

RESOLUTION NO. 2013-_____

RESOLUTION AUTHORIZING THE CHAIRMAN OF THE BOARD OF SUPERVISORS, THE COUNTY ADMINISTRATOR AND THE FINANCE DIRECTOR TO CAUSE THE SALE AND EXECUTION AND DELIVERY PURSUANT TO A SERIES 2014A OBLIGATION INDENTURE OF SEWER SYSTEM REVENUE OBLIGATIONS, SERIES 2014A, IN AN AGGREGATE PRINCIPAL AMOUNT NOT IN EXCESS OF \$70,000,000, EVIDENCING PROPORTIONATE INTERESTS OF THE HOLDERS THEREOF IN INSTALLMENT PAYMENTS OF THE PURCHASE PRICE TO BE PAID BY PIMA COUNTY, ARIZONA, PURSUANT TO A SERIES 2014A PURCHASE AGREEMENT; AUTHORIZING THE COMPLETION, EXECUTION AND DELIVERY WITH RESPECT THERETO OF ALL AGREEMENTS NECESSARY OR APPROPRIATE AS PART OF PURCHASING PROPERTY TO BE PART OF THE SEWER SYSTEM OF THE COUNTY AND PAYMENT OF RELATED FINANCING COSTS INCLUDING THE DELEGATION TO THE CHAIRMAN OF THE BOARD OF SUPERVISORS, THE COUNTY ADMINISTRATOR AND THE FINANCE DIRECTOR OF CERTAIN AUTHORITY WITH RESPECT THERETO; AUTHORIZING THE PREPARATION AND DELIVERY OF AN OFFICIAL STATEMENT WITH RESPECT TO SUCH SERIES 2014A OBLIGATIONS AND ORDERING THE SALE OF SUCH SERIES 2014A OBLIGATIONS; AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO SUCH SERIES 2014A OBLIGATIONS; AND AUTHORIZING THE FINANCE DIRECTOR TO EXPEND ALL NECESSARY FUNDS THEREFOR

BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF PIMA COUNTY, ARIZONA, AS FOLLOWS:

Section 1. Recitals, Findings and Conclusions.

(a) Pursuant to Title 11, Chapter 2, Article 4, Arizona Revised Statutes, as amended (the "Act"), Pima County, Arizona (the "County"), is authorized to purchase, construct or operate a sewer system (the "System"), including the collection, transportation, pumping, treatment and disposal of sewage and to charge fees therefor.

(b) Pursuant to Resolution No. 1991-138 passed and adopted on June 18, 1991, as amended by Resolution No. 1991-182 passed and adopted August 6, 1991, and supplements thereto, the Board of Supervisors of the County (the "Board") has authorized the sale and issuance of various series of sewer revenue and sewer revenue refunding bonds and has authorized loans with the Water Infrastructure Finance Authority of Arizona (the "Prior Obligations") to finance and refinance additions and improvements to the System.

(c) In order to purchase, construct and operate additions and improvements to the System (the "Series 2010 Property"), the County authorized the execution and delivery of \$165,000,000 aggregate amount of Sewer System Revenue Obligations, Series 2010 (the "Series 2010 Obligations"), pursuant to the Series 2010 Obligation Indenture, dated as of June 1, 2010, between the County and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Series 2010 Trustee"), which Series 2010 Obligations evidence proportionate interests of the holders thereof in installment payments of the purchase price for the Series 2010 Property (the "Series 2010 Purchase Price") to be paid by the County pursuant to the Series 2010 Purchase Agreement, dated as of June 1, 2010, as amended by the First Amendment to Series 2010 Purchase Agreement, dated as of March 1, 2011 (together, the "Series 2010 Purchase Agreement"), between the County and the Series 2010 Trustee in its separate capacity as seller.

(d) The Series 2010 Purchase Agreement provides that the County may incur obligations ranked on a parity with the payments of the Series 2010 Purchase Price that share *pro rata* in payments to be made by the County from the Pledged Revenues (as defined in the Series 2010 Purchase Agreement) ("Additional Obligations") if certain conditions have been met, including that the Pledged Revenues for the immediately preceding year have been at least equal to 120 percent of the highest aggregate principal and interest requirements of all Series 2010 Obligations and Additional Obligations then outstanding, including the Additional Obligations to be incurred, to fall due and payable in the current or any future year.

