

RESOLUTION NO. 2382

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, APPROVING AND AUTHORIZING THE TOWN MANAGER TO EXECUTE A LOAN REPAYMENT AGREEMENT AND NOTE WITH THE ARIZONA TRANSPORTATION BOARD FOR HELP LOAN NO. QPAY2S08U (Bonita Street).

WHEREAS, the Town of Payson ("Town") has made and submitted an application with the Arizona Department of Transportation for Highway Expansion and Extension Loan Program funds ("HELP Loan"); and

WHEREAS, on or about March 21, 2008, the Arizona Transportation Board approved the Town's application and authorized a HELP loan in the amount of One Million Two Hundred Thousand Dollars (\$1,200,000.00); and

WHEREAS, the Town wishes to sign the necessary and appropriate documents to secure such HELP Loan funds,

NOW, THEREFORE, THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, DO HEREBY RESOLVE AS FOLLOWS:

Section 1. That the Loan Repayment Agreement and Note, if any, for HELP LOAN No. QPAY2S08U marked Exhibit "A", attached hereto and made a part hereof, be and is hereby approved in substantially the form as attached.

Section 2. That Debra A. Galbraith, Town Manager of the Town of Payson, be and is hereby authorized to execute such Loan Repayment Agreement and/or accompanying Note, if any, in substantially the form attached as Exhibit "A".

Section 3. That the Town of Payson be and hereby is authorized to take such other and further actions as are necessary or appropriate to carrying out the purposes of such Loan Repayment Agreement and Note, if any, and the HELP Loan it represents.

PASSED AND ADOPTED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON this _____ day of _____, 2008, by the following vote:

AYES ____ NOES ____ ABSTENTIONS ____ ABSENT ____

Kenny J. Evans, Mayor

APPROVED AS TO FORM:

ATTEST:

Silvia Smith, Town Clerk

Samuel I. Streichman, Town Attorney

LOAN REPAYMENT AGREEMENT

between

ARIZONA TRANSPORTATION BOARD

And

Town of Payson, Arizona

HELP Loan No: QPAY2S08U

Dated as of: March 21, 2008

EXHIBIT A

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THIS LOAN REPAYMENT AGREEMENT, is made and entered into as of the day indicated on the cover page, by and between the ARIZONA TRANSPORTATION BOARD (the "Board"), and the RECIPIENT identified on the cover page hereto. The reference number for this Loan Repayment Agreement is on the cover page hereto.

Terms not otherwise defined herein shall have the meanings assigned to them by Section 1.01 of this Loan Repayment Agreement.

WITNESSETH:

WHEREAS, the Legislature of the State of Arizona ("State") passed Title 28, Chapter 21, Article 5, Arizona Revised Statutes, as amended (the "Act"), which established the Highway Expansion and Extension Loan Program (the "HELP Program") under which the Board is authorized to make loans and provide other financial assistance to the State, its agencies and political subdivisions (as defined in the Act) and Indian tribes (as defined in the Act) for Eligible Projects; and

WHEREAS, the Board funds such loans with available moneys in the Highway Expansion and Extension Loan Fund (the "HELP Fund") established by Section 28-7674, A.R.S.; and

WHEREAS, the Recipient has made timely application to the Board for a loan to pay a portion of the cost of, or for other financial assistance relating to, the Project (identified herein) and, in accordance with the Act, the Board has received the recommendation of the Highway Expansion and Extension Loan Program Advisory Committee on the Recipient's application and the Board has determined that this Loan Repayment Agreement is in furtherance of funding Eligible Projects pursuant to the Act and has authorized the Board to enter into and perform its obligations under this Loan Repayment Agreement;

WHEREAS, the Recipient has agreed to make payments from its Designated Revenues sufficient to repay, when due, the Loan from the Board pursuant to the terms of this Loan Repayment Agreement; and

WHEREAS, the Governing Body of the Recipient has authorized the Recipient to undertake the Project, to accept the Loan and to enter into and perform its obligations under this Loan Repayment Agreement.

NOW, THEREFORE, for and in consideration of the Loan provided hereunder by the Board, the Recipient agrees to perform its obligations under this Loan Repayment Agreement in accordance with the conditions, covenants and procedures set forth herein.

ARTICLE I.

DEFINITIONS

Section 1.01 Definitions. The following terms as used in this Loan Repayment Agreement shall, unless the context clearly requires otherwise, have the meanings assigned to them below:

“Act” means Title 28, Chapter 21, Article 5, A.R.S., as the same may be from time to time amended and supplemented.

“Authorized Officer” means (a) in the case of the Recipient, the person indicated on Exhibit A(V) or other person or persons authorized pursuant to a resolution or ordinance of the Governing Body of the Recipient to perform any act or execute any document relating to this Loan Repayment Agreement upon behalf of the Recipient and whose name is furnished in writing to the Board signed by the person listed on Exhibit A(V), and (b) in case of the Board, the Chief Financial Officer or Finance Administrator of the Arizona Department of Transportation.

“Board” means the Arizona Transportation Board.

“Business Day” means any day other than a Saturday, Sunday or legal holiday, or a day on which banking institutions in Phoenix, Arizona or the State Treasurer is closed.

“Costs of the Project” shall mean those costs listed in Exhibit C attached hereto and by this reference made a part hereof. The term “Costs of the Project” does not include: (i) costs in excess of one-hundred percent (100%) of the total cost of the Project; (ii) the purchase of equipment and other property not directly related to the Project; (iii) construction or repair of facilities owned by, leased to or operated by private parties; (iv) costs incurred prior to the date of the execution and delivery of this Agreement, except as provided in Section 5.01; and (v) administrative expenses of the Recipient.

“Counsel” means an attorney at law or firm of attorneys at law (who may be, without limitation, of counsel to, or an employee of, the Board or the Recipient) duly admitted to practice law before the highest court of any state.

“Designated Revenues” means the revenues of the Recipient which are described on Exhibit D(IV) hereto and that will be used by the Recipient to repay the Loan.

“Event of Default” means any occurrence or event specified in Section 7.01 hereof.

“Governing Body” means the body or official of the Recipient with authority under applicable law to authorize actions of the Recipient relating to this Agreement, the Loan and the Project, as identified in Exhibit A(III).

“HELP Fund” means the Highway Expansion and Extension Loan Program Fund created by the Act.

“HELP Program” means the Highway Expansion and Extension Loan Program established by the Act.

