

RESOLUTION NO. 1935

RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PRESCOTT VALLEY, ARIZONA, A MUNICIPAL CORPORATION OF ARIZONA, APPROVING THE SALE AND EXECUTION AND DELIVERY OF PLEDGED REVENUE REFUNDING OBLIGATIONS, EVIDENCING ALL THE INTERESTS OF THE OWNER THEREOF IN A PURCHASE AGREEMENT, TO PREPAY A PORTION OF A LEASE PURCHASE AGREEMENT OF THE TOWN, THE PROCEEDS OF WHICH FINANCED A PORTION OF THE COSTS OF A PUBLIC LIBRARY IN AND FOR THE TOWN; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH PURCHASE AGREEMENT, A TRUST AGREEMENT, A PLACEMENT AGENT AGREEMENT AND OTHER NECESSARY DOCUMENTS; DELEGATING AUTHORITY TO THE MANAGER AND MANAGEMENT SERVICES DIRECTOR 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 TOWN; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION AND DECLARING AN EMERGENCY.

WHEREAS, the Mayor and Common Council of the Town of Prescott Valley, Arizona (the "Town"), have determined to prepay a portion of the Lease Purchase Agreement, dated as of December 1, 2007 (the "Lease Purchase Agreement"), which financed a portion of the costs of a public Library in and for the Town (the "Refinanced Project"), by entering into a First Purchase Agreement, to be dated as of the first day of the month of the dated date of the hereinafter described Obligations established as provided herein (the "Purchase Agreement"), with U.S. Bank National Association, as trustee (the "Trustee"), in its separate capacity as "Seller"; and

WHEREAS, in connection with the Purchase Agreement, the Mayor and Common Council of the Town have deemed it necessary and desirable to provide for the sale and execution and delivery of pledged revenue refunding obligations, provided for by this Resolution (the "Obligations"), pursuant to the First Trust Agreement, to be dated as of the first day of the month of the dated date of the Obligations (the "Trust Agreement"), between the Trustee and the Town, evidencing all the interests of the owner of the Obligations in payments to be made by the Town to the Trustee pursuant to the Purchase Agreement; and

WHEREAS, the payments represented by the Obligations will be secured by amounts received under the Purchase Agreement pursuant to which the Town will pledge Pledged Revenues (as such term is defined in the Purchase Agreement); 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 further also determined that procedures should be adopted in order to ensure that Tax-Exempt Obligations issued by the Town comply with the provisions of the Code and the Regulations (the “Procedures”); and

WHEREAS, there have been presented to the Mayor and Common Council of the Town 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 Agent Agreement, to be dated the date of the placement of the Obligations (the “Placement Agent Agreement”), by and between the Town and Stifel, Nicolaus & Company, Incorporated (the “Placement Agent”), for the placement of the Obligations with a purchaser, relating to the Obligations; 4) the Escrow Trust Agreement, to be dated as of the first day of the month of the dated date of the Obligations (the “Escrow Trust Agreement”), between the Trustee in its separate capacity as escrow trustee (the “Escrow Trustee”), and the Town, for the establishment of an escrow to pay a portion of the principal and interest with respect to the Lease Purchase Agreement and to prepay amounts due pursuant to the Lease Purchase Agreement and 5) the proposed form of the Procedures; and

WHEREAS, refinancing the costs of the Refinanced Project pursuant to the Purchase Agreement is in furtherance of the purposes of the Town and is in the public interest;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PRESCOTT VALLEY, ARIZONA, THAT:

Section 1. (a) The execution and delivery of the Obligations by the Trustee is approved.

