

**RESOLUTION NO. 10-944
(APPROVING RESOLUTION)**

RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF TOWN OF CHINO VALLEY, ARIZONA, APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST PURCHASE AGREEMENT, A FIRST TRUST AGREEMENT, AN ESCROW TRUST AGREEMENT, A CONTINUING DISCLOSURE UNDERTAKING, AN OBLIGATION PURCHASE CONTRACT AND OTHER NECESSARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS; APPROVING THE SALE AND EXECUTION AND DELIVERY OF NOT TO EXCEED \$8,300,000 AGGREGATE PRINCIPAL AMOUNT OF PLEDGED REVENUE AND PLEDGED REVENUE REFUNDING OBLIGATIONS, SERIES 2010, EVIDENCING A PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN THE PURCHASE AGREEMENT; DELEGATING AUTHORITY TO THE MAYOR, MANAGER AND FINANCE DIRECTOR OF THE TOWN TO DETERMINE CERTAIN MATTERS AND TERMS WITH RESPECT TO THE FOREGOING; 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 Chino Valley, Arizona (the "Town"), have determined to (A) refinance a portion of the costs of (1) extending sewer and water lines for service to certain areas of Town and needs incidental thereto and expanding and renovating the community center of Town, including, but not limited to, providing an aquatics center, ball fields, lighting, rest rooms, concession stands, parking and related facilities, and needs incidental thereto and (2) improving a building for use as an administration building and council chambers (together, the "Refinanced Projects") and (B) finance the costs to acquire the "Premises" (the "Property") described in the Lease Purchase Agreement, dated June 19, 2006, between Town and Ronald L. Cameron, as amended by the Amendment to Lease Purchase Agreement, dated April 10, 2008, 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 a bank authorized to exercise trust powers in the State of Arizona, appointed as provided hereby, 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 deemed it necessary and desirable to provide for the sale and execution and delivery of pledged revenue and pledged revenue refunding obligations, provided for by this Resolution (the "Obligations"), evidencing proportionate interests of the owners of the Obligations in payments to be made by the Town to the Trustee 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, such payments to be made pursuant to the Purchase Agreement; and

WHEREAS, the Obligations will be secured by amounts received under the Purchase Agreement pursuant to which the Town will pledge Excise Tax Revenues and State Shared Revenues (as such terms are defined in the Purchase Agreement); 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 an Escrow Trust Agreement, to be dated as of the first day of the month of the dated date of the Obligations, between the Trustee in its separate capacity as escrow trustee (the “Escrow Trustee”), and the County, for the establishment of an escrow to defease the obligations which financed the Refinanced Projects (the “Obligations Being Refunded”); (4) the proposed form of a Continuing Disclosure Undertaking, to be dated the date of delivery of the Obligations (the “Undertaking”), from the Town necessary for purposes of Securities and Exchange Commission Rule 15c2-12; (5) the proposed form of the Obligation Purchase Contract, to be dated the date of the sale of the Obligations (the “Purchase Contract”), by and between the Town and Stone & Youngberg LLC (the “Underwriter”), for the purchase of the Obligations and (6) the proposed form of the Preliminary Official Statement, to be dated the date of the dissemination thereof (the “Preliminary Official Statement”), relating to the Obligations, which, as to be revised after the sale of the Obligations, shall constitute the Official Statement, to be dated the date of sale of the Obligations (the “Official Statement”), relating to the Obligations; and

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

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

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

(b) The Mayor, the Manager and the Finance Director of the Town are each authorized to determine on behalf of the Town the identity of the Trustee; the series and series name and designation of each series of the Obligations; the date the Obligations are to be sold to the Underwriter; the total aggregate principal amount of each series of the Obligations which are to be executed and delivered but not to exceed in total for both series the aggregate principal amount of \$8,300,000; the date each series of the Obligations are to be dated; the dates on which interest on each series of the Obligations is to be payable and the interest rates per annum the Obligations are to bear; the dates each series of the Obligations are to mature but not later than twenty-five (25) years from the date of the execution and delivery of the Obligations, the principal amounts to mature on such dates and the provisions for redemption thereof in advance of such dates; the Obligations Being Refunded and the dates of redemption thereof and the terms upon which the Obligations are to be sold to the Underwriter (including determinations

of price, original issue discount and premium and underwriting compensation); provided, however, that the foregoing determinations shall not result in the yield on the Obligations, as calculated in accordance with Section 148 of the Internal Revenue Code of 1986, as amended, exceeding six and one-half percent (6.50%).