“Loan” means the loan (or other financial assistance) described in Exhibit D hereto and made by the Board to the Recipient to finance a portion of the costs of, or to provide other financial assistance relating to, the Project pursuant to this Loan Repayment Agreement. The Loan shall be funded by the Board solely from amounts held in the HELP Fund and available for such purpose.

“Loan Repayment Agreement” or “Agreement” means this Loan Repayment Agreement, including the Exhibits attached hereto, as it may be supplemented, modified or amended from time to time in accordance with the terms hereof.

“Loan Repayment(s)” means the scheduled payments of principal and interest required to be made by the Recipient pursuant to the provisions of this Agreement and the Note, if any.

“Loan Closing Date” means the date when Loan proceeds are disbursed to the Recipient or deposited into the Recipient’s Subaccount, as applicable.

“Maturity Date” means the final date on which the Loan is payable in full, which date is set forth on Exhibit D.

“Note” means the bond or other obligation of the Recipient, if any, that evidences its obligation to repay the Loan made hereunder, as identified on Exhibit E hereto.

“Project” means the transportation project of the Recipient described in Exhibit A(IV) attached hereto and made a part hereof, a portion of the costs of which is financed, or otherwise assisted, by the Board through the making of the Loan under this Loan Repayment Agreement.

“Recipient” means the Recipient described on Exhibit A, and its successors and permitted assigns.

“Recipient’s Subaccount” [Reserved]

“SIB Act” means Section 350 of the National Highway System Designation Act of 1995 (NHS Act), 23 U.S.C. 101 Note, Public Law 104-59, 109 Stat. 618, and any other provision of federal law providing for state infrastructure banks, infrastructure credit programs and other grant programs for highway purposes and any regulations adopted pursuant to those laws.

“SIB Cooperative Agreement” means the Cooperative Agreement, between the Federal Highway Administration of the United States Department of Transportation and the Arizona Department of Transportation, dated September 24, 1996, as amended and supplemented.

“State Infrastructure Bank” means the program authorized by the SIB Act and the SIB Cooperative Agreement.

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

Section 1.02 General Rules. Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, corporations, agencies and districts. Words importing one gender shall include the other gender.

Section 1.03 Authority to Act on Behalf of Recipient. Except as otherwise expressly provided herein, the Authorized Officer of the Recipient shall be authorized to act upon behalf of the Recipient for all purposes hereunder.

Section 1.04 Authority to Act on Behalf of the Board. Except as otherwise expressly provided herein, the Chief Financial Officer or Finance Administrator of the Arizona Department of Transportation shall be authorized to act upon behalf of the Board for all purposes hereunder.

ARTICLE II.

LOAN

Section 2.01 Loan Amount. On the Loan Closing Date, the Board hereby agrees to loan to the Recipient, and the Recipient agrees to borrow and accept from the Board, the principal amount set forth on Exhibit D(III).

Section 2.02 Use of Loan Proceeds. The Recipient shall use the proceeds of the Loan strictly in accordance with Section 5.01 hereof.

Section 2.03 Loan Terms.

- (a) The principal repayment schedule and the final Maturity Date of the Loan is set forth in Exhibit D(III).
- (b) All Loan Repayments and prepayments shall be paid as set forth in Exhibit D(III).

In the event that the Recipient receives written notification from the Board that payments required to be made pursuant to this Loan Repayment Agreement and the Note, if any, have been assigned by the Board, then all payments hereunder and pursuant to the Note, if any, shall be made directly to the person designated in writing by the Board to the Recipient.

Section 2.04 Interest. The Loan and the Note, if any, shall bear interest at the rate set forth in Exhibit D(III). Interest shall be computed on the basis of a 360-day year, consisting of twelve (12), thirty (30) day months. Interest shall be due and payable in arrears and shall accrue from the Loan Closing Date until the principal amount of the Loan, together with accrued unpaid interest thereon, is paid in full.

Section 2.05 Loan Repayments. The Loan shall be due and payable in scheduled payments of principal and interest as set forth in Exhibit D(III). The loan repayments, when taken together, shall be in an amount sufficient to amortize the original principal amount of the Loan, together with interest thereon, from the date Loan proceeds are disbursed to the Recipient to the Maturity Date.

Section 2.06 Prepayments.

- (a) The Recipient may prepay its Loan, in whole or in part, upon prior written notice to the Board upon payment by the Recipient of the principal amount of the Loan and the Note,

if any, plus the unpaid interest accrued on such amount to the date of prepayment, and the applicable prepayment premium set forth in Exhibit D(III) hereto and the Note, if any. The Recipient shall provide prior written notice of not less than 30 days to the Board (unless the Board accepts shorter notice).

- (b) Any prepayments of the Loan shall be applied: first to accrued interest on the portion of the Loan prepaid, and then to principal payments (including prepayment premium, if any) on the Loan. Unless otherwise specified in Exhibit D(III), if a prepayment that does not prepay all of the principal of the Loan, the Board shall determine, in its sole discretion, the method by which such Loan prepayment shall be applied to the outstanding principal amount of the Loan.

Section 2.07 Unconditional Obligation. The obligation of the Recipient to make the Loan Repayments and all other payments required hereunder and under the Note, if any, and the obligation to perform and observe the other duties, covenants, obligations and agreements on its part contained herein, and in the Note, if any:

(a) is payable solely from the Designated Revenues described on Exhibit D(IV) and in the Note, if any; and

(b) shall be absolute and unconditional and shall not be abated, rebated, set-off, reduced, abrogated, terminated, waived, diminished, postponed or otherwise modified in any manner or to any extent whatsoever, while any payments under this Agreement and under the Note, if any, remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project, commercial frustration of the purpose, any change in the laws of the United States of America or of the State or any political subdivision or in the rules or regulations of any governmental authority, any failure of the Board or any other person to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with the Project, this Agreement, or any intergovernmental agreement related to the Project, any rights of set off, recoupment, abatement or counterclaim that the Recipient might otherwise have against the State, the Board, the Arizona Department of Transportation or any other person or persons; provided, however, that payments hereunder shall not constitute a waiver of any such rights of the Recipient.

The Recipient shall not be obligated to make any payments required to be made by any other recipient under any separate loan repayment agreement or with respect to any other loan from the HELP Fund.

Section 2.08 Disclaimer of Warranties. The Recipient acknowledges and agrees that: (a) the Board makes no warranty or representation, either expressed or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for any use of the Project or any portions thereof or any other warranty or representation with respect thereto; (b) in no event shall the Board or the Arizona Department of Transportation, or any officer, agent or employee thereof, be liable or responsible for any direct, incidental, indirect, special, consequential, punitive or other damages in connection with or arising out of this Loan Repayment Agreement or the Project or the existence, furnishing, functioning or use of the Project.

