

RESOLUTION NO. 2021-1193

RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF TOWN OF CHINO VALLEY, ARIZONA, (1) APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A THIRD PURCHASE AGREEMENT, A THIRD TRUST AGREEMENT, A CONTINUING DISCLOSURE UNDERTAKING, AN OBLIGATION PURCHASE CONTRACT AND OTHER NECESSARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS; (2) APPROVING THE SALE AND EXECUTION AND DELIVERY OF PLEDGED REVENUE AND PLEDGED REVENUE REFUNDING OBLIGATIONS, IN ONE OR MORE SERIES, EVIDENCING A PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN THE PURCHASE AGREEMENT; (3) DELEGATING AUTHORITY TO THE MAYOR, THE MANAGER AND THE ADMINISTRATIVE SERVICES DIRECTOR OF THE TOWN TO DETERMINE CERTAIN MATTERS AND TERMS WITH RESPECT TO THE FOREGOING; (4) ADOPTING POST-ISSUANCE TAX AND CONTINUING DISCLOSURE COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF OBLIGATIONS OF THE TOWN; (5) AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND (6) DECLARING AN EMERGENCY

WHEREAS, the Mayor and Common Council of the Town of Chino Valley, Arizona (the "Town"), have determined to (A) finance the construction of public safety facilities in and for the Town (the "Project"); and (B) refinance all or a portion of the payments due pursuant to (i) the First Purchase Agreement, dated as of December 1, 2010 (the "First Purchase Agreement"), to U.S. Bank National Association, and (ii) the Second Purchase Agreement, dated as of May 1, 2016 (the "Second Purchase Agreement"), to U.S. Bank National Association, with respect to financing or refinancing the costs of the acquisition of property and construction of, and improvements to, Town water and sewer lines, the Town community center, the Town administration building and the Town council chambers (collectively with the Project, the "Projects"), by entering into a Third 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, the payments due from the Town pursuant to the First Purchase Agreement and the Second Purchase Agreement secure certain payments due with respect to the Town's Pledged Revenue Obligations, Series 2010, the Town's Pledged Revenue Refunding Obligations, Series 2010 and the Town's Pledged Revenue Refunding Obligation, Series 2016,

respectively (the amounts of such obligations to be refunded as provided herein are collectively referred to herein as the “Obligations Being Refunded”); 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 obligations and pledged revenue refunding obligations, as provided for by this Resolution, in one or more series (collectively, 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 Third 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 payments represented by 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 Trust Agreement); and

WHEREAS, the Mayor and Common Council of the Town will receive a proposal from Stifel, Nicolaus & Company, Incorporated, serving in the capacity of and designated as the underwriter (the “Underwriter”), and not acting as a municipal advisor as defined in the Registration of Municipal Advisors Rule of the Securities and Exchange Commission, and has determined that the Obligations should be sold through negotiation to the Underwriter on such terms as may hereafter be approved by the Authorized Representatives (as defined herein); 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 Common Council of the Town hereby determine 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 “Tax Compliance Procedures”); and

WHEREAS, pursuant to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), Participating Underwriters (as defined in the Rule) are required to reasonably determine that issuers have entered into written undertakings to make ongoing disclosure in connection with offerings of obligations to investors subject to the Rule, including with respect to the Obligations, to be dated the date of the Obligations (the “Undertaking”); and

WHEREAS, the Mayor and Common Council of the Town hereby determine that procedures should be adopted in order to document practices and describe various procedures for preparing and disseminating such ongoing disclosure for the benefit of the holders of obligations of the Town and to assist the Participating Underwriters in complying with the Rule and such written undertakings (together with the Tax Compliance Procedures, 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 the proposed forms of: (1) the Purchase Agreement; (2) the Trust Agreement; (3) the Undertaking; (4) an Obligation Purchase Contract, to be dated the date of the sale of the Obligations (the "Purchase Contract"), by and between the Town and the Underwriter, for the purchase of the Obligations; (5) 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 (6) the Procedures; and

WHEREAS, financing and refinancing, as applicable, the costs of the Projects 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 CHINO VALLEY, ARIZONA, THAT:

