-Site Locations. Without limiting the generality of the two preceding sentences, and by way of illustration only: if on the date that occurs two (2) years after the Third Anniversary Final Forest Service Approval has not occurred and Stilo is authorized and elects to relocate an additional ten percent (10%) of the Employee Housing to Off-Site Locations, the Authorized Residential Unit Cap shall increase to thirty (30), and if on the date that occurs four (4) years after the Third Anniversary Final Forest Service Approval has not occurred and Stilo is authorized and elects to relocate an additional ten percent (10%) of the Camper Village Employee Housing to Off-Site Locations, the Authorized Residential Unit Cap shall increase to forty (40).

6. **Vesting of Zoning.** The second sentence of **Section 9(b)** of the First Amendment shall be deleted in its entirety and replaced with the following:

(b) **Future Modifications.** Thereafter, Stilo’s Properties shall be “**Irrevocably Vested**” and, for purposes herein, “**Irrevocably Vested**” means that Stilo shall have the right to develop Kotzin, TenX and Camper Village pursuant to the terms of this First and Second Amendment and pursuant to zoning approvals and the Town’s ordinances and regulations as of the Effective Date.

7. **Entire Agreement.** The Prior Agreement and First Amendment, as modified by this Second Amendment, including all exhibits set forth below which are incorporated herein as if fully set forth in the text, constitutes the entire understanding and agreement of the parties and hereby modifies that Prior Agreement made of record at in Coconino County, Arizona as Instrument No. 3610450 and that First Amendment also made of record in Coconino County, Arizona as Instrument No. 3687289. This Second Amendment integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous

agreements (except for the remaining terms of the Prior Agreement and First Amendment) between the parties with respect to all or any part of the subject matter hereof.

Exhibit A      Escrow Instructions and Form of Deed for Second Town Housing Parcel

Exhibit B      Legal Description and Depiction of Second Town Housing Parcel

8.      **Miscellaneous.** Except as expressly amended hereby, the Prior Agreement and First Amendment shall remain in full force and effect. This Second Amendment shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns. This Second Amendment may be executed in one or more counterparts, all counterparts shall be valid and binding on the party executing them and all counterparts shall together constitute one and the same document for all purposes. This Second Amendment may be executed and delivered by facsimile signature for execution on the part of one or more parties hereto and upon one party sending via facsimile to another party a facsimile copy of a signature page showing the sending party's execution or signature, the sending party shall be bound by such signature or execution.

IN WITNESS WHEREOF, the Town has caused this Second Amendment to be duly executed in its name and behalf by its Mayor and its seal to be hereunto duly affixed and attested to by the Town Clerk, and the Developer has executed and sealed the same on or as of the day and year first above written.

ATTEST:

**THE TOWN OF TUSAYAN,**  
an Arizona municipal corporation

\_\_\_\_\_  
Town Clerk

By \_\_\_\_\_  
\_\_\_\_\_, Mayor

STATE OF ARIZONA            )  
  ) ss.  
COUNTY OF COCONINO        )

On this \_\_\_\_ day of \_\_\_\_, 2016, before me, the undersigned officer, personally appeared \_\_\_\_\_, who acknowledged himself to be Mayor of THE TOWN OF TUSAYAN, an Arizona municipal corporation, whom I know personally/whose identity was proven to me on the oath of \_\_\_\_\_, a credible witness by me duly sworn/whose identity was proven to me on the basis of satisfactory evidence to be the person whose name is subscribed to this instrument/whose identity I verified on the basis of his \_\_\_\_\_, and he, in such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained on behalf of that entity.

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

\_\_\_\_\_  
Notary Public

STILO DEVELOPMENT GROUP USA, L.P., an  
Arizona limited partnership

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

STATE OF ARIZONA            )  
  ) ss.  
COUNTY OF MARICOPA    )

On this \_\_\_\_ day of \_\_\_\_\_, 2016, before me, the undersigned officer, personally appeared \_\_\_\_\_ who acknowledged him/herself to be the \_\_\_\_\_ of STILO DEVELOPMENT GROUP USA, L.P., an Arizona limited partnership, whom I know personally/whose identity was proven to me on the oath of \_\_\_\_\_, a credible witness by me duly sworn/whose identity was proven to me on the basis of satisfactory evidence to be the person whose name is subscribed to this instrument/whose identity I verified on the basis of his/her \_\_\_\_\_, and s/he, in such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained on behalf of that entity.

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

\_\_\_\_\_  
Notary Public

**EXHIBIT A TO SECOND AMENDMENT**

**ESCROW INSTRUCTIONS AND FORM OF DEED FOR SECOND TOWN  
HOUSING PARCEL**

This Escrow Agreement (the “**Agreement**”) is made as of \_\_\_\_\_, 2016 by and among the Town of Tusayan, an Arizona municipal corporation (the “**Town**”), Stilo Development Group USA Limited Partnership., an Arizona limited partnership (“**Stilo**”) and Stewart Title Company, a \_\_\_\_\_ corporation (“**Stewart Title**”)

**R E C I T A L S**

A. The Town and Stilo are party to that certain Pre-Annexation and Development Agreement, Agreement No. 2011-11-02, dated July 1, 2011 and recorded November 9, 2011 as instrument number 3610450, Records of Coconino County, Arizona, the associated Memorandum of Development Agreement Exhibits dated November 17, 2011 and recorded November 23, 2011 as instrument number 3611694, Records of Coconino County, Arizona as amended by that First Amendment dated January 22, 2014 and recorded May 11, 2014 as instrument number 3687289 in the Records of Coconino County, Arizona, as further amended by that Second Amendment dated \_\_\_\_\_, 2016 and recorded \_\_\_\_\_ as instrument number \_\_\_\_\_ in the Records of Coconino County, Arizona (the “**Second Amendment**”)(the Pre-Annexation and Development Agreement, “**First Amendment**”, and “**Second Amendment**” shall collectively hereafter be referred to as the “**Development Agreement**”).

