

**THE MINUTES OF THE REGULAR MEETING OF THE MAYOR AND
CITY COUNCIL OF THE CITY OF WILLCOX, COCHISE COUNTY, AZ
HELD ON THIS 17th DAY OF DECEMBER, 2015**

CALL TO ORDER - Mayor Bob Irvin called the meeting to order at 6:30 p.m.

ROLL CALL - City Clerk Virginia A. Mefford called the roll.

PRESENT

Mayor Robert A. Irvin
Vice Mayor Earl Goolsby
Councilman Elwood A. Johnson
Councilman Gerald W. Lindsey
Councilman William "Bill" Nigh
Councilman Timothy A. Bowlby
Councilman Michael J. Laws

STAFF

City Manager Ted Softis
City Clerk Virginia Mefford
City Attorney Ann P. Roberts
Interim Police Chief Jose Rios
Finance Director Crystal Hadfield
Public Works Director Galo Galovale
Development Services Jeff Stoddard

PLEDGE OF ALLEGIANCE TO THE FLAG - Led by Mayor Irvin

CALL TO THE PUBLIC- None

DECLARATION ON CONFLICT OF INTEREST - None

ADOPTION OF THE AGENDA

MOTION: Councilmember Johnson made a motion to adopt the agenda.

SECONDED: Councilmember Bowlby seconded the motion.

MOTION CARRIED

APPROVAL OF MINUTES OF THE REGULAR MEETING OF NOVEMBER 5, 2015

MOTION: Councilmember Bowlby made a motion to approve the minutes as presented.

SECONDED: Councilmember Lindsey seconded the motion.

MOTION CARRIED

RESOLUTION 2015-30 - A RESOLUTION APPROVING WILSON ENGINEERS, LLC ("ENGINEER") FOR THE PROVISION OF CONSTRUCTION MANAGEMENT SERVICES FOR THE RECONSTRUCTION OF THE 0.6 MGD WASTEWATER TREATMENT FACILITIES

MOTION: Councilmember Johnson made a motion to approve Resolution 2015-30

SECONDED: Councilmember Bowlby seconded the motion.

DISCUSSION: Stephen Todd, a representative of Wilson Engineers, gave an overview of the construction management services for Waste Water Treatment Plant project. Council asked when the estimated completion of the Waste Water Treatment Plant would be. Mr. Todd estimated completion in the second quarter of 2017. Councilman Johnson asked if he foresees any problems. Mr. Todd stated that he did not foresee any problems. Mayor Irvin asked if they would be hiring locally. Mr. Todd explained that the general contractor might in order to keep their costs down.

MOTION CARRIED

CHAMBER OF COMMERCE UPDATE - ALAN BAKER

DISCUSSION: Chamber of Commerce Director Alan Baker gave an update on the Chamber of Commerce and gave Council handouts of his overview. Council asked several questions and Mr. Baker answered them. Mr. Baker invited Council to come out and join the Chamber when international visitors come in to help roll out the red carpet. Councilmembers suggested doing more local advertisement. Mr. Baker stated the Chamber would work more on local advertisement and appreciated all the feedback and suggestions.

ANNUAL NATURAL GAS PIPELINE PRESENTATION - FRANK (PONCH) BRACAMONTE

DISCUSSION: Utility Supervisor Bracamonte gave the annual Natural Gas Pipeline presentation.

**THE MINUTES OF THE REGULAR MEETING OF THE MAYOR AND
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APPOINT DAN DOUGLAS TO THE WILLCOX MUNICIPAL PROPERTY CORPORATION

MOTION: Councilmember Johnson made a motion to appoint Dan Douglas to the Willcox Municipal Property Corporation.

SECONDED: Councilmember Laws seconded the motion.

MOTION CARRIED

CITY MANAGER'S REPORT

- He thanked Connie Dunham and others for organizing the Veterans Parade.
- He thanked the Chamber of Commerce for sponsoring and organizing the Christmas parade and the activities in Railroad Park.
- He thanked those who donated funds for the lights in Railroad Park, and to those, including Sulphur Springs Valley Electric Company, who put up the lights.
- The City recently auctioned surplus property netting \$2,400.
- He announced the School Resource Officer, Rose Lacy, retired and he thanked her for her service. The City will continue providing services to the school by doing a rotation of the officers. The program will be re-evaluated at the end of the fiscal year.
- The loan paperwork for the Waste Water Treatment Plant is at the USDA office.
- He is working on refinancing the bonds for the streets' project.
- He wished everyone a happy holiday season.

COMMENTS NOT FOR DISCUSSION FROM MAYOR AND COUNCIL MEMBERS

- Councilman Bowlby stated he has been on Council one year and feels excited about the work that has been done and is looking forward to the coming year.
- Councilman Laws has also enjoyed his time on Council.
- Vice Mayor Goolsby hopes everyone has a safe and happy new year. With the presidential election coming up, he is excited about next year.
- Councilman Johnson wished everyone a happy holiday. He thanked the City Manager for the wonderful letter he wrote to staff for all the hard work they have done. He also thanked the volunteers.
- Councilmember Lindsey wished everyone a Merry Christmas.

