



Resolution

OFFICE OF THE
MAYOR
CITY OF SAN LUIS

RESOLUTION NO. 814

RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SAN LUIS, ARIZONA, APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN REPAYMENT AGREEMENT AND A CONTINUING DISCLOSURE UNDERTAKING; ACCEPTING A LOAN FROM GREATER ARIZONA DEVELOPMENT AUTHORITY PURSUANT TO SUCH LOAN REPAYMENT AGREEMENT IN THE AMOUNT OF NOT TO EXCEED \$15,000,000; AUTHORIZING THE APPROVAL OF THE PORTIONS OF A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT DESCRIBING THE CITY OF SAN LUIS, ARIZONA AND THE DISTRIBUTION AND USE THEREOF; DELEGATING TO THE CITY MANAGER THE AUTHORITY TO DESIGNATE THE FINAL INTEREST RATE, MATURITY DATE, PRINCIPAL AMOUNT, PREPAYMENT PROVISIONS AND OTHER MATTERS WITH RESPECT TO SUCH LOAN REPAYMENT 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 City Council of the City of San Luis, Arizona (the "City"), has determined that it will be beneficial to its citizens to finance and/or refinance the costs of the acquisition and renovation of a building containing approximately 84,000 rentable square feet and purchase of land; reimbursement for cost overruns associated with miscellaneous capital improvements for the City of San Luis, Arizona; funding deposits, if any, to an agreement reserve fund; and paying costs and expenses incidental and related to the sale and issuance of the GADA Bonds (collectively, the "Project"); and

WHEREAS, in order to pay the costs of the Project, the Mayor and City Council of the City deem it necessary and desirable to borrow not to exceed \$15,000,000 from the Greater Arizona Development Authority (the "Authority"); and

WHEREAS, in connection therewith, the City and the Authority shall enter into a Loan Repayment Agreement, to be dated as of the date determined as provided herein (the "Loan Agreement"); and

WHEREAS, in order to obtain the funds with which it will fund the loan under the Loan Agreement, the Authority will issue and sell one or more series of its taxable and tax-exempt Infrastructure Revenue Bonds, Series 2009A (the "Series 2009 Bonds"); and

WHEREAS, GADA will require that the City agree to the intercept of certain of its excise taxes, transaction privilege taxes and franchise fees for the payments due under the Loan Agreement; and

WHEREAS, the City will thus be required to amend the Deposit Only Account Agreement dated as of October 1, 2005, through the execution of the Amended and Restated Deposit Only Agreement dated as of February 1, 2009 (the "Deposit Only Agreement"); and

WHEREAS, with respect to the Series 2009 Bonds, the City will be either an obligated person or a contingent obligated person for purposes of Securities and Exchange Commission Rule 15(c)2-12 and will be required to execute and deliver a Continuing Disclosure Undertaking, to be dated the date of initial delivery of the Series 2009 Bonds (the "Undertaking"); and

WHEREAS, there have been placed on file with the Clerk of the City and presented at the meeting at which this Resolution was adopted: (1) the proposed form of the Loan Agreement; (2) the proposed form of the Undertaking; (3) the proposed form of the Preliminary Official Statement relating to the Series 2009 Bonds (the "Preliminary Official Statement"), and (4) the proposed form of Deposit Only Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF SAN LUIS, ARIZONA, AS FOLLOWS:

Section 1. (A) The loan pursuant to the Loan Agreement (the "Loan") is hereby accepted from the Authority in an amount of not to exceed \$15,000,000. The principal amount of the Loan shall bear interest from the dated date of the Loan Agreement as provided in the Loan Agreement until the Loan is paid in full. Such principal amount shall be due and payable in monthly installments on the dates determined as provided in the Loan Agreement.