B. Among the parcels of real property subject to the Development Agreement are the following Coconino County tax parcels:

502-16-006 (the “**Kotzin Property**”) and;  
502-14-001 (the “**TenX Property**”) as depicted on Exhibit A.

C. Stilo owns the Kotzin Parcel and the TenX Parcel.

D. Pursuant to Section 7(g) of the Second Amendment, Stilo is obligated to transfer title to twenty (20) acres of the TenX Property (the “**TenX Second Town Housing Parcel**”) to the Town for no monetary consideration. The obligation of Stilo to transfer to the Town the TenX Second Town Housing Parcel is irrevocable. Section 7(g) of the Second Amendment establishes certain conditions which establish when the TenX Second Town Housing Parcel is to be transferred. Those conditions are set forth in Section 9 of this Agreement.

E. The precise legal description of the TenX Second Town Housing Parcel is generally depicted at Exhibit A.

F. Stilo has established an escrow account (No. 11450318) (the “**Escrow**”) at Stewart Title to irrevocably transfer title to the TenX Second Town Housing Parcel to the Town pursuant to this Agreement.

G. The Development Agreement was determined to be a legislative act pursuant to stipulation in the matter of *Stilo Development Group USA, LP, et al. v. Town of Tusayan, et al.*, Case No. CV2012-00080, Coconino County Superior Court.

H. This Agreement implements the Development Agreement and unless otherwise defined, capitalized terms used herein shall have the meaning set forth in the Development Agreement.

## A G R E E M E N T S

1. Recitals as Agreements. The foregoing Recitals are true and correct and are incorporated herein as agreements.

2. Irrevocability. This Agreement and the Escrow become irrevocable upon delivery of a fully signed copy of this Agreement to Stewart Title. This Agreement and the Escrow shall remain irrevocable and in full force and effect until Closing.

3. Deeds for Transfer of the TenX Second Town Housing Parcel. Transfer of fee simple title to the TenX Second Town Housing Parcel shall be pursuant to a deed in the form attached as Exhibit B (the "Deed"), a fully signed original of which shall be deposited with Stewart Title contemporaneously with the delivery into Escrow of a fully signed copy of this Agreement. Stilo hereby irrevocably delivers the Deed to Security Title to be held in trust for the benefit of the Town pursuant to the terms of this Agreement. The legal descriptions shall be attached to the Deed upon completion of a Survey as set forth herein.

4. Conditions Precedent to the Transfer of the TenX Second Town Housing Parcel.

a. Title Commitment. Within ten (10) days after the execution of this Agreement, Stilo's shall cause Stewart Title to deliver to the Town and to Stilo an Arizona form title commitment ("**Title Commitment**") for the relevant property together with copies of all documents and other items referred to in the Title Commitment as exceptions. The Title Commitment shall be for an extended owner's policy of title insurance ("**Title Policy**") in an amount to be agreed upon by the parties not later than ten (10) days prior to the Closing Date (as that date is determined pursuant to Section 9 of this Agreement).

b. Title Review. The Town shall have forty-five (45) days to examine the Title Commitment and to specify to Stilo in writing those items reflected therein that the Town will accept subject to (the "**Permitted Encumbrances**") and those matters reflected in the Title Commitment that the Town finds objectionable. The Town need not object to any monetary encumbrances, which Stilo agrees to remove at or prior to the Closing Date. If the Town makes any such written objection, Stilo shall have until the Closing Date to use its good faith efforts to cure such objections and have the Title Commitment updated to reflect such cure; provided, however, that Stilo shall have no obligation to spend more than \$3,500 (the "**Maximum Cure Amount**") to affect such cure. The Maximum Cure Amount shall not limit Stilo's obligation to remove monetary encumbrances. If Stilo anticipates that the Maximum Cure Amount will be exceeded, Stilo shall notify the Town and within

thirty (30) days thereafter the Town and Stilo shall mutually agree upon a substitute twenty (20) acre parcel to replace the parcel that is the subject of the objection for which the Maximum Cure Amount will be exceeded. The Town and Stilo shall continue this process until a replacement parcel can be identified. If a replacement parcel cannot be identified for which a Town objection can be cured at cost less than the Maximum Cure Amount, Stilo must cure the Town's objection for the replacement parcel for which the lowest amount must be expended to cure the Town's objection. If the Town's objections cannot be resolved, the dispute shall be resolved in the manner set forth in the Development Agreement. If the Town fails to give written notice to Stilo of any objections during the forty-five (45) day review period, it shall be deemed that all exceptions shown in the Title Commitment are acceptable, and all such exceptions shall be Permitted Encumbrances.

