

**RESOLUTION NO. 10-945
(DEFEASANCE RESOLUTION)**

RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF CHINO VALLEY, ARIZONA, APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A DEFEASANCE ESCROW TRUST AGREEMENT TO DEFEASE PAYMENT OBLIGATIONS OF THE TOWN WITH RESPECT TO A LOAN AGREEMENT WITH THE GREATER ARIZONA DEVELOPMENT AUTHORITY AND A TOWN LEASE WITH TOWN OF CHINO VALLEY, ARIZONA MUNICIPAL PROPERTY CORPORATION; DELEGATING TO THE MAYOR, MANAGER AND FINANCE DIRECTOR OF THE TOWN THE AUTHORITY TO DESIGNATE THE AMOUNTS IN TOTAL (BUT NOT TO EXCEED \$900,000) AND OF EACH TO BE DEFEASED AND OTHER MATTERS WITH RESPECT TO SUCH AGREEMENT; 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"), determined that it would be beneficial to its citizens to finance the costs of the acquisition of land and a building, and the improvement of such building, for use as an administration building and council chambers (the "Project"); and

WHEREAS, in order to finance the costs of the Project, the Mayor and Common Council of the Town deemed it necessary and desirable to borrow \$5,015,000 from the Greater Arizona Development Authority, a body corporate and politic constituting a governmental instrumentality duly organized and existing within the State of Arizona under the Constitution and laws of the State of Arizona ("GADA"); and

WHEREAS, in connection therewith, the Town and GADA entered into a Loan Repayment Agreement, dated as of May 1, 2007 (the "Loan Agreement"); and

WHEREAS, in order to obtain the funds with which it made the loan pursuant to the Loan Agreement (the "Loan"), GADA issued and sold its Infrastructure Revenue Bonds, Series 2007A; and

WHEREAS, the Mayor and Common Council of the Town have now determined that a portion of the proceeds of the Loan should be applied to pay amounts due pursuant to the Loan Agreement and the Town Lease, dated as of November 1, 2004 (the "Town Lease"), by and between the Town and the Town of Chino Valley, Arizona Municipal Property Corporation; and

WHEREAS, the Mayor and Common Council of the Town have determined that, in connection therewith, it will be necessary to establish an escrow for such purposes pursuant to

a Defeasance Escrow Trust Agreement, to be dated the date determined as provided hereby (the "Escrow Trust Agreement"), with U.S. Bank National Association;

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

Section 1. The Mayor, Manager and Finance Director of the Town are each hereby authorized and directed to determine on behalf of the Town: (1) the dated date of the Escrow Trust Agreement, (2) how much of the proceeds of the Loan are to be applied in total to pay the Loan Agreement and the Town Lease (but not to exceed \$900,000); (3) how much of the amounts due with respect to each of the Loan Agreement and the Town Lease are to be paid and (4) when the amounts to be so applied will be used to pay such amounts pursuant to the Escrow Trust Agreement (but not later than July 1, 2016).

Section 2. The form, terms and provisions of the Escrow Trust Agreement, in substantially the form of such document (including the exhibits thereto) presented at the meeting at which this Resolution was adopted, are hereby approved, with such insertions, omissions and changes as are not inconsistent herewith and as shall be approved by the Mayor or any other member of the Common Council, the execution of such document being conclusive evidence of such approval, and the Mayor or any other member of the Common Council and the Clerk of the Town are hereby authorized and directed, for and on behalf of the Town, to sign and attest and deliver, respectively, the Escrow Trust Agreement as well as any other documents necessary in connection therewith.

Section 3. All actions of the officers and agents of the Town which conform to the purposes and intent of this Resolution and which further the execution and delivery of the Escrow Trust Agreement as contemplated by this Resolution, whether heretofore or hereafter taken, are ratified, confirmed and approved.

Section 4. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution. All orders and resolutions 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 or resolution or any part thereof.

Section 5. The immediate operation of the provisions of this Resolution is necessary for the preservation of the public peace, health and safety, particularly to provide immediately for the payment of the Loan Agreement and the Town Lease pursuant to the terms of the Escrow Trust Agreement, 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 Council of the Town and it is hereby excepted from the referendum provisions of the Constitution and laws of the State of Arizona.

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. 10-945 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