



RESOLUTION NO. 15-01-01

RESOLUTION OF THE BOARD OF SUPERVISORS OF GILA COUNTY, ARIZONA, STATING ITS INTENTION TO INCUR A LONG TERM OBLIGATION; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE AGREEMENT (2015), A TRUST AGREEMENT, A PLACEMENT AGENT AGREEMENT AND OTHER NECESSARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS; APPROVING THE SALE AND EXECUTION AND DELIVERY OF A NOT TO EXCEED \$2,000,000 AGGREGATE PRINCIPAL AMOUNT PLEDGED REVENUE OBLIGATION, SERIES 2015, EVIDENCING ALL OF THE INTERESTS OF THE OWNER THEREOF IN THE PURCHASE AGREEMENT; DELEGATING AUTHORITY TO THE COUNTY MANAGER, ASSISTANT COUNTY MANAGER OR FINANCE DIRECTOR OF THE COUNTY TO DETERMINE CERTAIN MATTERS AND TERMS WITH RESPECT TO THE FOREGOING; ADOPTING POST-ISSUANCE TAX COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF OBLIGATIONS OF THE COUNTY; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION AND DECLARING AN EMERGENCY

WHEREAS, the Board of Supervisors (the “Board”) of Gila County, Arizona (the “County”), has determined to finance the costs of the Copper Administration Building (Modular Office Building-Used) (the “Project”), by entering into a long-term obligation that is not secured by the full faith and credit of the County in the form of a Purchase Agreement (2015), to be dated as of the first day of the month of the dated date of the hereinafter described Obligation (the “Purchase Agreement”), with a bank authorized to exercise trust powers in the State of Arizona (the “State”), appointed as provided hereby, as trustee (the “Trustee”), in its separate capacity as “Seller”; and

WHEREAS, because the County has a current population of less than five hundred thousand (500,000) persons, prior to incurring such long-term obligation, the Board must hold a hearing as required by A.R.S. § 11-391; and

WHEREAS, a hearing on the Purchase Agreement was held at 10:00 a.m., Mountain Standard Time, on January 6, 2015, at the chambers of the Board located at 1400 East Ash Street, Globe, Arizona 85501, after notice thereof pursuant to applicable law; and

WHEREAS, pursuant to A.R.S. § 11-391, at least fifteen days after such hearing, the Board must hold the public meeting at which this Resolution was considered to adopt findings and, following the public comments received at and after such hearing, by roll call vote, adopt and enter this Resolution to incur the Purchase Agreement to finance the costs of the Project, stating the public need for the Project, the estimated cost and the amount of the Purchase Agreement; and

WHEREAS, in connection with the Purchase Agreement, the Board hereby deems it necessary and desirable to provide for the sale and execution and delivery of a pledged revenue obligation (the "Obligation"), evidencing all of the interests of the owner of the Obligation in payments to be made by the County to the Trustee pursuant to the Trust Agreement (2015), to be dated as of the first day of the month of the dated date of the Obligation established as provided herein (the "Trust Agreement"), between the Trustee and the County, such payments to be made pursuant to the Purchase Agreement; and

WHEREAS, the Obligation will be secured by amounts received under the Purchase Agreement pursuant to which the County will pledge (i) revenues from all unrestricted transaction privilege (sales) taxes that the County now or hereafter levies, except for any taxes hereafter levied for an inconsistent purpose (the "County-Imposed Excise Taxes Revenues") and (ii) revenues from excise taxes and transaction privilege (sales) taxes imposed and collected by the State, or any agency thereof, and returned, allocated or apportioned to the County, except the County's share of any such taxes which by State law, rule or regulation must be expended for other purposes (together with the County-Imposed Excise Taxes, the "Excise Taxes Revenues"); and

WHEREAS, Stifel, Nicolaus & Company, Incorporated (the "Placement Agent") will submit a proposal to place the Obligation pursuant to a Placement Agent Agreement, to be dated the date of placement of the Obligation (the "Placement Contract"), by and between the County and the Placement Agent; and

WHEREAS, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder (the "Regulations"), issuers of obligations, the interest on which is intended to be excludable from the gross income of the owners thereof for federal income tax purposes ("Tax-Exempt Obligations"), are required to establish policies and procedures to ensure compliance with the applicable provisions of the Code and the Regulations; and

WHEREAS, it is determined that procedures should be adopted in order to ensure that Tax-Exempt Obligations issued by the County comply with the provisions of the Code and the Regulations (the "Procedures"); and

WHEREAS, there have been presented to the Board at the meeting at which this Resolution is being adopted (1) the proposed form of the Purchase Agreement; (2) the proposed form of the

Trust Agreement; (3) the proposed form of the Placement Contract and (4) the proposed form of the Procedures; and

WHEREAS, financing the costs of the Project pursuant to the Purchase Agreement is in furtherance of the purposes of the County and in the public interest;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF GILA COUNTY, ARIZONA, THAT:

Section 1. (a) It is intended that the County incur the Purchase Agreement to finance the Project. The public need for the Project is to provide the services supplied in the facilities financed with the proceeds of the sale of the Obligation on the most economic financial terms available. The Purchase Agreement is estimated to be in the principal amount of not to exceed \$2,000,000 and, with total estimated interest of \$545,000, to have a total financing cost of \$2,545,000.