c. Survey. Within thirty (30) days after the Effective Date of the Second Amendment, Stilo shall provide to the Town (at a cost shared equally with the Town) and Stewart Title a Record of Survey by Woodson Engineering and Surveying Co., Inc. (Project No. – 113672) (“Survey”) that provides legal descriptions for the TenX Second Town Housing Parcel. The Survey and updated legal descriptions shall be submitted to the Town for approval. Upon such receipt, the Town shall have ten (10) days to examine the Survey with regard to the TenX Second Town Housing Parcel and to specify to Stilo in writing those items reflected thereon that the Town finds objectionable. If the Town makes any such written objection, Stilo and the Town shall jointly work in good faith with the surveyor to resolve the Town's objections but Stilo shall not be required to spend more than the Maximum Cure Amount to resolve any of the Town's objections to the Survey and to the condition of title, taken jointly, subject to Stilo's obligation to identify a replacement parcel that is acceptable to the Town in accordance with a process consistent with the review and approval process set forth in Section 4.b above. Should the parties be unable to resolve any of the Town's objections, the dispute will be resolved in the manner set forth in the Development Agreement. Upon the passage of the Town's sixty (60) day examination and objection period without Stilo's receipt of any written objections, or upon the resolution of such objections, the Survey, as revised if necessary, shall be delivered to Stewart Title.

d. Environmental Reports. If Stilo has in its possession a Phase I environmental assessment report pertaining to the TenX Second Town Housing Parcel, Stilo shall, without representation or warranty, deliver such report/s to the Town within ten (10) days after the date of execution hereof. If Stilo does not have such reports in its possession, it shall have no obligation to obtain one., The Town may also (at its expense) order a Phase I environmental report and additional environmental reports if necessary for the TenX Second Town Housing Parcel. If the Town objects to the parcel based on information provided in an environmental report, the Town must provide that objection to Stilo within forty-five (45) days after the delivery of a fully signed original environmental report. Thereafter, the parties shall work in good faith to resolve the Town's objections, but Stilo shall have no financial obligation concerning the Town's objections, subject to Stilo's obligation to identify a replacement parcel that is acceptable to the Town in accordance with a process consistent with the review and approval process set forth in Section 4.b

above. If the Town's objections cannot be resolved, the dispute shall be resolved in the manner set forth in the Development Agreement.

5. Inspection of the TenX Second Town Housing Parcel. At any time prior to the Closing Date, the Town shall have the right but not the obligation, at its sole cost, expense and risk, to enter upon and to examine and inspect the TenX Second Town Housing Parcel and to conduct any feasibility studies thereon that it may desire. Stilo shall be entitled to copies of all test results, inspection reports or feasibility reports generated as a result of any such study, including (without limitation) any environmental reports obtained by the Town pursuant to Section 4.e above; provided, however, that the Town does not warrant or represent the accuracy of any such items. Should the Town avail itself of the rights set forth in this Section 5, the Town shall indemnify and hold Stilo harmless to the extent permitted by law from and against any and all costs, liabilities, claims, liens, encumbrances or causes of action (including, without limitation, reasonable attorneys' fees) arising out of the Town's actions taken in conjunction with exercising its rights under this Section 5, and such indemnification obligation shall survive the Closing Date.

6. Representations and Warranties of Stilo.

a. Except as expressly set forth herein and in the Deed applicable to a conveyed parcel, Stilo makes no representations or warranties of any kind to the Town including, without limitation, the physical condition of the TenX Second Town Housing Parcel or its suitability for any particular purpose.

b. Stilo hereby warrants and represents that it has full authority to enter into and perform its obligations under this Agreement.

c. Stilo hereby warrants and represents that no real estate commission is due to be paid as a result of its involvement in this Agreement and hereby agrees to defend, indemnify and hold the Town harmless from and against any claim by third parties arising by, through or under it for brokerage, commission, finder's or any fees relative to this Agreement or the transfer of the TenX Second Town Housing Parcel.

d. Neither the execution of this Agreement or any of the deeds described herein nor the consummation of the transactions contemplated hereby will constitute a default or an event which, with notice or the passage of time or both, would constitute a default under, or violation or breach of, any agreement, court order or other arrangement to which Stilo is a party or by which Stilo may be bound.

e. To Stilo's actual knowledge, there is no investigation, litigation or proceeding pending or threatened, which adversely affects the property described herein, Stilo's interest therein, or Stilo's ability to perform hereunder. Stilo has not received notice of and does not have any knowledge of, any pending or threatened investigation, litigation or proceeding in eminent domain, special assessment, zoning, or otherwise, which would adversely affect the property described herein.

f. To Stilo's actual knowledge, the property described herein is in compliance with all federal and state environmental laws, codes, orders, decrees, rules, regulations and ordinances and no environmental pollutant has been stored or exists in, on, under or around the property described herein. No environmental legal action exists nor, to Stilo's actual knowledge, is there a basis for such an action with respect to the property. Without limiting the foregoing, for purposes of this Agreement, "Environmental Pollutant" shall mean any substances, wastes, pollutants, chemicals, compounds, mixtures or contaminants now or hereafter included within those respective terms under any now existing or hereafter or amended federal, state or local statute, ordinance, code or regulation which, due to its characteristics or interaction with one or more other substances, wastes, chemicals, compounds, mixtures or contaminants, damages or threatens to damage health, safety, or the environment and is required to be remediated by any law applicable to the property described herein, including (without limitation): The Resource Conservation and Recovery Act (RCRA, 42 U.S.C. §6901 *et seq.*), the Comprehensive Environmental Response Compensation and Liability Act (CERCLA, 42 U.S.C. §9601 *et seq.*) as amended, the Toxic Substance Control Act (TSCA, 15 U.S.C. §2601 *et seq.*), the Emergency Planning and Community Right to Know Act of 1986 (EPCRTKA, 42 U.S.C. §11001 *et seq.*), the Arizona Water Quality Control Program (A.R.S. Title 49, Chapter 2), the Arizona Hazardous Waste Disposal Act (A.R.S. Title 49 Chapter 5), the Arizona Underground Storage Tank Regulation Act (A.R.S. Title 49, Chapter 6) and/or any regulations promulgated pursuant to the foregoing. If any new information concerning any of the foregoing is discovered by Stilo or if Stilo receives notice of any violation or claimed violation of any law, ordinance, rule or regulation relating to an Environmental Pollutant, Stilo shall give prompt written notice thereof to the Town prior to the close of escrow for the property for which new information is discovered or for which Stilo has received notice.

g. The provisions of this Section 6 shall survive for one year after the Closing Date.

