

RESOLUTION NUMBER R19-032

RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SAFFORD, GRAHAM COUNTY, ARIZONA (1) PROVIDING FOR THE SALE AND EXECUTION AND DELIVERY PURSUANT TO A FIFTH EXCISE TAX TRUST AGREEMENT OF AN EXCISE TAX REVENUE OBLIGATION, SERIES 2019, EVIDENCING ALL OF THE INTERESTS OF THE HOLDER THEREOF IN INSTALLMENT PAYMENTS OF THE PURCHASE PRICE TO BE PAID BY THE CITY OF SAFFORD, ARIZONA, PURSUANT TO A FIFTH EXCISE TAX PURCHASE AGREEMENT; (2) AUTHORIZING THE COMPLETION, EXECUTION AND DELIVERY WITH RESPECT THERETO OF AGREEMENTS NECESSARY OR APPROPRIATE AS PART OF THE FINANCING AND PAYING RELATED FINANCING COSTS; (3) DELEGATING TO THE MAYOR, THE CITY MANAGER AND THE FINANCE DIRECTOR CERTAIN AUTHORITY WITH RESPECT TO THE PURPOSES HEREOF; (4) ADOPTING A POST-ISSUANCE TAX COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF OBLIGATIONS OF THE CITY; (5) AUTHORIZING THE FINANCE DIRECTOR TO EXPEND ALL NECESSARY FUNDS THEREFOR; AND (6) DECLARING AN EMERGENCY

**WHEREAS**, the Mayor and Council of the City of Safford, Arizona (the “City”), have determined to finance the costs of constructing a public safety facility and renovating an existing facility for public safety purposes (the “Project”), by entering into a Fifth Excise Tax Purchase Agreement, to be dated as of the first day of the month of the dated date of the hereinafter described Series 2019 Obligation (the “Purchase Agreement”), in substantially the form presented at the meeting at which this Resolution was adopted, by which the City will agree to purchase the Project; and

**WHEREAS**, the acquisition of the Project will be financed through the sale and execution and delivery of all of the interests (the “Series 2019 Obligation”) in the Purchase Agreement pursuant to, and secured by, a Fifth Excise Tax Trust Agreement, to be dated as of the date of the Purchase Agreement (the “Trust Agreement”), from the City to a trustee appointed as provided herein (including any successor appointed and acting in such capacity, the “Trustee”), in substantially the form presented at the meeting at which this Resolution was adopted; and

**WHEREAS**, the Mayor and Council of the City will receive a proposal from Stifel, Nicolaus & Company, Incorporated, serving in the capacity of and designated as the placement agent (the “Placement Agent”), and not acting as a municipal advisor as defined in the “Registration of Municipal Advisors” rule promulgated by the United States Securities and Exchange Commission, and has determined that the Series 2019 Obligation should be placed by the Placement Agent and pursuant to the Strategic Alliance of Volume Expenditures (SAVE) Cooperative Response Proposal #C-005-1718; and

**WHEREAS**, the Placement Agent will submit such proposal to place the Series 2019 Obligation pursuant to a Placement Agent Agreement, in substantially the form presented at the

meeting at which this Resolution was adopted, to be dated the date of placement of the Series 2019 Obligation (the "Placement Contract"), by and between the City 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 (the "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**, the Mayor and Council of the City hereby determine that procedures should be adopted in order to ensure that Tax-Exempt Obligations issued by the City comply with the provisions of the Code and the Regulations (the "Procedures"); and

**WHEREAS**, there have been presented to the Mayor and Council of the City at the meeting at which this Resolution was considered: (i) the proposed form of the Purchase Agreement; (ii) the proposed form of the Trust Agreement; (iii) the proposed form of the Placement Contract; and (iv) the proposed form of the Procedures; and

**WHEREAS**, the City has the requisite power and authority to execute and deliver the Purchase Agreement and to cause the sale and execution and delivery of the Series 2019 Obligation, and all acts, conditions and things required by the Constitution and laws of the State of Arizona and the requirements of the City to happen, exist and be performed precedent to and as a condition to the adoption of this Resolution have happened, exist and been performed in the time and manner required to make the Purchase Agreement a valid and binding limited, special obligation of the City;

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

Section 1. Authorization and Execution and Delivery of Documents and Obligation.