Section 2.09 Sources of Repayment of Recipient's Obligations. The Board and the Recipient agree that the amounts payable by the Recipient under this Loan Repayment Agreement, including, without limitation, the amounts payable by the Recipient pursuant to Sections 2.05, 2.06 and 7.05, are payable from the Designated Revenues of the Recipient described in Exhibit D(IV). Nothing herein shall be deemed to prevent the Recipient from paying the amounts payable under this Loan Repayment Agreement and the Note, if any, from any other legally available source.

Section 2.10 Loan Fee. [Reserved]

Section 2.11 Late Fee. If the payment of any Loan Repayment required under this Loan Repayment Agreement or the Note, if any, is delinquent more than fifteen (15) days, the Recipient shall pay to the Board a late charge of five percent (5%) of the delinquent Loan Repayment in addition to the Loan Repayment due under this Loan Repayment Agreement or the Note, if any.

Section 2.12 Maintenance of Records by Board. The Board shall, or cause the State Treasurer to, maintain records of all amounts disbursed by the Board on the Loan and all Loan Repayments received from the Recipient.

ARTICLE III.

REPRESENTATIONS AND WARRANTIES OF RECIPIENT

The Recipient represents and warrants to the Board as follows:

Section 3.01 Organization and Authority.

- (a) The organizational status of the Recipient is described on Exhibit A(II).
- (b) The Project (i) qualifies as an "eligible project" within the meaning of the Act and (ii) if applicable, is a "federal-aid highway" within the meaning of the SIB Act, as set forth in Exhibit B hereto.
- (c) The Recipient has full legal right and authority and all necessary licenses and permits required as of the date hereof to acquire, construct, own, operate and maintain the Project, other than licenses and permits relating to the acquisition and construction of the Project which the Recipient expects to receive in the ordinary course of business, to carry on its activities relating thereto, to execute and deliver this Loan Repayment Agreement and the Note, if any, to undertake and complete the Project, and to carry out, perform and consummate all transactions contemplated by this Loan Repayment Agreement and the Note, if any.
- (d) The Project is a project which the Recipient may undertake pursuant to State law and for which the Recipient is authorized by State law to borrow money as herein provided.

- (e) The proceedings of the Recipient's Governing Body approving this Loan Repayment Agreement and the Note, if any, and authorizing the execution, issuance and delivery of this Loan Repayment Agreement and the Note, if any, on behalf of the Recipient and authorizing the Recipient to undertake and complete the Project, have been duly and lawfully adopted in accordance with the laws of the State, and such proceedings were duly approved in accordance with applicable law, at a meeting or meetings which were duly called pursuant to all necessary public notices and held in accordance with applicable State law and at which quorums were present and acting throughout.
- (f) This Loan Repayment Agreement and the Note, if any, have been duly authorized, executed and delivered by duly authorized officer(s) of the Recipient and, assuming that the Board has all the requisite power and authority to authorize, execute and deliver, and has duly authorized, executed and delivered, this Loan Repayment Agreement, this Loan Repayment Agreement and the Note, if any, constitute the legal, valid and binding obligations of the Recipient enforceable in accordance with their terms, and the information contained in Exhibits A, B, C and D is true and accurate in all respects.

Section 3.02 Full Disclosure. There is no fact that the Recipient has not disclosed to the Board in writing, in the Recipient's application for the Loan or otherwise, that materially adversely affects the properties, activities, prospects or the condition (financial or otherwise) of the Recipient or the Project or the ability of the Recipient to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Repayment Agreement and the Note, if any. Neither the Recipient's application for the Loan nor the Recipient's representations and warranties in this Loan Repayment Agreement and the Note, if any, contain any untrue statement of a material fact or omits any statement or information which is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 3.03 Pending Litigation. There are no proceedings pending, or, to the knowledge of the Recipient threatened, against or affecting the Recipient, in any court or before any governmental authority or arbitration board or tribunal that, if adversely determined, would materially adversely affect (a) the Project, (b) properties, activities, prospects or the condition (financial or otherwise) of the Recipient or (c) the ability of the Recipient to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Repayment Agreement and the Note, if any.

Section 3.04 Compliance with Existing Laws and Agreements. The authorization, execution and delivery of this Loan Repayment Agreement and the Note, if any, by the Recipient, the observation and performance by the Recipient of its duties, covenants, obligations and agreements hereunder and the consummation of the transactions provided for in this Loan Repayment Agreement and the Note, if any, and the undertaking and completion of the Project, will not result in any breach of any of the terms, conditions or provisions of, or constitute a material default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Recipient pursuant to, any existing ordinance or resolution, trust agreement, indenture, mortgage, deed of trust, loan agreement or other instrument (other than any lien and charge arising under this Loan Repayment Agreement and the Note, if any, or any of the documents related hereto) to which the Recipient is a party or by which the Recipient or any of its property or assets may be

bound, nor will such action result in any material violation of any laws, ordinances, resolutions, rules, regulations or court orders to which the Recipient or its properties or operations is subject.

Section 3.05 No Defaults. No event has occurred and no condition exists that, upon authorization, execution and delivery of this Loan Repayment Agreement or the Note, if any, or receipt of the amount of the Loan, would constitute (or with notice and the passage of time or both would constitute) an Event of Default hereunder. The Recipient is not in violation of, and has not received notice of any claimed violation of, any term of any agreement or other instrument to which it is a party or by which it or its properties may be bound, which violation would materially adversely affect (a) the Project, (b) properties, activities, prospects or the condition (financial or otherwise) of the Recipient or (c) the ability of the Recipient to make all Loan Repayments or otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Repayment Agreement and the Note, if any.

Section 3.06 Governmental Consent. The Recipient has obtained or will obtain all permits and approvals required by any governmental body or officer for the making, observance or performance by the Recipient of its duties, covenants, obligations and agreements under this Loan Repayment Agreement and the Note, if any, or for the undertaking or completion of the Project and the financing thereof; and the Recipient has complied or will comply with all applicable provisions of law requiring any notification, declaration, filing or registration with any governmental body or officer in connection with the making, observance and performance by the Recipient of its duties, covenants, obligations and agreements under this Loan Repayment Agreement, and the Note, if any, or with the undertaking or completion of the Project and the financing thereof. No material consent, approval or authorization of, or filing, registration or qualification with, any governmental body or officer that has not been obtained is required on the part of the Recipient as a condition to the authorization, execution, delivery and performance of this Loan Repayment Agreement and the Note, if any.