As used in this Agreement, the phrase "to Stilo's actual knowledge" or words of similar import shall mean the actual (and not constructive or imputed) knowledge, without independent investigation or inquiry or duty to investigate or inquire, of Tom DePaolo. Tom DePaolo shall have no personal liability arising out of this Agreement.

7. Pre-Closing Covenants of Stilo. From the date hereof until the Closing Date:

a. Stilo shall maintain the e TenX Second Town Housing Parcel in substantially the same manner as they are presently such that on the Closing Date, the TenX Second Town Housing Parcel shall be in substantially the same physical condition as they are as of the date hereof; and

b. Stilo shall continue in effect any insurance coverage relative to the TenX Second Town Housing Parcel.

8. Representations and Warranties of the Town. The Town hereby warrants and represents that it has full authority to enter into and perform its obligations under this Agreement. The Town hereby further warrants and represents that no real estate commission is due to be paid as a result of its involvement in this Agreement and hereby, to the extent permitted by law, agrees to defend, indemnify and hold Stilo harmless from and against any claim by third parties arising by, through or under it for brokerage, commission, finder's or any fees relative to this Agreement or the transfer of the TenX Second Town Housing Parcel. This Section 8 shall survive the Closing Date.

9. Closing. Following the satisfaction of all conditions precedent to Closing as set forth in Section 4 of this Agreement, Stewart Title shall schedule a closing of this Escrow (the "Closing") no later than sixty (60) days thereafter. In addition, all of the following shall occur, it being understood that the performance or tender of performance of all matters set forth in this Section are mutually concurrent conditions:

a. The Town, at its sole cost and expense, shall deliver or cause to be delivered to Stewart Title such documents as may be reasonably necessary or appropriate to issue the Title Policy.

b. Stilo, at its sole cost and expense, shall deliver or cause to be delivered to Stewart Title the following:

i. A certificate informing the Town that Stilo is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code, as amended (the "Code"), and Regulations issued thereunder, such that withholding of tax is not required at the Closing.

ii. A standard Owner's Policy of Title Insurance in the amount set forth in Section 3(a) above insuring that the Town is the owner of indefeasible fee simple title to the TenX Second Town Housing Parcel (as the case may be) subject only to the Permitted Encumbrances, and the standard printed exceptions included in an Arizona standard form of Owner's Policy of Title Insurance.

iii. Such other documents as may be reasonably necessary or appropriate to issue the Title Policy.

c. All normal and customarily pro ratable items including, without limitation, real property taxes, shall be prorated as of the Closing, Stilo being charged for all relating to the period up to the Closing and the Town being charged for all relating to the period on and after the Closing. If the actual amounts to be prorated are not known as of the Closing, the proration's shall be made on the basis of the best evidence then available and, thereafter, when actual figures are received, a cash settlement will be made between Stilo and the Town. No proration will be made in relation to insurance premiums, and any existing insurance policies will not be assigned to the Town. The provisions of this Section shall survive the Closing.

d. In addition to the other costs and expenses specifically provided for herein, the costs and expenses of the Closing shall be borne as follows:

i. Stilo shall be obligated for and shall pay:

A. The escrow fee, if any, charged by Stewart Title;

B. The cost of recording the deed;

C. The premium for the standard Owner's Policy of Title Insurance without endorsements (but not the additional premium for an extended owner's policy);

D. The cost of the Survey; and

E. Stilo's attorneys' fees;

ii. The Town shall be obligated for and shall pay:

A. The additional premium for an extended owner's policy of title insurance, if desired, and for endorsements;

B. The Town's attorneys' fees;

e. Upon completion of the Closing, Stilo shall deliver possession of the TenX Second Town Housing Parcel to the Town as required by this Section 9.

10. Notices. Any notice provided or permitted to be given under this Agreement shall be in writing and shall be served by at least one of the following methods: (a) depositing same in the United States mail or with an overnight courier service, addressed to the party to be notified, postage prepaid and certified with return receipt requested if mailed; (b) by delivering the same in person to such party; or (c) by facsimile provided the sender obtains a confirmation of successful transmission. Notice given in accordance with this Section shall be effective upon the earlier of: actual receipt (or refusal of receipt), however given or received; or 72 hours after deposit in the mails; or one (1) Business Day after deposit with an overnight courier service, in the manner set forth above; and notice given in any other manner shall be effective only upon actual receipt (or refusal of receipt) at the address of the addressee. Notwithstanding the foregoing, notices actually received by any party, however given or received, always shall be effective and shall be deemed effective upon the earlier of: actual receipt, or the end of the time period for effectiveness specified in this Section for the method of delivery actually utilized. For purposes of notice, the addresses and facsimile numbers of the parties are as follows (or such other addresses or facsimile numbers as either party may from time to time furnish in writing to the other party):

If to Stilo, to: Stilo Development Group USA. LP  
c/o Tom DePaolo  
7610 East McDonald  
Scottsdale, Arizona 85250  
Facsimile: \_\_\_\_\_

With a copy to: Grady Gammage  
Gammage & Burnham, PLC  
Two North Central Avenue, 15<sup>th</sup> Floor  
Phoenix, Arizona 85004-4470  
Facsimile: 602-256-4475

If to the Town, to: Town Manager  
Town of Tusayan  
P.O. Box 709  
Tusayan, Arizona 86023  
Facsimile: 928-638-9910

With a copy to: Town Attorney  
Town of Tusayan  
P.O. Box 709  
Tusayan, Arizona 86023  
Facsimile: 928-638-9910

If to Stewart Title: Stewart Title Company  
150 N. Verde Street, Suite 102  
Flagstaff, Arizona 86001-5257  
Attn: \_\_\_\_\_  
Facsimile: 928-779-3277

11. **Assignment.** Neither party may assign their rights or obligations under this Agreement without, in each case, the prior written permission and consent of the other party, which permission and consent may be granted or denied in such other party's sole discretion.