(e) In order to refinance a portion of the Prior Obligations and, thereby, refinance additions and improvements to the System, the County issued \$43,625,000 aggregate principal amount of its Sewer System Revenue Refunding Bonds, Series 2011A (the "Series 2011A Bonds"), pursuant to the Series 2011A Bond Indenture, dated as of March 1, 2011, between the County and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Series 2011A Trustee"), which Series 2011A Bonds are payable from amounts to be paid by the County pursuant to the Series 2011A Refunding Agreement, dated as of March 1, 2011, between the County and the Series 2011A Trustee. The Series 2011A Bonds constitute Additional Obligations and are secured by a pledge of the Pledged Revenues on a parity with payment of the Series 2010 Purchase Price pursuant to the Series 2010 Purchase Agreement.

(f) In order to purchase, construct and operate other additions and improvements to the System (the "Series 2011B Property"), the County authorized the execution and delivery of \$189,160,000 aggregate amount of Sewer System Revenue Obligations, Series 2011B (the "Series 2011B Obligations"), pursuant to the Series 2011B Obligation Indenture, dated as of December 1, 2011, between the County and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Series 2011B Trustee"), which Series 2011B Obligations evidence proportionate interests of the holders thereof in installment payments of the purchase price for the Series 2011B Property (the "Series 2011B Purchase Price") to be paid by the County pursuant to the Series 2011B Purchase Agreement, dated as of December 1, 2011 (the "Series 2011B Purchase Agreement"), between the County and the Series 2011B Trustee in its separate capacity as seller. The Series 2011B Obligations constitute Additional Obligations payable from the Pledged Revenues and payment of the Series 2011B Purchase Price pursuant to the Series 2011B Purchase Agreement evidenced thereby is secured by a pledge of the Pledged Revenues on a parity with payment of the Series 2010 Purchase Price pursuant to the Series 2010

Purchase Agreement evidenced by the Series 2010 Obligations and principal of and interest on the Series 2011A Bonds.

(g) In order to purchase, construct and operate other additions and improvements to the System (the "Series 2012A Property"), the County authorized the execution and delivery of \$128,795,000 aggregate amount of Sewer System Revenue Obligations, Series 2012A (the "Series 2012A Obligations"), pursuant to the Series 2012A Obligation Indenture, dated as of December 1, 2012, between the County and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Series 2012A Trustee"), which Series 2012A Obligations evidence proportionate interests of the holders thereof in installment payments of the purchase price for the Series 2012A Property (the "Series 2012A Purchase Price") to be paid by the County pursuant to the Series 2012A Purchase Agreement, dated as of December 1, 2012 (the "Series 2012A Purchase Agreement"), between the County and the Series 2012A Trustee in its separate capacity as seller. The Series 2012A Obligations constitute Additional Obligations payable from the Pledged Revenues and payment of the Series 2012A Purchase Price pursuant to the Series 2012A Purchase Agreement evidenced thereby is secured by a pledge of the Pledged Revenues on a parity with payment of (i) the Series 2010 Purchase Price pursuant to the Series 2010 Purchase Agreement evidenced by the Series 2010 Obligations, (ii) principal of and interest on the Series 2011A Bonds and (iii) the Series 2011B Purchase Price pursuant to the Series 2011B Purchase Agreement evidenced by the Series 2011B Obligations.

(h) The requirements for the incurrence of Additional Obligations have been met and it is necessary and in the best interests of the County that Additional Obligations be incurred and sold and the proceeds thereof be used to purchase, construct and operate other additions and improvements to the System (the "Series 2014A Property"). Therefore, the Board intends to execute and deliver a Series 2014A Purchase Agreement, to be dated as of the first day of the month of the dated date of the hereinafter described Series 2014A Obligations (the "Series 2014A Purchase Agreement"), in substantially the form on file with the Clerk of the Board, by which the County will agree to purchase the Series 2014A Property.

(i) The acquisition of the Series 2014A Property will be financed through the sale and execution and delivery of certain proportionate interests (the "Series 2014A Obligations") in the Series 2014A Purchase Agreement pursuant to, and secured by, a Series 2014A Obligation Indenture, to be dated as of the date of the Series 2014A Purchase Agreement (the "Series 2014A Obligation Indenture"), by and between the County and The Bank of New York Mellon Trust Company, N.A., in its separate capacity as trustee (including any successor appointed and acting in such capacity, the "Series 2014A Trustee"), in substantially the form on file with the Clerk of the Board.