ADJOURN

With no further business before the Mayor and Council, the meeting was adjourned at 7:28 p.m. by Mayor Irvin.

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the regular meeting of the City Council of the City of Willcox held on the 17th day of December 2015. I further certify that the meeting was duly called and held, and that a quorum was present.

Dated this 17th day of December 2015

City Clerk Virginia Mefford, CMC

PASSED, APPROVED AND ADOPTED this 21st day of January 2016.

Mayor Robert A. Irvin

ATTEST:

City Clerk Virginia A. Mefford, CMC

Proclamation

Willcox Historic Theater Recognition Weekend

WHEREAS, Historic Preservation is an effective tool for managing growth and sustainable development, revitalizing neighborhoods, fostering local pride and maintaining community character while enhancing livability, and the Willcox Historic Theater Preservation, Inc. is an important part of Historic Preservation in Willcox.; and

WHEREAS, Willcox Historic Theater Preservation, Inc. is relevant for our community and other rural communities of all ages, all walks of life and all ethnic backgrounds; and

WHEREAS, the Willcox Historic Theater Preservation, Inc. has been an important part of the community since 1937 when it first opened with "The Gorgeous Hussy" starring Joan Crawford and Robert Taylor; and

WHEREAS, it is important to celebrate the role of history in our lives and the contributions made by dedicated individuals in helping to preserve the tangible aspects of the heritage that has shaped us as a people; and

WHEREAS, the Willcox Historic Theater by these means enhances quality of life in the community, contributing to the vitality of the Railroad Avenue Historic District and helping to make Willcox an attractive community,

NOW THEREFORE, I Robert Irvin, Mayor of the City of Willcox, do hereby proclaim the first weekend of February as WILLCOX HISTORIC THEATER RECOGNITION WEEKEND. I encourage all residents to join me in celebrating the renovation of this wonderful Art Deco Theater and all that it brings to the community.

Dated this 21st day of January, 2016

Robert A. Irvin

Mayor, Robert A. Irvin

Attest:

Virginia A. Mefford

City Clerk, Virginia A. Mefford



CITY OF WILLCOX
Request for Council Action

Agenda Item: 10
Tab Number: 3

Meeting Date:
01/21/2016

Action:
 Resolution
 Ordinance
 Other

Subject: Public Library
Advisory Committee (PLAC)
Appointment – Larry Snyder

To: Mayor and City Council

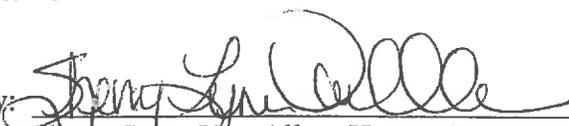
From: Sherry Lynn Van Allen, Human Resources

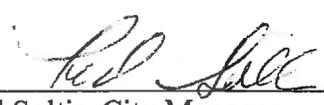
Discussion: In accordance with Willcox Municipal Code 2.04.020, vacancies shall be filled by appointment by the Mayor and City Council.

Mr. Snyder meets all of the requirements to serve on this Committee. The appointment would be effective immediately terminating on June 30, 2018.

Recommendation: Appoint Larry Snyder to the Public Library Advisory Committee (PLAC).

Fiscal Impact: -0 -

Submitted by: 
Sherry Lynn Van Allen, Human Resources

Approved by: 
Ted Soltis, City Manager

Larry Snyder
702 N. Mesa Ave
Willcox Az.

To Mayor & City Council

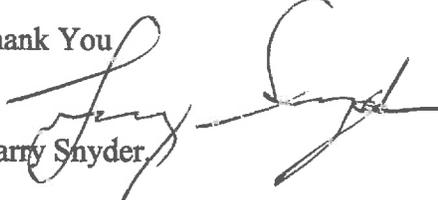
I have been volunteering at the Elsie Hogan Library for over 2 years also at the Friends of the Library Book Store.

I have formed a great interest in the libraries welfare. I've Lived in the city for 11 years and find the library to be one of the city finest assets.

I understand there is a vacancy on the Public Library Advisory Board. I would like to be considered for that position. I would consider it an honor to be selected

Thank You

Larry Snyder



CITY OF WILLCOX
Request for Council Action

Agenda Item: 11

Tab Number: 4

Meeting Date:
01/21/2016

Action:
 Resolution
 Ordinance
 Other

Subject: Public Library
Advisory Committee (PLAC)
Appointment – Carol A.
Brinton

To: Mayor and City Council

From: Sherry Lynn Van Allen, Human Resources

Discussion: In accordance with Willcox Municipal Code 2.04.020, vacancies shall be filled by appointment by the Mayor and City Council.

Ms. Brinton meets all of the requirements to serve on this Committee. The appointment would be effective immediately terminating on June 30, 2016.

Recommendation: Appoint Carol A. Brinton to the Public Library Advisory Committee (PLAC).