12. **Binding Effect; No Third Party Benefit.** This Agreement shall inure to the benefit of and be binding on the parties hereto. This Agreement is for the sole benefit of Stilo and the Town, and no third party (including, without limitation, any real estate broker or any subsequent owners of any of the real property effected hereby) is intended to be a beneficiary of or have the right to enforce this Agreement.

13. **Governing Law.** This Agreement shall be governed by and construed under the laws of the State of Arizona. Any claim or dispute arising out of or related to this Agreement or the enforcement or interpretation hereof shall be brought in a court of competent jurisdiction sitting within Coconino County, Arizona.

14. Default, Termination and Remedies. If either party fails to perform any of its obligations or agreements hereunder, the other party shall have the rights and remedies set forth in the First Amendment.

15. Entire Agreement; Exhibits; No Oral Modification. The Development Agreement and this Agreement (including the Exhibits hereto) form the entire agreement between Stilo and the Town concerning the sales of the real property described herein and no modification hereof or subsequent agreement relative to the subject matter hereof shall be binding on either party unless reduced to writing and signed by the party to be bound.

16. Miscellaneous. Whenever herein the singular number is used, the same shall include the plural, and the plural shall include the singular where appropriate, and words of any gender shall include the other gender where appropriate. The headings of the Sections contained in this Agreement are for convenience only and shall not be taken into account in determining the meaning of any provision of this Agreement. The words “**hereof**” and “**herein**” refer to this entire Agreement and not merely the Section in which such words appear unless the clear meaning is otherwise. As used herein, the term “**Business Day**” shall mean each day Monday through Friday except days on which Stewart Title is closed or national banks located in Flagstaff, Arizona are authorized or required by law or other governmental actions to close.

17. Multiple Counterparts. To facilitate execution, this Agreement may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of, or on behalf of, each party, or that the signature of all persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this instrument to produce or account for more than a single counterpart containing the respective signature of, or on behalf of, each of the parties hereto. A signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages.

18. Construction. This Agreement and any documents delivered pursuant hereto shall be construed without regard to the identity of the person who drafted the various provisions thereof. Moreover, each and every provision of this Agreement and such other documents shall be construed as though both parties hereto had participated equally in the drafting thereof. As a result of the foregoing, any rule of construction that a document is to be construed against the drafting party shall not be applicable.

19. Recordation. Neither this Agreement nor any memorandum thereof shall be recorded in the office of the county clerk or recorder of the county in which the subject real property is located.

20. Attorneys’ Fees. In the event of litigation between the parties in connection with this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys’ fees and costs from the non-prevailing party. The obligation in the immediately preceding sentence shall survive the Closing.

21. IRS Real Estate Sales Reporting. Stilo and the Town hereby appoint Stewart Title and Stewart Title agrees to act as “the person responsible for closing” the transactions which are the subject of this Agreement, pursuant to Code Section 6045(e). Stewart Title shall prepare and file the informational return (IRS Form 1099-B) and any other necessary reports, returns and statements if and as required by, and otherwise shall comply with the terms of, Code Section 6045(e). Stewart Title further agrees to indemnify and hold Stilo, the Town and their respective attorneys harmless for, from and against all claims, costs, liabilities, penalties and expenses resulting from Stewart Title’s failure to file the appropriate reports and otherwise comply with the terms of the Code pursuant to this Section.

22. Time is of the Essence; No Waiver. Time is of the essence of this Agreement and every term, covenant and condition hereof. No waiver or omission by any party to enforce any rights or remedies under this Agreement shall constitute a waiver of such rights or remedies or to require the other party’s strict compliance with the terms hereof. Any waiver by any party, including a waiver of default, in any one instance shall not constitute a continuing waiver or a waiver of any other default or in any other instance.

**THE TOWN:**

THE TOWN OF TUSAYAN, an Arizona municipal corporation

ATTEST:

\_\_\_\_\_  
Town Clerk

By: \_\_\_\_\_  
\_\_\_\_\_, Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
Town Attorney

**STILO:**

**STILO DEVELOPMENT GROUP USA LIMITED  
PARTNERSHIP an Arizona limited partnership**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Its: \_\_\_\_\_

**STEWART TITLE COMPANY:**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**LIST OF EXHIBITS TO ESCROW INSTRUCTIONS**

- Exhibit A            Depiction of the TenX Property
- Exhibit B            Description of the TenX Second Town Housing Parcel  
and the Form of Deed

**Exhibit A to the Escrow Instructions  
Depiction of the TenX Property**

Exhibit B to the Escrow Instructions  
Description of TenX Second Town Housing Parcel  
and the Form of Deed

When recorded, return to:

Town Clerk  
Town of Tusayan  
P.O. Box 709  
Tusayan, Arizona 86023

**SPECIAL WARRANTY DEED  
WITH REVERTER**

**(Second Town Housing Parcel - TenX)**

For Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, STILO DEVELOPMENT GROUP USA LIMITED PARTNERSHIP, an Arizona limited partnership ("Grantor"), hereby grants, sells and conveys to THE TOWN OF TUSAYAN, an Arizona municipal corporation ("Grantee"), that real property located in Coconino County, Arizona, and legally described in *Exhibit "A"* attached hereto and incorporated herein by this reference, together with all interests, privileges and easements appurtenant thereto and any and all improvements located thereon ("Property").