Section 3.07 Compliance with Law.

- (a) The Recipient is in compliance with all laws, ordinances, rules and regulations to which it is subject, non-compliance with which would materially adversely affect the condition (financial or otherwise) of the Recipient or the ability of the Recipient to conduct its activities or undertake or complete the Project; and
- (b) The Recipients has obtained or will obtain all licenses, permits, franchises or other governmental authorizations presently necessary for the ownership of its property or for the conduct of its activities which, if not obtained, would materially adversely affect the ability of the Recipient to conduct its activities or undertake or complete the Project or the condition (financial or otherwise) of the Recipient.

ARTICLE IV.

CONDITIONS TO LOAN AND DISBURSEMENTS

Section 4.01 Conditions Precedent to Loan. The Board shall be under no obligation to disburse Loan proceeds to the Recipient (or to the Recipient's Subaccount, if Section 4.02 applies) unless:

(a) the Recipient delivers to the Board, on or prior to the Loan Closing Date, the following documents in form and substance satisfactory to the Board:

(i) an opinion of Recipient's Counsel to the effect that: (A) the Recipient is duly formed and operating under State law; (B) the Recipient has full legal right and authority to execute and deliver the Loan Repayment Agreement and the Note, if any, and to observe and perform its duties, covenants, obligations and agreements hereunder and thereunder and to undertake and complete the Project; (C) the Loan Repayment Agreement and the Note, if any, have each been authorized pursuant to a resolution or other official action of the Governing Body of the Recipient that has been adopted and authorized in accordance with applicable State law; and (D) the Loan Repayment Agreement and the Note, if any, have each been duly authorized and executed and delivered by duly authorized officers of the Recipient and each constitutes the legal, valid and binding obligations of the Recipient enforceable in accordance with its terms, subject to customary exceptions for bankruptcy and equity.

(ii) A certificate of the Authorized Officer of the Recipient to the effect that: (A) to the knowledge of the Authorized Officer, after due investigation, the authorization, execution and delivery of the Loan Repayment Agreement and the Note, if any, by the Recipient, the observation and performance by the Recipient of its duties, covenants, obligations and agreements hereunder and thereunder, the consummation of the transactions contemplated herein and the undertaking and completion of the Project do not and will not contravene any existing law, rule or regulation or any existing order, injunction, judgment, or decree of any court or governmental or administrative agency, authority or person having jurisdiction over the Recipient or its property or assets or result in a breach or violation of any of the terms and provisions of, or constitute a material default under, any existing agreement to which the Recipient is a party or by which the Recipient or its property or assets is bound; (B) all material approvals, consents or authorizations of, or registrations or filings with, any governmental or public agency, authority or person required on the part of the Recipient in connection with the authorization, execution, delivery and performance of the Loan Repayment Agreement, the Note, if any, and the undertaking and completion of the Project have been obtained or made to the extent it is possible to obtain or make them on or prior to the Loan Closing Date; and (C) there is no litigation or other proceeding pending or, to the best knowledge of the Authorized Officer after due investigation, threatened in any court or other tribunal of competent jurisdiction questioning the creation, organization or existence of the Recipient, the validity, legality or enforceability of the Loan Repayment Agreement, the Note, if any, or the undertaking or completion of the Project; provided, however, that the Board may permit, in its sole discretion, variances in the form of the

opinion required under (i) above or in the certificate required under this (ii) if such variances are not to the material detriment of the interests of the Board;

(iii) Counterparts of this Loan Repayment Agreement duly executed and delivered by authorized officer(s) of the Recipient;

(iv) The Note, if any, duly executed and delivered by authorized officer(s) of the Recipient;

(v) Evidence that the Costs of the Project to be paid by the Loan have been determined to qualify as an "eligible project" within the meaning of the Act;

(vi) Copies of the resolution or other official action of the Governing Body of the Recipient authorizing the execution and delivery of this Loan Repayment Agreement, the Note, if any, and the documents, instruments and agreements required by this Loan Repayment Agreement, certified by an authorized officer of the Recipient; and

(vii) Such other certificates, documents, opinions and information as the Board may require as stated in Exhibit D.

(b) there is availability of moneys in the HELP Fund available under the Act for use as contemplated under this Agreement.

Until the requirements of (a) and (b) above are satisfied to the satisfaction of the Board, there shall be no disbursement of Loan proceeds.

Section 4.02 Conditions to Disbursement from Recipient's Subaccount. [Reserved]

ARTICLE V.

COVENANTS OF RECIPIENT

Section 5.01 Use of Proceeds. The Recipient will apply the proceeds of the Loan: (a) to finance all or a portion of the Costs of the Project or to provide the financial assistance relating to the Project, as described on Exhibit D(I); and (b) with the prior written approval of the Board, to reimburse the Recipient for a portion of the Costs of the Project, which portion was paid or incurred in anticipation of reimbursement by the Board. None of the proceeds of the Loan shall be used for administrative purposes by the Recipient.

Section 5.02 Source of Repayment. The Loan shall be paid from the Designated Revenues described in Exhibit D(IV) to this Loan Repayment Agreement. Such Designated Revenues shall be applied to the punctual payment of the principal of and the interest on the Loan, and all other amounts due under this Loan Repayment Agreement and the Note, if any, according to the terms hereof.

Section 5.03 Performance Under Loan Repayment Agreement. The Recipient covenants and agrees to cooperate with the Board in the observance and performance of the respective duties,

covenants, obligations and agreements of the Recipient and the Board under this Loan Repayment Agreement.

Section 5.04 Completion of Project and Provision of Moneys Therefore. The Recipient covenants and agrees: (a) to exercise its best efforts in accordance with prudent practice to complete the Project; and (b) to provide from its own financial resources all moneys in excess of the total amount of proceeds it receives pursuant to this Loan Repayment Agreement required to complete the Project.

Section 5.05 Inspections; Information. The Recipient acknowledges that the provisions of Section 35-214, A.R.S., are applicable to this Agreement. The Recipient shall permit the Board and the federal government (including but not limited to the Federal Highway Administration) and any party designated by any of such persons to examine, visit and inspect, at any and all reasonable times, the property, if any, constituting the Project, and to inspect and make copies of any accounts, books and records, including, without limitation, its records regarding receipts, disbursements, contracts, investments and any other matters relating thereto and to its financial standing, and shall supply such reports and information as the Board may reasonably require in connection herewith.

In addition, the Recipient shall provide the Board with copies of loan documents or other financing documents and any official statements or other forms of offering documents relating to any other bonds, notes or other indebtedness of the Recipient that are issued after the Loan Closing Date and are secured by the Designated Revenues.

