



WHEN RECORDED, PLEASE RETURN TO:

Board of Supervisors
Clerk of the Board
219 E. Cherry Avenue
Flagstaff, Arizona 86001

RESOLUTION NO. 2023-28

RESOLUTION OF THE BOARD OF SUPERVISORS OF COCONINO COUNTY, ARIZONA, STATING ITS INTENTION TO INCUR A LONG TERM OBLIGATION; APPROVING THE SALE AND EXECUTION AND DELIVERY OF NOT TO EXCEED \$80,000,000 AGGREGATE PRINCIPAL AMOUNT OF PLEDGED REVENUE OBLIGATIONS, IN ONE OR MORE SERIES, EVIDENCING A PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN A PURCHASE AGREEMENT; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF NECESSARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS RELATED TO THE SALE AND EXECUTION AND DELIVERY OF SUCH OBLIGATIONS; DELEGATING AUTHORITY TO THE COUNTY MANAGER AND CHIEF FINANCIAL OFFICER OF THE COUNTY TO DETERMINE CERTAIN MATTERS AND TERMS WITH RESPECT TO THE FOREGOING; DECLARING, FOR PURPOSES OF SECTION 1.150-2 OF THE FEDERAL TREASURY REGULATIONS, OFFICIAL INTENT TO BE REIMBURSED IN CONNECTION WITH CERTAIN CAPITAL EXPENDITURES; ADOPTING POST-ISSUANCE TAX COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF OBLIGATIONS OF THE COUNTY; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION AND DECLARING AN EMERGENCY

WHEREAS, the Board of Supervisors (the "Board") of Coconino County, Arizona (the "County"), has determined to to finance the costs of road, transportation and public safety projects in and for the County, acquisition of equipment, land and buildings, and construction, maintenance and improvements to County facilities, properties and infrastructure (collectively, the "Project"), by entering into a long-term obligation that is not secured by the full faith and credit of the County in the form of a Third Purchase Agreement, to be dated as of the first day of the month of the dated date of the hereinafter described Obligations (the "Purchase Agreement"), with a UMB Bank, n.a., as trustee (the "Trustee"), in its capacity as "Seller"; and

WHEREAS, because the County has a current population of less than five hundred thousand (500,000) persons, prior to incurring such long-term obligation, the Board must hold a hearing as required by Section 11-391, Arizona Revised Statutes; and

WHEREAS, a hearing on the Purchase Agreement was held at 3:00 p.m., Arizona Time, on June 6, 2023, via webinar technology using Zoom, after notice thereof pursuant to applicable law; and

WHEREAS, pursuant to Section 11-391, Arizona Revised Statutes, at least fifteen days after such hearing, the Board must hold the public meeting at which this Resolution was considered to adopt findings and, following the public comments received at and after such hearing, by roll call vote, adopt and enter this Resolution to incur the Purchase Agreement to finance the costs of the Project, stating the public need for the Project, and the estimated cost and the amount of the Purchase Agreement; and

WHEREAS, in connection with the Purchase Agreement, the Board hereby deems it necessary and desirable to provide for the sale and execution and delivery of pledged revenue obligations, in one or more series, as provided for by this Resolution (collectively, the "Obligations"), evidencing proportionate interests of the owners of the Obligations in payments to be made by the County 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 established as provided herein (the "Trust Agreement"), between the Trustee and the County, 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 County will pledge (i) revenues from the general excise taxes of the County authorized by Section 42-6103, Arizona Revised Statutes, as amended, which the County imposes, limited as described in the Purchase Agreement (the "County-Imposed Excise Taxes Revenues"), (ii) revenues from excise taxes and transaction privilege (sales) taxes imposed by the State of Arizona (the "State") or any agency thereof and returned, allocated or apportioned to the County, except the County's share of any such taxes which by State law, rule or regulation must be expended for other purposes (the "State Shared Revenues"), (iii) revenues from vehicle license taxes imposed by the State or any agency thereof and distributed or deposited to the County's general fund pursuant to Section 28-5808, Arizona Revised Statutes, as amended (the "Vehicle License Tax Revenues"), and (iv) amounts remitted to the County by the U.S. Department of Interior (or any successor entity) pursuant to the federal Payment in Lieu of Taxes program (collectively with the County-Imposed Excise Taxes Revenues, the State Shared Revenues and the Vehicle License Tax Revenues, the "Tax Revenues"); and