SUBJECT TO: real estate taxes, assessments and any other liens arising therefrom, all reservations in patents, deed restrictions, if any, all easements, rights-of-way, covenants, conditions, restrictions, encroachments, liens, encumbrances, obligations and liabilities as may appear of record, and any and all other matters that can be determined by a visual inspection or a complete and accurate survey of the Property.

Notwithstanding the foregoing, Grantor warrants title to the Property, subject to the matters referred to above, only against its own acts, but not the acts of any others.

FURTHER SUBJECT TO the following conditions and restrictions:

1. Development Agreement. This Special Warranty Deed With Reverter has been recorded as required by that Pre-Annexation and Development Agreement by and between Grantor and Grantee dated as of the 1st day of July, 2011 recorded on November 9, 2011 as instrument number 3610450 in the official records of Coconino County, Arizona and that First Amendment thereto dated as of the 22nd day of January 2014 recorded on March, 11, 2014 as instrument number 3687289 and the Second Amendment thereto dated as of the \_\_\_\_\_ day of \_\_\_\_\_, 2016 and recorded on \_\_\_\_\_, 2016 as instrument

number \_\_\_\_\_ (the "Development Agreement"). All terms with initial capitalization not otherwise defined herein shall have the meanings ascribed to such terms in the Development Agreement

2. Restrictions. The use of the Property shall not exceed twenty (20) single family residential units until such time as housing density on the Property may be increased upon obtaining U.S. Forest Service Final Approval; provided however that after [insert date three years after the effective date of Second Amendment], the number of permitted single family residential units on the Property may increase as permitted by Section 8(c)(vi) of the Second Amendment to Pre-Annexation and Development Agreement between the Grantor and Grantee, dated as of [insert date of Second Amendment], recorded on [insert date of recording] as instrument number [insert recordation number] in the Records of Coconino County, Arizona (the "Density Restriction"). In addition, use of the Property shall be limited and restricted to public housing or "other public purposes" (the "Use Restriction"). For purposes of this Special Warranty Deed with Reverter, "other public purposes" includes such use as a park or other Town facility and may include the transfer of any or all of the Property to a Town Housing Authority defined in A.R.S. 36-1401 in order to allow the Town to finance, construct and develop additional housing.

3. Violating Restrictions. If the Density Restriction is exceeded prior to U.S. Forest Service Final Approval, Grantee shall pay Grantor a fee of Five Hundred Thousand and 00/100 Dollars (\$500,000.00) (which is the estimated cost of land plus horizontal and vertical improvements per unit) per residential unit in excess of the limit on such residential units required by Section 2 hereof. If the Use Restriction is violated, subject to the provisions of Section 4 below, title to all or a portion of the Property shall revert to Grantor or the then assignee of Grantor's (a "Reversion Triggering Event").

4. Procedure Upon Reversion Triggering Event. At Grantor's sole election, which shall be waived if not made in writing within 180 days following the occurrence of the Reversion Triggering Event, upon the occurrence of the Reversion Triggering Event, then Grantor may send a written notice of violation (the "Violation Notice") to Grantee. If Grantee disagrees with the Violation Notice, then, within thirty (30) days after receipt of the Violation Notice, Grantee shall submit to Grantor or the then assignee of Grantor's rights hereunder a written notice of disagreement, in which event the dispute resolution provisions of Section 21 of the Development Agreement shall apply. If Grantee does not submit a written objection within the time set forth above, or upon resolution of the dispute in favor of Grantor or the then assignee of Grantor's rights hereunder, then Grantor or the then assignee of Grantor's rights hereunder may record a notice of exercise of reverter or other document as may be deemed necessary by Grantor or the then assignee of Grantor's rights hereunder. Upon the recording of such instrument, title to the Property, or applicable portion thereof, shall vest in Grantor or the then assignee of Grantor's rights hereunder subject to all matters then of record, except that Grantee shall satisfy all monetary obligations then of record within thirty (30) days after such recordation. All notices shall be delivered in the manner set forth in the Development Agreement. Grantee shall execute any document reasonably required to give effect to this provision.

5. Covenants Running with Land. The foregoing conditions and restrictions shall be deemed covenants running with the land and binding upon Grantee and its successors and assigns.

6. Reverter Period. The reversion right herein shall automatically expire upon the date that is 21 years after the death of the last survivor of the now living descendants of United States President Barack Obama.

7. Successors and Assigns. Any assignee of Grantee's rights hereunder is hereby given notice of the terms hereof. By accepting any transfer of Grantee's rights hereunder, such assignee agrees to be bound by the terms of this Special Warranty Deed With Reverter as if executed and delivered by such assignee. Grantor may assign its rights hereunder only to those persons or entities described in Section 19 of the Development Agreement.

8. Miscellaneous. Any provision or provisions of this Special Warranty Deed which shall be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and all of the remaining provisions hereof shall nevertheless remain in full force and effect, and such invalid, void or illegal provision shall be deemed to be severed from the terms of this Special Warranty Deed With Reverter.