(j) The Board intends for the Series 2014A Obligations to be sold to RBC Capital Markets, LLC (the "Underwriter"), as provided in a Purchase Contract, to be dated the date of the sale of the Series 2014A Obligations (the "Purchase Contract"), between the County and the Underwriter, in substantially the form on file with the Clerk of the Board.

(k) The Underwriter is required to comply with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with selling the Series 2014A Obligations as an

underwriter, and in that regard, the County will execute and deliver a Continuing Disclosure Undertaking, to be dated the date of the Series 2014A Obligations (the "Undertaking"), with respect to the Series 2014A Obligations, in substantially the form included as an appendix to the herein described Preliminary Official Statement.

(l) The County has the requisite power and authority to execute and deliver the Series 2014A Purchase Agreement and to cause the sale and execution and delivery of the Series 2014A Obligations, and all acts, conditions and things required by the Constitution and laws of the State of Arizona and the requirements of the County to happen, exist and be performed precedent to and as a condition to the adoption of this Resolution have happened, exist and been performed in the time and manner required to make the Series 2014A Purchase Agreement a valid and binding limited, special obligation of the County.

Section 2. Authorization and Execution and Delivery of Documents and Obligations.

(a) For the purpose of providing funds to finance the Series 2014A Property and the related costs of the sale and execution and delivery of the Series 2014A Obligations, the Series 2014A Obligations shall be sold and executed and delivered as one or more series of obligations (determined as hereinafter provided). The Series 2014A Obligations shall be dated the date of their initial authentication and delivery and shall be in an aggregate principal amount, shall bear interest, shall be issued in such form and denominations, shall be payable as to interest and principal on such dates, shall be executed in such manner and shall have such other provisions, including, without limitation, provisions with respect to redemption prior to maturity, as set forth in the form of the Series 2014A Obligation Indenture and, as executed and delivered, the Purchase Contract, with such additions, deletions and modifications consistent with this Resolution as shall be approved by the officers of the Series 2014A Trustee executing and delivering the same on behalf of the Series 2014A Trustee, the execution and delivery thereof to constitute conclusive evidence of their approval and of such additions, deletions or modifications. The Chairman of the Board, the County Administrator, the chief financial officer of the County (the "Finance Director") and the designees of any of them (collectively, the "Authorized Representatives") are hereby authorized to determine such matters on behalf of the County and then to take any action, make any modification of documents, enter into any agreements, make any elections or certifications and pay any costs necessary to provide for the sale and execution and delivery of the Series 2014A Obligations or such portion thereof in such manner and to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and the terms of the Series 2014A Obligations or such portion thereof and any agreement related thereto including causing the Series 2014A Obligations to be issued in multiple series as designated by them. Notwithstanding the foregoing, the aggregate principal amount of the Series 2014A Obligations shall not exceed \$70,000,000, the Series 2014A Obligations shall mature over a period not exceeding the term permitted by the Code in order for the interest paid with respect to the Series 2014A Obligations to be exempt from federal income taxation, but in any event not more than 15 years, and the Series 2014A Obligations shall be sold at such prices and shall bear interest at such rates as to result in an effective yield as calculated for federal income tax purposes relative to the issuance of obligations, the interest income on which is excluded from gross income, of not to exceed six percent (6.00%) per annum.

(b) The Authorized Representatives are hereby authorized to execute, and the Clerk of the Board is hereby authorized to attest and deliver, respectively, the Series 2014A Purchase Agreement, the Series 2014A Obligation Indenture, the Purchase Contract and the Undertaking, which are hereby approved, with such additions, deletions and modifications as shall be approved by those officers executing and delivering the same on behalf of the County, the execution and delivery thereof to constitute conclusive evidence of their approval, and of such additions, deletions and modifications.

(c) The Series 2014A Trustee is hereby requested to execute and deliver the Series 2014A Obligations, the Series 2014A Purchase Agreement, the Series 2014A Obligation Indenture and the Purchase Contract to accomplish the purposes hereof.