Section 5.06 Notice of Material Adverse Change. The Recipient shall promptly notify the Board of any material adverse change in the properties, activities, prospects or the condition (financial or otherwise) of the Recipient or the Project or in the ability of the Recipient to make all Loan Repayments and otherwise observe and perform its duties, covenants, obligations and agreements under this Loan Repayment Agreement.

Section 5.07 Compliance with Applicable Laws. The Recipient will comply with the requirements of all applicable laws, rules, regulations and orders of the State, the Federal Highway Administration and all other governmental authorities that relate to the design, acquisition, construction and operation of the Project, and neither the State nor the Arizona Department of Transportation assumes any responsibility for such compliance as a result of the Loan or this Loan Repayment Agreement or any other action under the Act.

Section 5.08 Continuing Representations. The representations of the Recipient contained herein shall be true at the time of the execution of this Loan Repayment Agreement and at all times during the term of this Loan Repayment Agreement.

Section 5.09 Additional Covenants of Recipient. Recipient shall comply with the additional covenants, if any, set forth on Exhibit D(VI).

ARTICLE VI.

ASSIGNMENT

Section 6.01 Assignment and Transfer by Board.

The Recipient expressly acknowledges that, other than the right, title and interest of the Board under Section 7.08 of this Loan Repayment Agreement, all right, title and interest of the Board in, to and under this Loan Repayment Agreement and the Note, if any, may, at the sole discretion of the Board, be assigned by the Board to a trustee or other person (the "Assignee") as security for bonds that the Board may issue, as permitted by State law, and that if any Event of Default shall occur and if this Loan Repayment Agreement and the Note, if any, have been so assigned, then the Assignee shall be entitled to act hereunder in the place and stead of the Board. The Recipient consents to assignment of this Loan Repayment Agreement and the Note, if any. The Board acknowledges that the Recipient is not a party to and has, and will have, no obligation to perform any of the Board's covenants, agreements or obligations under any such bonds the Board may issue, and that the Recipient is only required to observe and perform its covenants, agreements and obligations under this Loan Repayment Agreement and the Note, if any, and, if and when requested by the Board, to cooperate with the Board in order to enable the Board to comply with the Board's covenants, agreements or obligations relating to such bonds. This Loan Repayment Agreement, including, without limitation, the right to receive payments required to be made by the Recipient hereunder and to compel or otherwise enforce observance and performance by the Recipient of its other duties, covenants, obligations and agreements hereunder, and the Note, if any, may be sold by the Board to a third party or may be further transferred, assigned and reassigned in whole or in part to one or more assignees or subassignees by any Assignee at any time subsequent to its execution without the necessity of obtaining the consent of, but after giving prior written notice to, the Recipient.

Section 6.02 Assignment by Recipient. This Loan Repayment Agreement and the Note, if any, may not be assigned by the Recipient without the prior written consent of the Board. The Board may grant or withhold such consent in its sole discretion. In the event of an assignment of this Loan Repayment Agreement and the Note, if any, by Recipient with the prior written consent of the Board and assumption of the obligations hereunder, Recipient shall pay, or cause to be paid, to the Board any fees or costs incurred by the Board as the result of such assignment, including but not limited to, attorney fees.

ARTICLE VII.

DEFAULTS AND REMEDIES

~~Section 7.01 Event of Default. If any of the following events occurs, it is hereby defined as and declared to be and to constitute an "Event of Default":~~

- (a) Failure by the Recipient to pay, or cause to be paid, any Loan Repayment required to be paid hereunder, on the due date thereof; or

- (b) Any representation made by or on behalf of the Recipient contained in this Loan Repayment Agreement, or in any agreement, instrument, certificate or document furnished in compliance with or with reference to this Loan Repayment Agreement or the Loan or under the Note, if any, is false or misleading in any material respect; or
- (c) A petition is filed by or against the Recipient under any federal or State bankruptcy or insolvency law or other similar law in effect on the date of this Loan Repayment Agreement or thereafter enacted, unless in the case of any such petition filed against the Recipient such petition shall be dismissed within 30 calendar days after such filing, and such dismissal shall be final and not subject to appeal; or the Recipient shall become insolvent or bankrupt or make an assignment for the benefit of its creditors; or a custodian (including without limitation, a trustee, receiver, custodian, liquidator, or the like of Recipient or any of its property) shall be appointed by court order or take possession of the Recipient or its property or assets if such order remains in effect or such possession continues for more than thirty (30) calendar days; or
- (d) Failure by the Recipient to observe and perform any duty, covenant, obligation or agreement on its part to be observed or performed under this Loan Repayment Agreement, other than as referred to in subsections (a) through (c) of this Section, which failure shall continue for a period of thirty (30) calendar days after written notice, specifying such failure and requesting that it be remedied, is given to the Recipient by the Board, unless the Board shall agree in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in such notice is correctable but cannot be corrected within the applicable period, the Board may not unreasonably withhold their consent to an extension of such time up to one hundred twenty (120) calendar days of the written notice referred to above if corrective action is instituted by the Recipient within the applicable period and diligently pursued until the Event of Default is corrected; or
- (e) Recipient fails to proceed expeditiously with, or to complete, the Project.

Section 7.02 Notice of Default. The Recipient shall give the Board prompt telephonic notice of the occurrence of any event or condition that constitutes an Event of Default at such time as the Authorized Officer, any senior administrative or financial officer of the Recipient becomes aware of the existence thereof. Any telephonic notice pursuant to this Section 7.02 shall be confirmed in writing as soon as is practicable by the Recipient.

Section 7.03 Remedies on Default. Whenever an Event of Default referred to in Section 7.01 hereof shall have occurred and be continuing, the Board shall have the right to take any action permitted or required pursuant to the Loan Repayment Agreement or the Note, if any, and to take whatever other action under the Act, at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce the performance and observance of any duty, covenant, obligation or agreement of the Recipient hereunder, including, without limitation, (i) directing intercept of certain State funds pursuant to Section 7.04, (ii) refusing to disburse any further Loan proceeds and applying any moneys in Recipient's Subaccount to cure any payments default, and (iii) barring the Recipient from applying for future assistance from the HELP Fund.

In addition, if an Event of Default referred to in Section 7.01 (a) hereof shall have occurred and be continuing, the Board shall have the right to declare all Loan Repayments and all other amounts due hereunder to be immediately due and payable, and upon notice to the Recipient the same shall become due and payable without further notice or demand.