WHEREAS, the Board will receive a proposal from Stifel, Nicolaus & Company, Incorporated, serving in the capacity of and designated as the placement agent (the "Placement Agent"), and not acting as a municipal advisor as defined in the Registration of Municipal Advisors Rule of the Securities and Exchange Commission, in the form of a Placement Agent Agreement, to be dated the date of the placement of the Obligations (the "Placement Contract"), between the Placement Agent and the County, and has determined that the Obligations should be placed by the Placement Agent with a purchaser (the "Purchaser") pursuant to the Strategic Alliance of Volume Expenditures (SAVE) Cooperative Response Proposal #C-005-1718 and the terms of the Placement Contract; 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 the Board has determined that procedures should be adopted in order to ensure that Tax-Exempt Obligations issued by the County comply with the provisions of the Code and the Regulations (the "Procedures"); and

WHEREAS, the County is authorized and empowered pursuant to law to issue or cause to be issued obligations to finance the costs of various capital facilities owned or to be owned by the County; and

WHEREAS, it is contemplated that certain expenditures made by the County with regard to capital facilities owned or to be owned by the County with regard to the Project will be reimbursed from the proceeds of the sale of obligations to be issued in the future by or on behalf of the County, including the Obligations; and

WHEREAS, there have been presented to the Board at the meeting at which this Resolution is being adopted the proposed forms of: (1) the Purchase Agreement; (2) the Trust Agreement; (3) the Placement Agent Agreement; and (4) the Procedures; and

WHEREAS, financing the costs of the Project pursuant to the Purchase Agreement is in furtherance of the purposes of the County and in the public interest and the expenditure of County-Imposed Excise Tax Revenues for the Project results in support and enhancement of countywide services by County;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF COCONINO COUNTY, ARIZONA, THAT:

Section 1. (a) It is intended that the County incur the Purchase Agreement to finance the costs of the Project. The public need for the Project is to provide for the facilities to be financed with the proceeds of the sale of the Obligations on the most economic financial terms available. The Purchase Agreement is estimated to have a total financing cost, including principal and interest, of \$89,941,153.

(b) The County Manager and Chief Financial Officer of the County or the designees of either of them (collectively, the "Authorized Representatives") are hereby authorized to determine on behalf of the County: (1) the series name and designation of each series of the Obligations; (2) the date the Obligations are to be placed by the Placement Agent; (3) 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 all series the aggregate principal amount of \$80,000,000; (4) the date each series of the Obligations is to be dated; (5) 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 (but, except in the case of default or an event of taxability, not greater than four and one-half percent (4.50%)); (6) the dates each series of the Obligations are to be payable (but the final principal payment must occur not later than in the year 2027), the principal amounts to be payable on such dates and the provisions for prepayment thereof in advance of such dates; and (7) the terms upon which the Obligations are to be sold to the Purchaser (including determinations of price, original issue discount and premium and placement agent compensation); provided, however, that

such determinations must result in a yield with respect to the Obligations, calculated for federal income tax purposes, of not to exceed four and one-half percent (4.50%).

(c) The form and other terms of the Obligations, including the provisions for the signatures, authentication, payment, registration, transfer, exchange, prepayment and number shall be as set forth in the Trust Agreement and are hereby approved.

(d) 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 placed with the Purchaser pursuant to the terms of the Placement Contract and a proposal submitted by the Purchaser, all within the parameters set forth hereinabove.

Section 3. The forms, terms and provisions of the Purchase Agreement, the Trust Agreement and the Placement Contract, in substantially the forms of such documents (including the Obligations and other exhibits thereto) presented at the meeting of the Board 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 Chairperson of the Board, any other member of the Board, and, in the case of the Placement Contract, the Authorized Representatives, the execution of each such document being conclusive evidence of such approval, and the Chairperson of the Board or any other member of the Board and, in the case of the Placement Contract, the Authorized Representatives, or the Clerk, where applicable, are hereby authorized and directed, for and on behalf of the County, to execute and deliver and attest or approve the Purchase Agreement, the Trust Agreement and the Placement Contract, and to take all action to carry out and comply with the terms of such documents.

Section 4. The Trustee (including in its capacity as Seller) is hereby requested to take any and all action necessary in connection with the execution and delivery of the Purchase Agreement and the 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 the Tax Revenues and the restriction on the issuance of further parity obligations secured by the Tax Revenues are hereby approved and confirmed.