(b) The Manager or the Management Services Director of the Town are each authorized to determine on behalf of the Town the series name and designation of the Obligations; the date the Obligations are to be placed by the Placement Agent; the total aggregate principal amount of the Obligations which are to be executed and delivered and whether the result of such determination will allow the Obligations to be “bank qualified” for purposes of the Code; the date the Obligations are to be dated; the dates on which interest on the Obligations is to be payable and the interest rates per annum the Obligations are to bear (but, except in the case of default or an event of taxability, not greater than six (6) percent); the dates the Obligations are to mature but not later than fifteen (15) years from the date of the execution and delivery of the Obligations, the principal amounts to mature on such dates and the provisions for prepayment thereof in advance of such dates; the portion of the Lease Purchase Agreement to be prepaid and the exercise of prepayment provisions with respect to the certificates of participation executed and delivered with respect to the Lease Purchase Agreement and the terms upon which the Obligations are 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 present value savings, net of costs of issuance, of less

than two and one-half (2.5) percent of the portion of the Lease Purchase Agreement being prepaid.

(c) The forms and other terms of the Obligations, 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 approved.

Section 2. The form, terms and provisions of the Purchase Agreement, the Trust Agreement, the Placement Agent Agreement and the Escrow Trust Agreement, in substantially the forms of such documents (including the Obligations and other exhibits thereto) presented at the meeting of the Mayor and Common Council of the Town at which this Resolution is being adopted are approved, with such final provisions, insertions, deletions and changes as determined as provided hereinabove and shall be approved by the Mayor of the Town, any other member of the Council, and, in the case of the Placement Agent Agreement, the Manager or the Management Services Director of the Town, the execution of each such document being conclusive evidence of such approval, and the Mayor of the Town or any other member of the Council and, in the case of the Placement Agent Agreement, the Manager or the Management Services Director of the Town, or the Clerk of the Town, where applicable, are authorized and directed, for and on behalf of the Town, to execute and deliver and attest or approve the Purchase Agreement, the Trust Agreement, the Placement Agent Agreement and the Escrow Trust Agreement and to take all action to carry out and comply with the terms of such documents.

Section 3. 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 4. The Trustee (including in its separate capacity as Seller and the Escrow Trustee) is requested to take any and all action necessary in connection with the execution and delivery of the Purchase Agreement, the Trust Agreement, the Placement Agreement and the Escrow Trust Agreement and the sale and execution and delivery of the Obligations and is further authorized and directed to take such action as may be reasonable for the administration of the trusts so held by it.

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

Section 6. The Mayor, the Manager, the Management Services Director and other officers of the Town, on behalf of the Town, are authorized and directed, without further order of the Mayor and Common Council of the Town, 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 Town, to cause the sale and

execution and delivery of the Obligations and to evidence compliance with, or further the purposes of, all the terms and conditions of this Resolution.

Section 7. All actions of the officers and agents of the Town which conform to the purposes and intent of this Resolution and which further the sale and execution and delivery of the Obligations as contemplated by this Resolution, whether heretofore or hereafter taken, are ratified, confirmed and approved.

Section 8. 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 9. The immediate operation of this Resolution is necessary for the economic prepayment of the Lease Purchase Agreement and the resulting preservation of the public health and welfare by expediting the prepayment of the Lease Purchase Agreement and an emergency is hereby declared to exist. This Resolution shall be in full force and effect from and after its passage, adoption and approval by the Mayor and Common Council of the Town, as required by law, and is hereby exempt from the referendum provisions of the constitution and laws of the State of Arizona pursuant to Section 19-142(B), Arizona Revised Statutes and Section 2-05-060, Prescott Valley Town Code.

PASSED AND ADOPTED on this 22nd day of October 2015.

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Harvey Skoog, Mayor

ATTEST:

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Diane Russell, Town Clerk

APPROVED AS TO FORM:

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Ivan Legler, Town Attorney

CERTIFICATION

I hereby certify that the foregoing Resolution No. 1935 was duly passed and adopted by the Mayor and Common Council of the Town of Prescott Valley, Arizona, at a regular meeting held on the 22nd day of October 2015, and the vote was ayes and nays.

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Diane Russell, Town Clerk