DATED as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**"GRANTOR"**

**STILO DEVELOPMENT GROUP USA  
LIMITED PARTNERSHIP, an Arizona limited  
partnership**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

STATE OF ARIZONA                    )  
   ) ss.  
 COUNTY OF MARICOPA                )

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me, the undersigned officer, \_\_\_\_\_ personally \_\_\_\_\_ appeared \_\_\_\_\_ who acknowledged him/herself to be the \_\_\_\_\_ of STILO DEVELOPMENT GROUP USA LIMITED PARTNERSHIP, an Arizona limited partnership, whom I know personally/whose identity was proven to me on the oath of \_\_\_\_\_, a credible witness by me duly sworn/whose identity was proven to me on the basis of satisfactory evidence to be the person whose name is subscribed to this instrument/whose identity I verified on the basis of his/her \_\_\_\_\_, and s/he, in such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained on behalf of that entity.

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

NOTARY SEAL:

\_\_\_\_\_  
 Notary Public

<b>Description of document this notarial certificate is being attached to:</b>	
Type/Title	Special Warranty Deed with Reverter
Date of Document	
Number of Pages	
Add'l Signers <i>(other than those named in this notarial certificate)</i>	

ATTEST:

**"TOWN"**

**THE TOWN OF TUSAYAN,**  
an Arizona municipal corporation

\_\_\_\_\_  
Town Clerk

By \_\_\_\_\_  
\_\_\_\_\_, Mayor

STATE OF ARIZONA            )  
  ) ss.  
COUNTY OF COCONINO        )

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me, the undersigned officer, personally appeared \_\_\_\_\_, who acknowledged himself to be Mayor of THE TOWN OF TUSAYAN, an Arizona municipal corporation, whom I know personally/whose identity was proven to me on the oath of \_\_\_\_\_, a credible witness by me duly sworn/whose identity was proven to me on the basis of satisfactory evidence to be the person whose name is subscribed to this instrument/whose identity I verified on the basis of his \_\_\_\_\_, and he, in such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained on behalf of that entity.

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

NOTARY SEAL:

\_\_\_\_\_  
Notary Public

Description of document this notarial certificate is being attached to:	
Type/Title	Special Warranty Deed with Reverter
Date of Document	
Number of Pages	
Add'l Signers (other than those named in this notarial certificate)	

EXHIBIT A TO SPECIAL WARRANTY DEED

LEGAL DESCRIPTION

**EXHIBIT B TO SECOND AMENDMENT  
LEGAL DESCRIPTION AND DEPICTION OF SECOND TOWN HOUSING  
PARCEL**



# RESULTS OF SURVEY

FOR A PORTION OF

## TEN X RANCH

S1/2 NE1/4 SE1/4, SEC 29, T 30 N, R 03 E  
GILA & SALT RIVER MERIDIAN  
COCONINO COUNTY, ARIZONA

### LEGAL DESCRIPTION

#### PARCEL 1

THE S1/2, NE1/4, SE1/4 WITHIN SECTION 29, TOWNSHIP 30 NORTH, RANGE 03 EAST, OF THE GILA AND SALT RIVER MERIDIAN, COCONINO COUNTY, ARIZONA AND MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT THE N-S 1/64 CORNER OF SAID SECTION 29, BEING A BLM BRASS CAP; THENCE ALONG THE NORTH LINE OF THE SOUTH HALF OF THE NORTHEAST QUARTER OF SAID SECTION 29, N89° 41' 51"W, A DISTANCE OF 1320.78 FEET TO A BRASS CAP; THENCE S00° 16' 07"W, A DISTANCE OF 662.42 FEET TO A BRASS CAP; THENCE S89° 44' 17"E, A DISTANCE OF 1321.19 FEET; THENCE N00° 13' 59"E, A DISTANCE OF 661.49 FEET, TO THE POINT OF BEGINNING.