Section 6. The following terms shall have the meanings assigned thereto as follows:

“official intent” means a declaration of intent of the County to reimburse an original expenditure with proceeds of an obligation;

“original expenditure” means an expenditure for a governmental purpose that is originally paid from a source other than a reimbursement bond; and

“reimbursement bond” means the portion of an issue of obligations allocated to reimburse an original expenditure that was paid before the issue date of such issue.

Section 7. This Resolution is official intent relating to reimbursement for the original expenditures for the Project which are capital expenditures (being any cost of a type that is properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles) made within sixty (60) days before and any time after the date of this Resolution. The maximum principal amount of obligations (including the reimbursement bonds for such purposes) to be issued for the Project is expected not to exceed \$80,000,000.

Section 8. On the date of this Resolution, the Board has a reasonable expectation (being that a prudent person in the same circumstances would have based on all the objective facts and circumstances) that the County will reimburse such original expenditures with proceeds of such obligations. Official intents have not been declared by the County as a matter of course or in amounts substantially in excess of the amounts expected to be necessary for such projects. Moreover, the County does not have a pattern (other than in extraordinary circumstances) of failure to reimburse actual original expenditures covered by official intents.

Section 9. With certain exceptions, an allocation in writing that evidences use of proceeds of the reimbursement bonds to reimburse the original expenditures shall be made not later than 18 months after the later of (i) the date that the original expenditure is paid, or (ii) the date the project is placed in service or abandoned, but in no event more than 3 years after the original expenditure is paid.

Section 10. This Resolution shall be included as of the date hereof in the publicly available official records of the County, such records being maintained and supervised by the Clerk of the Board, being the main administrative office of the County, and shall remain available for public inspection on a reasonable basis.

Section 11. The Authorized Representatives and other officers of the County, on behalf of the County, are each hereby authorized and directed, without further order of the Board, to do all such acts and things and to execute and deliver all such certificates, proceedings, agreements and other documents (including entering into any agreements for administrative or procedural requirements requested by the Purchaser) as may be necessary or convenient to be executed and delivered on behalf of the County 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.

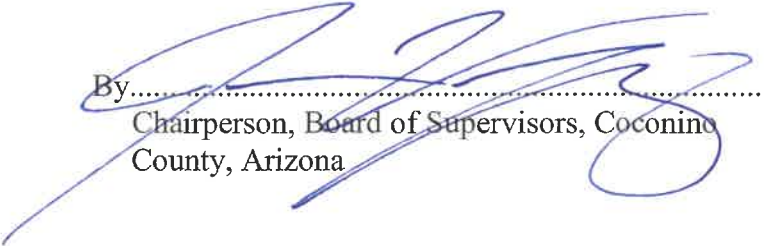
Section 12. All actions of the officers and agents of the County which conform to the purposes and intent of this Resolution and which further the sale and execution and delivery of the Obligations as contemplated by this Resolution, whether heretofore or hereafter taken, are hereby ratified, confirmed and approved.

Section 13. 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 14. The immediate operation of the provisions of this Resolution is necessary for the preservation of the public peace, health and safety, particularly to finance the Project on the most attractive terms available to the County, 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 Board 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 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, ADOPTED AND APPROVED, by the Board of Supervisors of Coconino County, Arizona, on June 21, 2023.

COCONINO COUNTY, ARIZONA

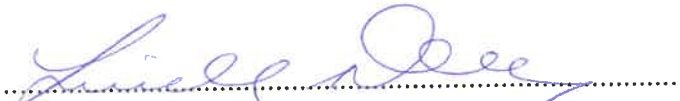
By.....
Chairperson, Board of Supervisors, Coconino
County, Arizona

ATTEST:

By.....
Clerk, Board of Supervisors, Coconino
County, Arizona

CERTIFICATION

I hereby certify that the foregoing Resolution No. 2023-28 was duly passed and adopted by the Board of Supervisors of Coconino County, Arizona, at a special meeting held on the 21st day of June 2023, and the vote was 4 ayes, 0 nays, and 1 absent.

A handwritten signature in blue ink, appearing to read "Linda Lee", is written over a horizontal dotted line.

Clerk, Board of Supervisors, Coconino County,
Arizona