Section 7.04 Intercept of State Funds.

(a) If the Recipient is a city, county or town and if an Event of Default referred to in Section 7.01(a) shall have occurred and be continuing, then the Board shall have the right to send a written notice to the State Treasurer on the form of Exhibit F hereto (the "Withhold Certificate"). In the Withhold Certificate, the Board shall certify the amount of any Loan Repayment which is past due (the "Deficiency") and direct the State Treasurer, in accordance with Section 28-7676(K), A.R.S., to withhold from the Recipient's next succeeding distribution(s) of moneys pursuant to Title 28, Chapter 18, Article 2 and Section 42-6107, A.R.S., an amount necessary to cure such Deficiency.

The Board may provide such Withhold Certificate for each such Event of Default and shall mail a copy of each Withhold Certificate to the Authorized Officer of such defaulting city, county or town.

(b) On receipt of such Withhold Certificate and subject to (c) below, the State Treasurer shall withhold the amount of such Deficiency from the next distribution(s) of moneys to such defaulting city, county or town pursuant to Title 28, Chapter 18, Article 2, and withhold from such defaulting county's next distribution(s) of moneys pursuant to Section 42-6107, A.R.S. (collectively, the "State Distributions"). The State Treasurer shall immediately deposit the amounts so withheld into the HELP Fund and shall continue to withhold State Distributions and deposit them into the HELP Fund until the Authorized Officer of the Board certifies to the State Treasurer that the Deficiency has been cured.

(c) Notwithstanding (b) above, the State Treasurer shall, as required by the Act, not withhold from the State Distributions any amount that the defaulting city, county or town certifies in writing prior to such withholding to the State Treasurer and the Authorized Officer of the Board (the "Certificate of Required Deposits") to be necessary to make any required deposits then due for the payment of principal and interest on bonds issued by such defaulting city or town pursuant to Title 48, Chapter 4, Article 5, or by such defaulting county pursuant to Title 11, Chapter 2, Article 12.

In such Certificate of Required Deposits, the defaulting city, county or town shall set forth the dollar amount that is then due for payment of principal and interest on such bonds; and specifically identify the bonds and the date that the principal and interest was due. Upon receipt of such Certificate of Required Deposits, the State Treasurer shall distribute from the State Distributions: (i) to such city, county or town, the amount set forth in the Certificate of Required Deposit, and (ii) to the appropriate subaccount in the HELP Fund, the balance, if any, remaining after (i).

Section 7.05 Attorney's Fees and Other Expenses. The Recipient shall, on demand, pay to the Board the reasonable fees and expenses of attorneys, whether at trial or on appeal, and other reasonable expenses (including without limitation expert witness fees and the reasonable allocated costs of in-house counsel and legal staff) incurred by the Board in the collection of Loan Repayments or any other sum due hereunder or in the enforcement of performance or observation of any other duties, covenants, obligations or agreements of the Recipient.

Section 7.06 Application of Moneys. Any moneys collected by the Board pursuant to Section 7.03 hereof shall be applied in the following order: (a) to pay any attorney's fees or other fees and expenses owed by the Recipient hereunder, (b) to pay interest due and payable on the Loan, and (c) to pay principal due and payable on the Loan.

Section 7.07 No Remedy Exclusive; Waiver; Notice. No remedy herein conferred upon or reserved to the Board is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Repayment Agreement or Note, if any, or now or hereafter existing at law or in equity. No delay or omission to exercise any right, remedy or power accruing upon any Event of Default shall impair any such right, remedy or power or shall be construed to be a waiver thereof, but any such right, remedy or power may be exercised from time to time and as often as may be deemed expedient. To entitle the Board to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article VII.

Section 7.08 Retention of Board's Rights. Notwithstanding any assignment or transfer of this Loan Repayment Agreement and the Note, if any, pursuant to the provisions hereof or anything else to the contrary contained herein, the Board shall have the right upon the occurrence of an Event of Default to take any action, including (without limitation) bringing an action against the Recipient at law or in equity, as the Board may, in its discretion, deem necessary to enforce the obligations of the Recipient to the Board pursuant to Section 7.05 hereof.

Section 7.09 Default by the Board. In the event of any default by the Board under any covenant, agreement or obligation of this Loan Repayment Agreement, the Recipient's remedy for such default shall be limited to injunction, special action, action for specific performance or any other available equitable remedy designed to enforce the performance or observance of any duty, covenant, obligation or agreement of the Board hereunder as may be necessary or appropriate. To the extent permitted by law, the Board shall on demand pay to the Recipient the reasonable fees and expenses of attorneys and other reasonable expenses in the enforcement of such performance or observation.

ARTICLE VIII.

MISCELLANEOUS

Section 8.01 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, or by a nationally recognized overnight delivery service with signature required upon receipt, to the Recipient and to the Board at the addresses set forth below, or actually delivered to such party by physical delivery or by facsimile with evidence of receipt.

Notices and communications given by mail hereunder shall be deemed to have been given 5 days after the date of dispatch; all other notices shall be deemed to have been given upon receipt. Changes in the respective addresses to which such notices and communications may be directed may be made from time to time by any party by written notice to the other party. Rejection, or refusal to accept, or inability to deliver because of a change of address of which no notice was given as provided herein, shall be deemed to be receipt of the notice sent.

If to the Board: Arizona Transportation Board
 206 S. 17th Avenue
 Phoenix, Arizona 85007
 Attn: Chairman, with a copy to the Chief Financial Officer of the
 Department

If to the Recipient: Address on Exhibit A(I)

Section 8.02 Binding Effect. This Loan Repayment Agreement shall inure to the benefit of and shall be binding upon the Board and the Recipient and their respective successors and assigns.

Section 8.03 Severability. In the event any provision of this Loan Repayment Agreement shall be held illegal, invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate, render unenforceable or otherwise affect any other provision hereof

Section 8.04 Amendments, Supplements and Modifications. This Loan Repayment Agreement may not be amended, supplemented or modified without the prior written consent of the Board, acting as a body, and the Recipient, acting through its Governing Body. This Loan Repayment Agreement may not be amended, supplemented or modified in a manner that is not in compliance with the Act.

Section 8.05 Execution in Counterparts. This Loan Repayment Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.06 Headings. The Section headings in this Loan Repayment Agreement are intended to be for reference purposes only and shall in no way modify or restrict any of the terms or provisions hereof.

Section 8.07 Applicable Law. This Loan Repayment Agreement shall be governed by and construed in accordance with the laws of the State.

