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CITY OF SAN LUIS
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CAPTION HEADING:

RESOLUTION

Resolution No. 2156

Approving the sale, execution, and delivery of pledged excise tax revenue obligations, taxable series 2021; and authorizing the execution of necessary agreements.



Resolution

OFFICE OF THE
MAYOR
CITY OF SAN LUIS

RESOLUTION NO. 2156

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN LUIS, ARIZONA, (1) APPROVING THE SALE AND EXECUTION AND DELIVERY OF PLEDGED EXCISE TAX REVENUE OBLIGATIONS, TAXABLE SERIES 2021, EVIDENCING A PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN A THIRD EXCISE TAX PURCHASE AGREEMENT; (2) 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; (3) ADOPTING POST-ISSUANCE CONTINUING DISCLOSURE COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF OBLIGATIONS OF THE CITY AND A CONTINGENCY RESERVE FUND POLICY; (4) DELEGATING AUTHORITY TO THE FINANCE DIRECTOR OF THE CITY TO CAUSE A TRANSFER OF APPROPRIATIONS WITHIN THE FISCAL YEAR 2021 BUDGET OF THE CITY; (5) DELEGATING AUTHORITY TO THE MAYOR, MANAGER AND FINANCE DIRECTOR OF THE CITY TO DETERMINE CERTAIN MATTERS AND TERMS WITH RESPECT TO THE FOREGOING; (6) AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND (7) DECLARING AN EMERGENCY

WHEREAS, the City Council of the City of San Luis, Arizona (the "City"), has determined to fund (i) all or a portion of the City's unfunded liabilities (the "Current Funding") with respect to the Arizona Public Safety Personnel Retirement System ("PSPRS") and in connection therewith acquire the evidence of payment executed and delivered by PSPRS as a result of the Funding (the "Project"), and (ii) amounts all or a portion of which will fund future portions of the City's unfunded liabilities (each a "Future Funding") with respect to PSPRS and in connection therewith acquire evidences of payment executed and delivered by PSPRS as a result of any Future Funding (collectively with the Project, the "Projects"), by entering into a Third

Excise Tax 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 an entity serving in the capacity of trustee determined as provided herein (the "Trustee"), in its separate capacity as "Seller"; and

WHEREAS, in connection with the Purchase Agreement, the City Council hereby deems it necessary and desirable to provide for the sale and execution and delivery of pledged excise tax revenue obligations, to be designated "Pledged Excise Tax Revenue Obligations, Taxable Series 2021" (the "Obligations"), evidencing proportionate interests of the owners of the Obligations in payments to be made by the City to the Trustee pursuant to a Third Excise Tax 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 City, 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 City will pledge the revenues from the Excise Taxes and the State Shared Revenues (each as defined in the Trust Agreement); and

WHEREAS, the City Council 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 hereinafter defined Authorized Representatives; 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 City Council hereby determines 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 City and to assist the Participating Underwriters in complying with the Rule and such written undertakings (the "Procedures"); and

WHEREAS, the City Council hereby also determines that the policy titled "City of San Luis: Public Safety Personnel Retirement System Contingency Reserve Funds" (the "Policy") should be adopted in order to set forth procedures for managing the contingency reserve fund(s) to be established in connection with the execution and delivery of the Obligations; and

WHEREAS, the City Council hereby also further determines to delegate authority to the Finance Director of the City to cause a transfer of appropriations within the previously adopted fiscal year 2021 annual budget to reduce certain revenues and expenditures in certain

budget funds and to increase revenue and expenditure capacity in certain other funds so that the City is able to pay the costs of the Projects in the current fiscal year of the City; and

WHEREAS, there have been presented to the City Council 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 City and the Underwriter, for the purchase of the Obligations; (5) a 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; (6) the Procedures; and (7) the Policy; and

WHEREAS, financing the costs of the Projects pursuant to the Purchase Agreement is in furtherance of the purposes of the City and is in the public interest;

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

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

(b) The Mayor, Manager and Finance Director of the City or the designees of any of them (collectively, the "Authorized Representatives") are authorized to determine on behalf of the City: (1) the entity to serve as Trustee; (2) the aggregate principal amount of the Obligations (but not to exceed \$9,500,000); (3) the date the Obligations are to be sold to the Underwriter; (4) the date the Obligations are to be dated; (5) the dates on which interest on the Obligations is to be payable and the interest rates per annum the Obligations are to bear (but not to exceed 4% per annum); (6) the dates the Obligations are to become payable (but not later than a final stated payment date in 2038), the principal amounts to become 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 Underwriter (including determinations of price, original issue discount and premium and underwriting compensation).

(c) The Authorized Representatives are further authorized to determine on behalf of the City whether the purchase of an insurance policy securing payment of the Obligations would be advantageous to the City 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 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 approved.

(e) The Procedures and the Policy 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 and the Policy as may be determined is hereby reserved. The right to change the Procedures and the Policy from time to time, without notice, is also reserved.

(f) The Finance Director of the City is authorized to cause a transfer of appropriations within the previously adopted fiscal year 2021 annual budget to accomplish the purposes set forth in the Recitals hereto.

Section 2. The Obligations are to be sold to the Underwriter pursuant to the terms of the Purchase Contract, such terms 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 City Council 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 Authorized Representatives, the execution of each such document being conclusive evidence of such approval. The Authorized Representatives, and the Clerk of the City, where applicable, are authorized and directed, for and on behalf of the City, to execute and deliver and attest or approve the Purchase Agreement, the 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 Authorized Representatives, is approved, and the Authorized Representatives are authorized, empowered and directed, in the name and on behalf of the City, 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 separate capacity as Seller) is 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 6. The covenants and agreements contained in the Purchase Agreement as to the pledge of and the lien on the revenues from the Excise Taxes and the State Shared Revenues and the restriction on the issuance of further parity obligations secured by the revenues from the Excise Taxes and the State Shared Revenues are approved and confirmed.

Section 7. The Authorized Representatives and other officers of the City, on behalf of the City, are authorized and directed, without further order of the City Council, 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 City 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 City 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 of the City for the reason that the Obligations authorized herein must be sold immediately to secure the best, available economic terms therefor; an emergency is, therefor, declared to exist, and this Resolution is enacted as an emergency and shall be in full force and effect immediately upon its passage by the City Council, as required by law, and it is hereby exempt 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 Council and approved by the Mayor of the City of San Luis, Arizona, this 10th day of March 2021.


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Mayor

ATTEST:


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City Clerk

APPROVED AS TO FORM:


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City Attorney

CERTIFICATION

I hereby certify that the foregoing Resolution No. 2156 was duly passed and adopted by the City Council of the City of San Luis, Arizona, at a regular meeting held on the 10th day of March 2021, and the vote was6... ayes and0.... nays.


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City Clerk