(a) For the purpose of providing funds to finance the costs of the Project and the related costs of the sale and execution and delivery of the Series 2019 Obligation, the Series 2019 Obligation shall be sold and executed and delivered. The Series 2019 Obligation shall be dated the date of its initial authentication and delivery and shall be issued in such form and denomination, shall be executed in such manner and shall have such other provisions as set forth in the form of the Trust Agreement, with such additions, deletions and modifications consistent with this Resolution as shall be approved by the officers of the Trustee executing and delivering the same on behalf of the Trustee, the execution and delivery thereof to constitute conclusive evidence of their approval and of such additions, deletions or modifications. The identity of the Trustee, the aggregate principal amount of the Series 2019 Obligation (but not to exceed \$2,560,000) and the dates the same shall be payable and prepayable, the period over which the Series 2019 Obligation shall become payable (but not later than July 1, 2034), the date on and price at which the Series 2019 Obligation shall be sold (including provisions for any premium or discount) and the entity to which the Series 2019 Obligations shall be sold (the "Purchaser"), and the rates of interest the Series 2019 Obligation shall bear (but, except in the case of default or an

event of taxability, not greater than two and one-half percent) and the dates the same shall be payable shall be determined by the Mayor, the City Manager or the Finance Director of the City or the designees of any of them (collectively, the “Authorized Representatives”) to which such authority is hereby delegated.

(b) The Mayor or, in the absence thereof, the Vice Mayor are hereby authorized to execute, and the Clerk is hereby authorized to attest and deliver, respectively, the Purchase Agreement, the Trust Agreement and the Placement Contract, which are hereby approved, with such additions, deletions and modifications as shall be approved by those officers executing and delivering the same on behalf of the City, the execution and delivery thereof to constitute conclusive evidence of their approval, and of such additions, deletions and modifications.

(c) The Trustee is hereby requested to execute and deliver the Series 2019 Obligation, the Purchase Agreement and the Trust Agreement to accomplish the purposes hereof.

(d) The Authorized Representatives are hereby authorized to cause the sale and execution and delivery of the Series 2019 Obligation pursuant to the Placement Contract and are hereby delegated the authority to complete any information missing in, or necessary for the consummation of the transactions contemplated by, the Purchase Agreement, the Trust Agreement and the Placement Contract. The Finance Director is hereby authorized to receive and expend such funds as necessary to accomplish the purposes of this Resolution, including payment of installment payments related to debt service on the Series 2019 Obligation.

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

Section 2. Pledge of Excise Taxes and State Shared Revenues. The covenants and agreements contained in the Purchase Agreement as to the pledge of and the lien on the revenues from the Excise Taxes and the State Shared Revenues and the restriction on the issuance of further parity obligations secured by such source are approved and confirmed.

Section 3. Severability. 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 4. Ratification of Actions. All actions of the officers, employees and agents of the City including the Council conform to the purposes and intent of this Resolution and which further the actions contemplated by this Resolution, whether taken before or after adoption of this Resolution, are hereby ratified, confirmed and approved. The proper officers and agents of the City are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the City as may be necessary to carry out the terms and intent of

this Resolution (including entering into any agreements for administrative or procedural requirements requested by the Purchaser).

Section 5. Emergency. The immediate operation of this Resolution is necessary for the preservation of the public health and welfare, particularly to be able to finance the capital needs of the City on the most advantageous terms presently available, and an emergency is hereby declared to exist, and this Resolution shall be in full force and effect from and after its passage and approval by the Mayor and Council of the City, as required by law, and it is hereby exempt from the referendum provisions of the Constitution and laws of the State of Arizona.

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PASSED, ADOPTED, AND APPROVED this 22nd day of July 2019.

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Jason Kouts, Mayor, City of Safford, Arizona

ATTEST:

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Georgia Luster, MMC  
City Clerk, City of Safford, Arizona

APPROVED AS TO FORM:

  
.....  
William J. Sims, III  
City Attorney, City of Safford, Arizona

CERTIFICATION

State of Arizona    )  
                                  ) ss  
County of Graham )

I HEREBY CERTIFY, that the foregoing Resolution Number R19-032 was duly passed and adopted by the Mayor and City Council of the City of Safford, Graham County, Arizona, at a regular council meeting held July 22, 2019. A quorum of the Council was present at the meeting.

July 22, 2019  
Date

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Georgia Luster, MMC, City Clerk