Section 8.08 Loan not an Obligation of the United States of America. The covenants, agreements and obligations of the Board contained in this Loan Repayment Agreement shall not be construed to be covenants, agreements or obligations of the United States of America.

Section 8.09 Further Assurances. The Recipient shall, at the request of the Board, authorize, execute, acknowledge and deliver such further resolutions, conveyances, transfers, assurances, financing statements and other instruments as may be necessary or desirable for assuring,

conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Loan Repayment Agreement.

Section 8.10 Merger; No Waiver. This Loan Repayment Agreement and attached exhibits constitute the entire agreement between the parties on the subject matter hereof. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Loan Repayment Agreement. No waiver of any provision of this Loan Repayment Agreement and the Note, if any, or consent shall bind either party unless in writing and signed by both parties. Such waiver or consent, if made, shall be effective only in the specific instance and for the specific purpose given. The failure of the Board to enforce any provision of this Loan Repayment Agreement and the Note, if any, shall not constitute a waiver by the Board of that or any other provision.

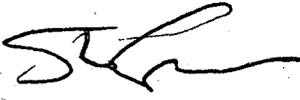
Section 8.11 Cancellation of State Contracts. This Loan Repayment Agreement may be cancelled in accordance with Arizona Revised Statutes Section 38-511.

IN WITNESS WHEREOF, the Board and the Recipient have caused this Loan Repayment Agreement to be executed and delivered as of the date first above written.

ARIZONA TRANSPORTATION BOARD

TOWN OF PAYSON

Recipient

By: 

By: _____

Title: Chair

Title: _____

Date: 3/21/08

Date: _____

Exhibit A to Loan Repayment Agreement

DESCRIPTION OF RECIPIENT AND PROJECT

I. Recipient Name: Town of Payson, Arizona

Address: 303 N. Beeline Highway
Payson, Arizona 85541
Attn: Town Manager

II. Organizational Status: Town

(e.g., city, town, county, special taxing district authorized by State of Arizona law to construct a Project, or the State of Arizona or its departments)

III. Governing Body of Recipient: Town Council of the Town of Payson

IV. Project:

The Project consists of the reconstruction of Bonita Street from State Highway 87 to Bently Street in the Town of Payson, as described in Recipient's loan application dated December 19, 2007.

V. Authorized Officer of Recipient:

Exhibit B to Loan Repayment Agreement

ELIGIBILITY OF PROJECT

Pursuant to Section 4.01(a)(v), Recipient shall furnish to the Board both (I) and (II) below:

- I. Evidence that the Project is a highway project that is both:
 - (a) on the federal-aid system, national highway system or state route or state highway system; and
 - (b) included in either:
 - (i) the Arizona Department of Transportation's state highway construction plan, or
 - (ii) the transportation improvement plan of a regional association of governments.

- II. Evidence that the Project is a "federal-aid highway" within the meaning of the SIB Act or eligible for assistance under the provisions of Title 23, U.S.C., provided, however, this requirement II is not applicable to the extent permitted under the SIB Act and the SIB Cooperative Agreement, as determined by the Board.

Exhibit C to Loan Repayment Agreement

APPROVED PROJECT BUDGET

See attached excerpt from the
Central Arizona Association of Governments (CAAG) Transportation Improvement Plan

Participation Rate: Not Applicable

(Percentage of Costs of Project to be paid with Loan. If Loan is in form of financial assistance relating to the Project, indicate "Not Applicable.")

Exhibit D to Loan Repayment Agreement

DESCRIPTION OF LOAN TERMS

Recipient: Town of Payson (Bonita Street, Phase II Project)

I. Loan or Other Financial Assistance: Loan equal to \$1,200,000.00

II. Loan Number: QPAY2S08U

III. Terms:

Principal Amount: \$1,200,000.00

Interest Rate: To be determined.

Source of Loan Funds/Source of Repayment Funds: Unrestricted/Unrestricted

Interest Payment Dates: Interest is due and payable each May 15, beginning May 15, 2009 or if such day is not a Business Day, on the next succeeding Business Day, as calculated in Section 2.04 of the Loan Repayment Agreement. Interest is payable to the State Treasurer as described below:

Bank of America, N.A	ABA # 0260-0959-3
101 N. 1 st Avenue	For credit to Acct # 0046 7384 3551
Phoenix, AZ 85003	“ADOT – HELP”
Contact: Judy Covey	
Phone: 602-523-2726	

Principal Repayment Schedule and Maturity Date:¹

See attached repayment schedule.

Principal payments are to be made to the same manner as interest payments, as stated above.

Prepayment Terms and Premium: As set forth in Section 2.06 (no premium for prepayment).

¹ If the source of the Loan is moneys derived from a SIB Cooperative Agreement, the final Maturity Date shall not be longer than ten (10) years after the date the Project is opened to traffic. If the source of the Loan is other moneys, the final Maturity Date of the Loan shall not be longer than five (5) years after the date the Project is opened to traffic.

Exhibit D to Loan Repayment Agreement (continued)

Loan Closing Date: May 15, 2008 (or such other mutually acceptable date).

Disbursement of Loan Proceeds to Recipient: Within two business days of Loan Closing Date.

IV. Designated Revenues to be used by Recipient to repay Loan:

The Recipient agrees and promises to pay amounts necessary to fully provide for the payment of principal and interest on the Loan, when due, from Recipient's General Fund and from Recipient's dedicated Highway User Revenue Fund (HURF) revenue, after provision for payment of all amounts pledged to pay the Recipient's outstanding HURF bonds, if any, and other funds legally available for such purpose.

V. Loan Fee:

NONE

VI. Additional Covenants of Recipient:

a) The Recipient will maintain project accounts in accordance with generally accepted accounting standards.

b) The Recipient will report the project status and spending progress on the project to the Board on a quarterly basis beginning October 1, 2008. Such report may be in letter form, addressed to the Board with a copy to the Chief Financial Officer of the Department.