(B) The City Manager of the City is hereby authorized and directed to determine on behalf of the City: (1) the dated date and total principal amount of the Loan (but not to exceed the amount indicated hereinabove); (2) the final maturity schedule of the Loan; (3) the interest rate(s) on the Loan and the dates for payment of such interest (the "Interest Payment Dates"); (4) the provisions for prepayment of the Loan; and (5) the provision for credit enhancement, if any, for the Loan (as well as in each case the related provisions of the Loan Agreement); provided, however, that such determinations must result in a yield as calculated for federal income tax purposes with respect to the Loan of not in excess of ten percent (10.00%).

(C) The form, terms and provisions of the Loan including the provisions for the payment shall be as set forth in the Loan Agreement and are hereby approved.

Section 2. The forms, terms and provisions of the Loan Agreement, the Undertaking and the Deposit Only Agreement, in substantially the forms of such documents (including the exhibits thereto) presented at the meeting at which this Resolution was adopted are hereby, as applicable, ratified and approved, with such insertions, omissions and changes as are not inconsistent herewith and as shall be approved by the City Manager, the execution of such documents being conclusive evidence of such approval, and the City Manager and Clerk of the City are hereby authorized and directed, for and on behalf of the City, to sign and attest and deliver, respectively, the Loan Agreement, the Undertaking and the Deposit Only Agreement, as well as any other documents necessary in connection therewith to provide for the Loan.

Section 3. The portions of the Preliminary Official Statement describing the City are hereby "deemed final" for purposes of Securities and Exchange Commission Rule 15(c)2-12, the distribution and use of the Preliminary Official Statement by the Authority is in all respects hereby approved and confirmed, and the City Manager of the City is hereby authorized and directed to approve on behalf of the City the portions of a final official statement for use in connection with the offering and sale of the Series 2009 Bonds (the "Official Statement") describing the City.

Section 4. As further described in the Loan Agreement and Section 41-1554.06(D)(4) and (6)(a), Arizona Revised Statutes, the City hereby pledges to the amounts to come due under the Loan Agreement pursuant to, and with the limitations described in, the Loan Agreement, among other revenues, its moneys now or hereafter contributed, allocated and paid over to the City by the State of Arizona, including state shared transaction privilege taxes, state urban revenue sharing funds, pursuant to Sections 42-5029 and 43-206, Arizona Revised Statutes (the "State Shared Revenues"), and the Excise Taxes (as defined in the Loan Agreement). The obligation of the City to make the payments under the Loan Agreement does not constitute an obligation of the City or the State of Arizona, or any of its political subdivisions, for which the City or the State of Arizona, or any of its political subdivisions, is obligated to levy or pledge any form of property taxation nor does the obligation to make payments under the Loan Agreement constitute an indebtedness of the City or of the State of Arizona, or any of its political subdivisions, within the meaning of the Constitution of the State of Arizona or otherwise.

Section 5. (A) After the proceeds of the Loan are advanced to the City, this Resolution shall be and remain irrevocable until the Series 2009 Bonds and the interest thereon shall have been fully paid, cancelled and discharged.

(B) 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.

(C) 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.

(D) The immediate operation of this Resolution is necessary for the financing on the most attractive terms available to the City of the Project and the preservation of the peace, health and safety of the City; an emergency is hereby declared to exist; this Resolution shall be in full force and effect from and after its passage and approval by the Mayor and City Council of the City, as required by law and this Resolution is hereby exempt 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 City of San Luis, Arizona, this 14th day of January, 2009.

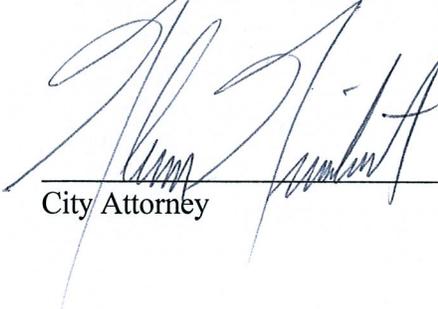

City Mayor

ATTEST:



City Clerk

APPROVED AS TO FORM:



City Attorney