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

(b) The Mayor, the Manager, the Administrative Services Director of the Town or the designees of any of them (collectively, the "Authorized Representatives") are authorized to determine on behalf of the Town: (1) the identity of the Trustee; (2) the series and series name and designation of each series of the Obligations; (3) the date the Obligations are to be sold to the Underwriter; (4) 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 \$15,850,000; (5) the date each series of the Obligations are to be dated; (6) 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; (7) the dates each series of the Obligations are to mature (but not later than July 1, 2046), the principal amounts to mature on such dates and the provisions for redemption thereof in advance of such dates; (8) the provisions for redemption of the Obligations Being Refunded (including the amounts and dates of redemption); and (9) 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 (A) shall not result in the yield on the Obligations to be used to finance the Project, as calculated in accordance with section 148 of the Code, exceeding four percent (4%); and (B) shall result in a present value savings, net of all costs, with respect to the refunding of the Obligations Being Refunded, of at least three percent (3%) of the principal amount of the Obligations Being Refunded.

(c) The Authorized Representatives are further authorized to determine on behalf of the Town whether the purchase of an insurance policy securing payment of the Obligations would be advantageous to the Town or the terms of the financing represented by the Obligations. The Authorized Representatives are authorized to negotiate with and secure, with proceeds of the Obligations or otherwise, such an insurance policy, 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 Authorized Representatives are authorized to

execute and deliver any instruments or documents necessary in connection with the purchase of any such insurance policy, including those making provision for the repayment of amounts advanced by the institutions issuing such insurance policy.

(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.

(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. 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 forms, terms and provisions of the Purchase Agreement, the 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 hereby 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 Common Council, and, in the case of the Purchase Contract, the Authorized Representatives, the execution of each such document being conclusive evidence of such approval. The Authorized Representatives are hereby authorized to enter into, if necessary, an 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"), with the Trustee, as escrow trustee (the "Escrow Trustee"), for the establishment of an escrow to pay principal of and interest on the Obligations Being Prepaid and to prepay the Obligations Being Prepaid. The Mayor of the Town or any other member of the Common Council and, in the case of the Purchase Contract, the Authorized Representatives, or the Clerk of the Town, where applicable, are hereby 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, in each case as necessary and as applicable, 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 Authorized Representatives, is approved, and the Authorized Representatives are 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 the Rule.

Section 5. The Trustee (including in its capacity as Seller) and the Escrow Trustee are requested to take any and all action necessary in connection with the execution and delivery of

the Purchase Agreement, the Trust Agreement and the Escrow Trust Agreement, the sale and execution and delivery of the Obligations and the refunding of the Obligations Being Refunded and are further authorized and directed to take such action as may be reasonable for the administration of the trusts so held by them.

Section 6. The covenants and agreements contained in 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 Authorized Representatives 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 hereby and as may be necessary to carry out the terms and intent of this Resolution.

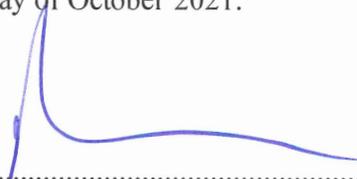
Section 8. All actions of the officers and agents of the Town which conform to the purposes and intent of this Resolution and which further the sale and execution and delivery of the Obligations as contemplated by this Resolution, whether heretofore or hereafter taken, are ratified, confirmed and approved.

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.

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PASSED AND ADOPTED by the Common Council and approved by the Mayor of the Town of Chino Valley, Arizona, this 12th day of October 2021.



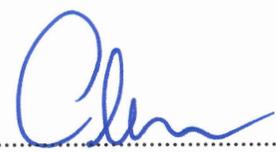
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Mayor, Town of Chino Valley, Arizona

ATTEST:



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Town Clerk, Town of Chino Valley, Arizona

APPROVED AS TO FORM:



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Town Attorney, Town of Chino Valley, Arizona

CERTIFICATION

I hereby certify that the foregoing Resolution No. ²⁰²¹⁻¹¹⁹³ 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 12th day of October 2021, and the vote was ¹⁶ ayes and ⁰ nays.

Evin N. Adams

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Town Clerk, Town of Chino Valley, Arizona