### SURVEYORS CERTIFICATION



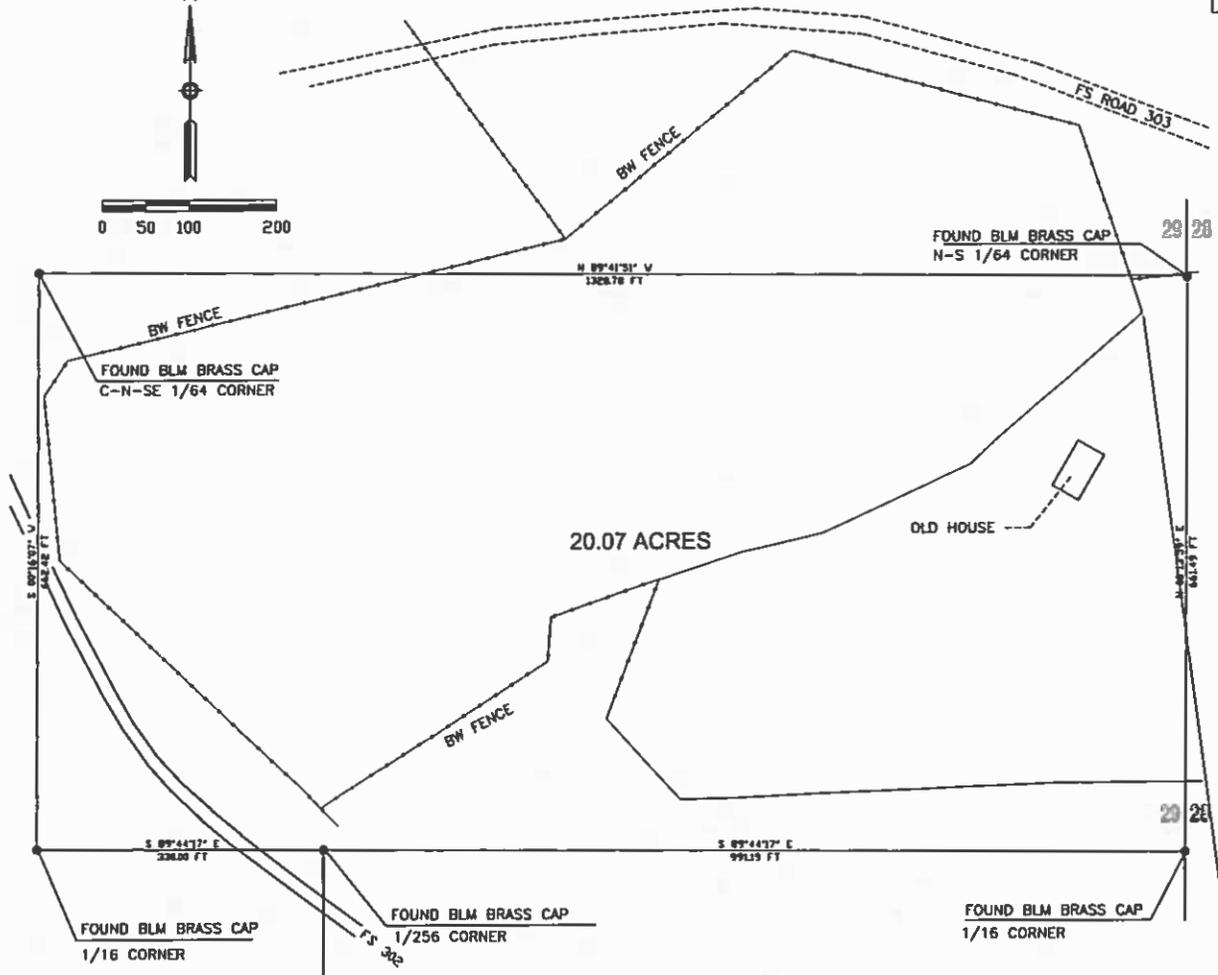
I HAROLD BALDWIN CERTIFY THAT THE SURVEY SHOWN HEREON WAS DONE UNDER MY DIRECT SUPERVISION DURING THE MONTH OF APRIL, 2016 AND IS CORRECT AND ACCURATE TO THE BEST OF MY KNOWLEDGE, AND THAT THE SURVEY MONUMENTS SHOWN HEREON HAVE BEEN LOCATED AS SHOWN.

SCALE	1"=100'
DESIGNED BY	HB
CHECKED BY	HB
FIELD WORK BY	HB-MT
DATE	07-20-16
JOB NO.	16-021
MAP NO.	1 OF 1
REVISION	N/A
PREPARED FOR TOWN OF TUSAYAN	

RESULTS OF SURVEY  
FOR  
A PORTION OF TEN X RANCH  
SEC.29, T. 30 N., R. 03 E.  
GILA, & SALT RIVER MERIDIAN  
COCONINO COUNTY, ARIZONA



ALPHA-OMEGA ENGINEERING & SURVEY, LLC  
P.O. BOX 972  
SNOWFLAKE, AZ 85937



### LEGEND

- FOUND 1/2" REBAR & CAP
- ⊗ FND 1/4 CORNER
- ⊙ SET 1/2" REBAR & CAP - RLS 19810

### BASIS OF BEARING

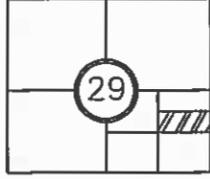
GPS OBSERVATION AND SOLUTION, RTK DATA

### BASIS OF SURVEY

BLM PLAT, T30N, R03E, G&SRM, COCONINO COUNTY, AZ

### SURVEYOR'S NOTE:

THIS DRAWING DOES NOT REFLECT ANY RIGHT-OF-WAY, EASEMENTS, OR OTHER ENCUMBRANCES WHICH WOULD BE REVEALED BY A CURRENT TITLE REPORT.



Location Map

FILE # \_\_\_\_\_  
RECORDED BY REFERENCE TO:  
ALPHA-OMEGA ENGR & SURVEY, LLC  
DATE: \_\_\_\_\_ 2016 BY: \_\_\_\_\_ MS/PLS  
OFFICIAL RECORDS OF COCONINO COUNTY, ARIZONA

Rev: 07-20-16 Comments by Atty

**Item No. 7B**

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**Height of structures**

1 message

**Roger Brooks** <rbrooks@willdan.com>

Thu, Aug 11, 2016 at 12:46 PM

To: "tusayantownmanager@gmail.com" &lt;tusayantownmanager@gmail.com&gt;

Cc: Steve Bacs &lt;SBacs@willdan.com&gt;

Eric:

I have been reviewing the information we gathered from the state on their long term master plan for the Grand Canyon Airport. Items we have been reviewing include the proposed extension of the existing runway, adding an additional parallel runway, and the glide slopes and APZ zones. From everything we have been able to gather the proposal to amend the zoning code to increase the height limitations for all structures in all zoning districts to (40') forty feet in height does not appear to be an issue. The one thing I believe to be prudent would be to work with ADOT to get their buy in so as not to jeopardize the relationship with the airport.

I will get you copies of everything we gathered for our assessment.

Roger

Respectfully submitted,

**WILLDAN ENGINEERING***Celebrating Over 50 years of service*

Roger A Brooks

Deputy Director, Building Safety



1440 East Missouri Ave. Suite C170

Phoenix, AZ 85014

Office: (480) 787-5521

Cell: (602) 319-6281

fax: (602) 870-7601

email: rbrooks@willdan.com