(c) The Mayor, Manager and Finance Director of the Town are further each authorized to determine on behalf of the Town whether the purchase of an insurance policy securing payment of the Obligations or a surety bond or other reserve fund guaranty would be advantageous to the Town or the terms of the financing represented by the Obligations. The Mayor, Manager and Finance Director of the Town are each authorized to negotiate with and secure, with proceeds of the Obligations or otherwise, such an insurance policy or a reserve fund guaranty, or both, from one or more institutions, the claims-paying ability of which are then assigned one of the two highest rating categories by a nationally recognized credit rating agency. The Mayor, Manager and Finance Director of the Town are each authorized to execute and deliver any instruments or documents necessary in connection with the purchase of any such insurance policy and/or reserve fund guaranty, including those making provision for the repayment of amounts advanced by the institutions issuing such insurance policy and/or reserve fund guaranty.

(d) 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 Obligations are to be sold to the Underwriter pursuant to the terms of the Purchase Contract as such terms are to be determined as provided hereinabove.

Section 3. The form, terms and provisions of the Purchase Agreement, the Trust Agreement, the Escrow Trust Agreement, the Purchase Contract and the Undertaking, 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 Purchase Contract, the Manager 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 Purchase Contract, the Manager 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 Escrow Trust Agreement, the Purchase Contract and the Undertaking and to take all action to carry out and comply with the terms of such documents.

Section 4. The distribution of the Preliminary Official Statement by the Underwriter is approved, and the Official Statement in substantially the form of the Preliminary Official Statement, with such changes or revisions therein from the form of the Preliminary Official Statement as may be approved by the Mayor of the Town or any other member of the Council executing the same, is approved, and the Mayor of the Town or any other member of the Council is authorized, empowered and directed, in the name and on behalf of the Town, to

execute and deliver the same to the Underwriter and to execute and deliver instruments confirming that the Preliminary Official Statement is “deemed final” in accordance with Securities and Exchange Commission Rule 15(c)2-12.

Section 5. The Trustee (including in its capacity as Seller) is requested to take any and all action necessary in connection with the execution and delivery of the Purchase Agreement, the Trust Agreement, the Purchase Contract and the Undertaking 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. The Escrow Trustee is hereby requested to take any and all action necessary in connection with the execution and delivery of the Escrow Trust Agreement and is further authorized and directed to take such actions as may be reasonable for the administration of the trust so held by it.

Section 6. The covenants and agreements contained the Purchase Agreement as to the pledge of and the lien on Excise Tax Revenues and State Shared Revenues and the restriction on the issuance of further parity obligations secured by Excise Tax Revenues and State Shared Revenues are approved and confirmed.

Section 7. The Mayor, the Manager, the Finance 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 evidence compliance with, or further the purposes of, all the terms and conditions of this Resolution and the consummation of the transactions contemplated by the Preliminary Official Statement and the Official Statement 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 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 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 immediately sell the Obligations to secure the best, available economic terms therefor, 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 Mayor and Common Council of the Town and it is hereby excepted from the referendum provisions of the Constitution and laws of the State of Arizona. After any of the Obligations are delivered by the Trustee to the Underwriter and upon receipt of payment

therefor, this Resolution shall be and remain irrevocable until the Obligations and the interest and premium, if any, thereon shall have been fully paid, cancelled and discharged.

PASSED AND ADOPTED by the Common Council and approved by the Mayor of the Town of Chino Valley, Arizona, this 14th day of October, 2010.

Jim Bunker, Mayor

ATTEST:

APPROVED AS TO FORM:

Jami C. Lewis, Town Clerk

Musgrove Drutz & Kack, P.C.
Town Attorney

CERTIFICATION

I hereby certify that the foregoing Resolution No. 10-944 was duly passed and adopted by the Mayor and Common Council of the Town of Chino Valley, Arizona, at a regular meeting held on the 14th day of October, 2010, and the vote was _____ ayes and _____ nays.

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Town Clerk