

NOTE: Resolution Number 15-005 replaced Resolution Number 14-038 & 14-039. Council revoked Resolution Number 14-038 & 14-039, Monday, January 26, 2015.

**RESOLUTION NUMBER 14-038
(TAX-EXEMPT)**

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SAFFORD, ARIZONA, GRAHAM COUNTY, ARIZONA, (1) PROVIDING FOR THE SALE AND EXECUTION AND DELIVERY PURSUANT TO A FIRST EXCISE TAX TRUST AGREEMENT (TAX-EXEMPT) OF AN EXCISE TAX REVENUE REFUNDING OBLIGATION (TAX-EXEMPT), SERIES 2015, 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 FIRST EXCISE TAX PURCHASE AGREEMENT (TAX-EXEMPT); (2) AUTHORIZING THE COMPLETION, EXECUTION AND DELIVERY WITH RESPECT THERETO OF AGREEMENTS NECESSARY OR APPROPRIATE AS PART OF THE REFINANCING 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 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 prepay amounts due pursuant to certain project lease/purchase agreements (the “Hangar Leases”) entered into between the City and The Stockmans Bank for the purpose of financing the costs of hangars at the airport of the City and prepay a portion of the amounts due pursuant to the Loan Repayment Agreement, dated as of March 1, 2006 (the “First Loan Repayment Agreement”), entered into between the City and the Greater Arizona Development Authority for the purpose of financing the costs of street improvements in and for the City (hereinafter referred to, collectively, as the “Prior Projects”) by entering into a First Excise Tax Purchase Agreement (Tax-Exempt), to be dated as of the first day of the month of the dated date of the hereinafter described Series 2015 Obligation (hereinafter referred to as 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 a certain portion of the Prior Projects; and

WHEREAS, the acquisition of such portion of the Prior Projects will be financed through the sale and execution and delivery of all of the interests (hereinafter referred to as the “Series 2015 Obligation”) in the Purchase Agreement pursuant to, and secured by, a First Excise Tax Trust Agreement (Tax-Exempt), to be dated as of the date of the Purchase Agreement (hereinafter referred to as the “Trust Agreement”), from the City to a trustee appointed as provided herein (including any successor appointed and acting in such capacity, hereinafter referred to as 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 (hereinafter referred to as 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 2015 Obligation should be placed by the Placement Agent and pursuant to the Strategic Alliance of Volume Expenditures (SAVE) Cooperative Response Proposal #C-007-1213; and

WHEREAS, the Placement Agent will submit such proposal to place the Series 2015 Obligation pursuant to a standard form of placement agent agreement, to be dated the date of placement of the 2015 Obligation (hereinafter referred to as the “Placement Contract”), by and between the City and the Placement Agent; and

WHEREAS, pursuant to the Internal Revenue Code of 1986, as amended (hereinafter referred to as the “Code”), and the regulations promulgated thereunder (hereinafter referred to as 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 (hereinafter referred to as “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 further also determined 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 (hereinafter referred to as 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 and (iii) 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 2015 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 acquisition of certain portions of the Prior Projects and the related costs of the sale and execution and delivery of the Series 2015 Obligation, the Series 2015 Obligation shall be sold and executed and delivered.

The Series 2015 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 2015 Obligation (but not to exceed \$7,500,000) and the dates the same shall be payable and prepayable, the period over which the Series 2015 Obligation shall become payable (but not later than July 1, 2030), which of the Hangar Leases are to be prepaid, the payment dates and payment amounts of the Hangar Leases and the First Loan Repayment Agreement to be prepaid, the date on and price at which the Series 2015 Obligation shall be sold (including provisions for any premium or discount) and the entity to which the Series 2015 Obligations shall be sold and the rates of interest the Series 2015 Obligation shall bear (but, except in the case of default or an event of taxability, not greater than 3.5 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 (hereinafter referred to as, collectively, the "Authorized Representatives") to which such authority is hereby delegated. (The First Loan Repayment Agreement shall be prepaid on the earliest available date.)

(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 as well as, if necessary, a standard form of escrow trust agreement, to be dated as of the first day of the month of the dated date of the Series 2015 Obligation (hereinafter referred to as the "Escrow Trust Agreement"), between the Trustee in its separate capacity as escrow trustee (hereinafter referred to as the "Escrow Trustee"), and the City, for the establishment, if necessary, of an escrow to pay principal of and interest on the Hangar Leases and the First Loan Repayment Agreement and to prepay amounts due pursuant to the Hangar Leases and the First Loan Repayment Agreement 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 2015 Obligation, the Purchase Agreement and the Trust Agreement to accomplish the purposes hereof. The Escrow Trustee is hereby requested to execute and deliver the Escrow 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 2015 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, the Escrow 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 2015 Obligation.

Section 2. Procedures in Connection with Tax-Exempt Obligations. The Procedures are hereby adopted to establish policies and procedures in connection with Tax-Exempt Obligations issued by the City to ensure that 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 3. Severability. All actions of the officers, employees and agents of the City including the Council which conform to the purposes and intent of this Resolution and which further the issuance and sale of the Series 2015 Obligation as 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.

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.

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.

PASSED, ADOPTED, AND APPROVED this 22nd day of December, 2014.

Wyn "Chris" Gibbs
Mayor, City of Safford, Arizona

ATTEST:

APPROVED AS TO FORM:

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

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

CERTIFICATION

State of Arizona)
) ss
County of Graham)

I hereby certify that the foregoing Resolution Number 14-038 was duly passed and adopted by the Mayor and Council of the City of Safford, Arizona, at a regular meeting held on the 22nd day of December, 2014, and the vote was seven (7) ayes and zero (0) nays and that the Mayor and six (6) Councilmembers were present thereat.

Georgia Luster, MMC, Clerk
City of Safford, Arizona