(b) The County Manager, Assistant County Manager or Finance Director of the County are each hereby authorized to determine on behalf of the County the series name and designation of the Obligation; the date the Obligation is to be sold and the identity of the purchaser thereof; the total aggregate principal amount of the Obligation which is to be executed and delivered but not to exceed in total the aggregate principal amount of \$2,000,000; whether the Obligation can be designated for purposes of Section 13(b) of the Purchase Agreement; the date the Obligation is to be dated; the dates on which interest on the Obligation is to be payable and the interest rates per annum the Obligation is to bear; the date the Obligation is to mature but not later than eleven (11) years from the date of the execution and delivery of the Obligation and the provisions for redemption thereof in advance of such date and the terms upon which the Obligation is to be sold (including determinations of price, original issue discount and premium and placement agent compensation); provided, however, that the foregoing determinations shall not result in the yield on the Obligation, as calculated in accordance with Section 148 of the Internal Revenue Code of 1986, as amended, exceeding four percent (4.0%).

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

Section 2. The Obligation is to be sold pursuant to the Placement Contract and the terms to be determined as provided hereinabove.

Section 3. The form, terms and provisions of the Purchase Agreement, the Trust Agreement and the Placement Contract, in substantially the forms of such documents (including the Obligation and other exhibits thereto) presented at the meeting of the Board at which this Resolution is being adopted are hereby approved, with such final provisions, insertions, deletions and changes as determined as provided hereinabove and shall be approved by the Chairman of the Board.

The execution of each such document is conclusive evidence of such approval, and the Chairman of the Board or the Clerk, where applicable, are hereby authorized and directed, for and on behalf of the County, to execute and deliver and attest or approve the Purchase Agreement, the Trust Agreement and the Placement Contract and to take all action to carry out and comply with the terms of such documents.

Section 4. The Trustee (including in its capacity as Seller) is hereby requested to take any and all action necessary in connection with the execution and delivery of the Purchase Agreement, the Trust Agreement and the sale and execution and delivery of the Obligation and is further authorized and directed to enter into such agreements as may be reasonable for the administration of the trusts so held by it.

Section 5. The covenants and agreements contained the Purchase Agreement as to the pledge of and the lien on the Excise Taxes Revenues and the restriction on the issuance of further parity obligations secured by the Excise Taxes Revenues are hereby approved and confirmed.

Section 6. The Procedures are hereby adopted to establish policies and procedures in connection with Tax-Exempt Obligations issued by the County to ensure all applicable post-issuance requirements of the Code and the Regulations needed to preserve the status of such Tax-Exempt Obligations are met. The right to use discretion as necessary and appropriate to make exceptions or request additional provisions with respect to the Procedures as may be determined is hereby reserved. The right to change the Procedures from time to time, without notice, is also reserved.

Section 7. The County Manager, the Assistant County Manager, the Finance Director and the other officers of the County, on behalf of the County, are each hereby authorized and directed, without further order of the Board, to do all such acts and things and to execute and deliver all such certificates, proceedings, agreements and other documents as may be necessary or convenient to be executed and delivered on behalf of the County, to evidence compliance with, or further the purposes of, all the terms and conditions, and the consummation of the transactions contemplated by, and as may be necessary to carry out the terms and intent of, this Resolution.

Section 8. All actions of the officers and agents of the County which conform to the purposes and intent of this Resolution and which further the sale and execution and delivery of the Obligation as contemplated by this Resolution whether heretofore or hereafter taken are hereby ratified, confirmed and approved.

Section 9. If any section, paragraph, clause or phrase of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or phrase shall not affect any of the remaining provisions of this Resolution. All orders, resolutions and ordinances or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as reviving any order, resolution or ordinance or any part thereof.

Section 10. The immediate operation of the provisions of this Resolution is necessary for the preservation of the public peace, health and safety, particularly to finance the Projects on the most attractive terms available to the County, and an emergency is hereby declared to exist, and this Resolution will be in full force and effect from and after its passage by the Board of

Supervisors of the County and it is hereby excepted from the referendum provisions of the Constitution and laws of the State of Arizona. After the Obligation is delivered by the Trustee and upon receipt of payment therefor, this Resolution shall be and remain irrepealable until the Obligation and the interest and premium, if any, thereon shall have been fully paid, cancelled and discharged.

PASSED AND ADOPTED this 27th day of January 2015, at Globe, Gila County, Arizona

Attest:

GILA COUNTY BOARD OF SUPERVISORS

Marian Sheppard, Clerk

Michael A. Pastor, Chairman

Approved as to form:

Bryan Chambers
Deputy County Attorney/Civil Bureau Chief

CERTIFICATION

I hereby certify that the foregoing Resolution No. 15-01-01 was duly passed and adopted by the Board of Supervisors of Gila County, Arizona, at a regular meeting held on the 27th day of January 2015, and the vote was ayes and nays.

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Clerk, Board of Supervisors, Gila County, Arizona