**Attachment 1 to Exhibit D
Town of Payson
Bonita Street, Phase II**

Estimated Loan Repayment Schedule

Loan Number: *QPAY2S08U*
Loan Amount: *\$1,200,000.00*
Closing Date: *15-May-08*
Interest Rate: *3.500%* (Estimated)

Estimated Payment Date	Estimated Principal Amount	Estimated Interest Rate	Estimated Interest	Estimated Debt Service
15-May-09	\$ 144,000.00	3.500%	\$ 42,000.00	\$ 186,000.00
15-May-10	\$ 144,000.00	3.500%	\$ 36,960.00	\$ 180,960.00
15-May-11	\$ 268,000.00	3.500%	\$ 31,920.00	\$ 299,920.00
15-May-12	\$ 500,000.00	3.500%	\$ 22,540.00	\$ 522,540.00
15-May-13	\$ 144,000.00	3.500%	\$ 5,040.00	\$ 149,040.00
<i>Totals</i>	<u>\$ 1,200,000.00</u>		<u>\$ 138,460.00</u>	<u>\$ 1,338,460.00</u>

Exhibit E to Loan Repayment Agreement

NOTE

NOT APPLICABLE

Exhibit F to Loan Repayment Agreement

WITHHOLD CERTIFICATE

Arizona State Treasurer
1800 West Washington
West Wing, 1st Floor
Phoenix, Arizona 85007
ATTN: Deputy Treasurer

Re: Withholding Under A.R.S. § 28-7676(K)

On behalf of the Arizona Transportation Board (the "Board"), the undersigned hereby:

1. Certifies to the State Treasurer that the _____ (the "Defaulting Governmental Body") has failed to make a payment due to the Board under its HELP Program Loan Repayment Agreement with the Board and the amount of such deficiency is \$ _____ (the "Deficiency").

2. Directs the State Treasurer to withhold from the Defaulting Governmental Body's next distributions of moneys pursuant to Title 18, Chapter 18, Article 2 and (if the Defaulting Governmental Body is a county) from the defaulting county's next distribution of moneys pursuant to A.R.S. § 42-6107, amounts sufficient to cure the Deficiency. The State Treasurer shall continue such withholding until the undersigned certifies to the State Treasurer that the Deficiency has been cured.

Upon receipt of this Certificate, the State Treasurer, as authorized by A.R.S. § 28-7676(K) and to the extent not otherwise expressly prohibited by law and subject to paragraph 3, shall make such withholding and transfer the amount so withheld to the following subaccount in the Highway Expansion and Extension Loan Program Fund established by Section 28-7674, A.R.S.:

[HERE DESCRIBE ACCOUNT INTO WHICH STATE TREASURER WILL
DEPOSIT WITHHOLDING]

3. Notwithstanding paragraph 2, the State Treasurer shall not withhold from the distributions of moneys under Title 18, Chapter 18, Article 2 and Section 42-6107 any amount that is necessary, as certified in writing prior to such withholding by the Authorized Officer of the Defaulting Governmental Body to the State Treasurer and the undersigned, to make any required deposits then due for payment of principal and interest on bonds of the Defaulting Governmental Body (if a city, town or county issued) pursuant to Title 48, Chapter 4, Article 5, or if a county pursuant to Title 11, Chapter 2, Article 12. In such certificate, the Defaulting Governmental Body shall set forth the dollar amount that is then due for payment of principal

and interest on such bonds and shall specifically identify the bonds and the date that the principal and interest was due.

The undersigned hereby certifies that he/she has mailed a copy of this Withholding Certificate to the Authorized Officer of the Defaulting Governmental Body at the address set forth in the Loan Repayment Agreement.

Dated: _____

ARIZONA TRANSPORTATION BOARD

By: _____

Title: _____

Copy to: Authorized Officer of Defaulting Governmental Body

Exhibit G to Loan Repayment Agreement

DISBURSEMENT REQUISITION

TO: Arizona Transportation Board
c/o Arizona Department of Transportation
206 S. 17th Avenue, Room 200B
Phoenix, Arizona 85007
Attention: Steve Schaefer

Re: HELP Loan Number: QPAY2S08U

On behalf of the Recipient identified below, the undersigned Authorized Officer of the Recipient hereby requests that the Board disburse from the Recipient's Subaccount in the Highway Expansion and Extension Loan Program Fund to the following payees the following amounts:

[PAYEE] \$ _____

The foregoing disbursements are all for Costs of the Project as such term is defined in, and which are permitted under, the Loan Repayment Agreement. Attached are all necessary documentation as required by Section 4.02(e) of the Loan Repayment Agreement and this Payment Requisition.

DATED this ____ day of _____, ____.

Town of Payson
Recipient

By: _____
Authorized Officer

Attachments

CERTIFICATE OF THE TOWN OF PAYSON, ARIZONA
PURSUANT TO SECTION 4.01(a)(ii)
OF THE LOAN REPAYMENT AGREEMENT

The undersigned, _____, _____ of the Town of Payson, Arizona (the "Town"), is providing this certificate pursuant to Section 4.01(a)(ii) of the Loan Repayment Agreement dated as of March 21, 2008 (the "Loan Repayment Agreement") between the Transportation Board of the State of Arizona and the Town. All terms capitalized in this Certificate and not otherwise defined herein shall have the meanings given to such terms in the Loan Repayment Agreement.

The undersigned certifies as follows:

(i) the Town has full legal right and authority to execute and deliver the Loan Repayment Agreement and to observe and perform its duties, covenants, obligations and agreements thereunder and to undertake and complete the Project;

(ii) the Loan Repayment Agreement has been authorized pursuant to official action of the Governing Body of the Town that has been adopted and authorized in accordance with applicable State law;

(iii) the Loan Repayment Agreement has been duly authorized and executed and delivered by duly authorized officers of the Town and constitutes the legal, valid and binding obligations of the Town enforceable in accordance with its terms;

(iv) to the best of the knowledge of the undersigned, the authorization, execution and delivery of the Loan Repayment Agreement by the Town, the observation and performance by the Town of its duties, covenants, obligations and agreements thereunder, the consummation of the transactions contemplated therein and the undertaking and completion of the Project do not and will not contravene, in any material way, any existing law, rule or regulation or any existing order, injunction, judgment, or decree of any court or governmental or administrative agency, authority or person having jurisdiction over the Town or its property or assets or result in any material breach or violation of any of the terms and provisions of, or constitute any material default under, any existing agreement to which the Town is a party or by which the Town or its property or assets is bound;

(v) all material approvals, consents or authorizations of, or registrations or filings with, any governmental or public agency, authority or person required on the part of the Town in connection with the authorization, execution, delivery and performance of the Loan Repayment Agreement and the undertaking and completion of the Project have been obtained or made to the extent it is possible to obtain or make them on or prior to the Closing Date of the Loan; and

(vi) to the best of the knowledge of the undersigned, there is no litigation or other proceeding pending or threatened in any court or other tribunal of competent jurisdiction questioning the creation, organization or existence of the Town, the validity, legality or enforceability of the Loan Repayment Agreement or the undertaking or completion of the Project.

Dated: _____

By: _____
Authorized Officer
Town of Payson, Arizona

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H