(d) The Authorized Representatives are hereby authorized to cause the sale and execution and delivery of the Series 2014A Obligations and are hereby delegated the authority to complete any information missing in, or necessary for the consummation of the transactions contemplated by, the Series 2014A Purchase Agreement, the Series 2014A Obligation Indenture, the Purchase Contract and the Undertaking. The Authorized Representatives are authorized to select, and execute and deliver contracts with, appropriate professionals (including special counsel) to provide various professional services with respect to the sale and execution and delivery of the Series 2014A Obligations as well as to provide for such other matters (including credit enhancement providers if deemed advantageous by them) as are necessary in order to accomplish the purposes of this Resolution. The Authorized Representatives are hereby further authorized to execute and deliver any instruments or documents necessary in connection with the purchase of any such credit enhancement, including those making provision for the repayment of amounts advanced for credit enhancement thereunder. The fees, costs and expenses with respect to the foregoing shall be paid from proceeds of the sale of the Series 2014A Obligations or any other legally available moneys. The Finance Director is hereby authorized to receive and expend such funds as necessary to accomplish the purposes of this Resolution, including payment of installment payments related to debt service on the Series 2014A Obligations.

Section 3. Acceptance of Proposal. So long as the terms for the Series 2014A Obligations are within the parameters established by Section 2 hereof, the proposal of the Underwriter pursuant to the Purchase Contract may be accepted. Such acceptance shall be evidenced by the execution and delivery of the Purchase Contract pursuant to Section 2 hereof. The Series 2014A Obligations shall be prepared and executed and delivered following the adoption of this Resolution and shall thereupon be delivered to the Underwriter upon payment therefor in accordance with the terms of the Purchase Contract.

Section 4. Authorization of Official Statement. The Authorized Representatives are hereby authorized to (i) approve the preparation and dissemination by the Underwriter of a Preliminary Official Statement, to be dated the date of the publication thereof (the "Preliminary Official Statement"), relating to the Series 2014A Obligations in substantially the form on file with the Clerk of the Board and (ii) execute and approve the preparation and delivery to, and use by, the Underwriter of a final Official Statement, to be dated the date of the sale of the Series 2014A Obligations (the "Official Statement"), relating to the Series 2014A Obligations in

substantially the form of the Preliminary Official Statement with such additions, deletions and modifications consistent with this Resolution as shall be approved by them. If and to the extent applicable, the Authorized Representatives shall certify or otherwise represent that the Preliminary Official Statement, in original or revised form, is a "deemed final" official statement (except for permitted omissions) of the County as of a particular date and that a completed version is a "final" official statement, in both cases, for purposes of the Rule. The distribution and use of the Preliminary Official Statement and the Official Statement by the County and the Underwriter is hereby authorized, ratified, confirmed and approved. The Authorized Representatives are further authorized to use and distribute, or authorize the use and distribution of, any supplements in connection with the original execution and delivery of the Series 2014A Obligations as may be necessary or appropriate and to sign and deliver, on behalf of the County, the Official Statement and such certificates in connection with the accuracy of the Official Statement and any amendment thereto as may be necessary or appropriate.

Section 5. Appointment of Trustee. The Bank of New York Mellon Trust Company, N.A., with its designated office in Tempe, Arizona, is hereby appointed as the Series 2014A Trustee.

Section 6. Severability. It is the intention hereof to confer upon the County the whole of the powers provided for in the Act and if any one or more sections, clauses, sentences and parts hereof shall for any reason be questioned in any court of competent jurisdiction and shall be adjudged unconstitutional or invalid, such judgment shall not affect, impair or invalidate the remaining provisions hereof, but shall be confined to the specific sections, clauses, sentences and parts so determined. All prior resolutions or parts thereof in conflict herewith are hereby repealed.

Section 7. Ratification of Actions. All actions of the officers, employees and agents of the County that conform to the purposes and intent of this Resolution and that further the actions contemplated by this Resolution, whether taken before or after adoption of this Resolution, are hereby ratified, confirmed and approved. The proper officers and agents of the County are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the County as may be necessary to carry out the terms and intent of this Resolution.

PASSED, ADOPTED, AND APPROVED by the Board of Supervisors of Pima County,
Arizona, on December 3, 2013.

By.....
Ramón O. Valadez, Chairman, Board of
Supervisors

ATTEST:

.....
Robin Brigode, Clerk, Board of Supervisors

APPROVED AS TO FORM:

By.....
Regina L. Nassen, Deputy County
Attorney