Fiscal Impact: -0 -

Submitted by:


Sherry Lynn Van Allen, Human Resources

Approved by:


Ted Soltis, City Manager

Carol A. Brinton
447 W. Henry St.
P.O. Box 773
Willcox, AZ 85644

December 31, 2015

Mayor Robert A. Irvin
Vice Mayor Earl Goolsby
Councilman Elwood A. Johnson
Councilman Gerald W. Lindsey
Councilman William "Bill" Nigh
Councilman Timothy A. Bowlby
Councilman Michael J. Laws
Willcox, AZ 85643

RE: Willcox Public Library Advisory Committee

Dear Mayor Irvin and City Council Members,

I am interested in being considered as an applicant for the Library Advisory Committee. As a regular user of the Library facilities, I have a vested interest in the success and achievements of the Willcox Library.

My husband & I became owners of a business in Willcox over 6 years ago. We very quickly became enamored of the people and the community and have a desire to help make our community the best it can be. With this in mind, I'm stepping forward to offer my efforts as an Advisory Committee member.

Thank you for your consideration.

Sincerely,



Carol A. Brinton
520-507-9874
cbrinton@juno.com

CITY OF WILLCOX
Request for Council Action

Agenda Item: 12
Tab Number: 5

Meeting Date:
January 21, 2016

Action:
 Resolution
 Ordinance
 Other

Subject:
AMRRP Policy Renewal

To: Mayor and City Council

From: Finance Director Crystal Hadfield

Discussion: The City participates in the Arizona Municipal Risk Retention Pool (AMRRP or the Pool) for liability and worker's compensation coverage. The liability and excess coverage policies are renewed on a calendar year basis, from January 1st to December 31st.

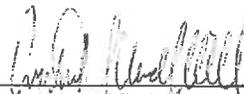
The liability policy includes coverage for property, equipment, valuable papers, general liability, personal/advertising injury, damage to premises rented to City, medical expense, professional liability, and auto liability and physical damage. A copy of the Rated Premium Breakdown is attached, with a total premium of \$138,613.00. After a complete evaluation of inventory with many deletions and a few additions, our premium will actually decrease by \$8,657.00 from last calendar year.

The Municipal Excess Liability coverage includes up to \$3,000,000 in the aggregate and for each wrongful act, as well as other underlying coverage as listed in the attached Appendix A. The coverage date is retroactive to January 1, 1998. The cost of the excess liability coverage is \$11,849.00.

Mr. Ed Bantel from Southwest Risk, the AMRRP administrative agency, will be at the meeting to present information about the policies and the coverage.

Recommendation: Motion to approve the Arizona Municipal Risk Retention Pool Liability policy No. AM40132016, and the Excess Liability Declarations policy No. AE40132016 as presented.

Fiscal Impact: \$150,462.00 (an \$8,657.00 decrease from last calendar year.)

Submitted by: 
Crystal Hadfield, Finance Director

Approved by: 
Ted Soltis, City Manager



The AMRRP Board of Trustees would like to thank you for your continued support of AMRRP through the renewal of your Property and Casualty and Excess policy. Enclosed are your new policy(s), and a copy of the COI's sent to your certificate holders.

You will receive your quarterly invoices via email to your desired contact billing contact. AMRRP has the ability to accept electronic payments. To set up electronic funds transfer for premium payments, please contact me to start the simple and easy enrollment process.

As always we encourage our members to be vigilant in reducing claims, both in frequency and severity. Please be aware of the additional services AMRRP offers to assist members with loss control:

- **Loss Control Action Plan (LCAP)** - specific direction on loss control requirements to be provided by September
- **HRsentry** - On line service for HR regarding State and Federal Laws, job descriptions, employee manuals, free webinar training, posters, and HR self-assessments to determine strengths and weaknesses
- **Personnel Assistance Lifeline (PAL)** - Call our office and get connected with Pierce Coleman before making decisions that could result in a claim.
- **EEOC/ACRD Program** - If you get a complaint from EEOC/ACRD, send it to us, and we will have Pierce Coleman answer it for you at no cost to your municipality
- **Land Use Assistance Lifeline (LUAL)** - Issues with zoning or development agreements, contact us for a free consultation with our land use professionals
- **PSAP** - Public Safety Assistance Program - assistance with law enforcement issues
- **Loss Control Services** - we have a full service loss control department to assist you with your loss control needs.
- **SafePersonnel Online Training** - Online classes that meet OSHA regulations.

If you have any questions about your policy or about any of the programs mentioned above, please contact me.

Thank you,

Ed Bantel
Marketing & Underwriting
ebantel@berkeleyrisk.com
P:602-368-6618

SOUTHWEST RISK SERVICES - ADMINISTRATOR

14902 NORTH 73RD STREET ♦ SCOTTSDALE, ARIZONA 85260
MAIN: 602.996.8810 ♦ TF: 888.309.4339 ♦ FAX: 602.996.9045
WWW.AMRRP.ORG

Coverage Agreement Number: AM40132016

**APPENDIX A
ARIZONA MUNICIPAL RISK RETENTION POOL (POOL)
COMMON COVERAGE DECLARATIONS**

Previous Coverage Agreement Number: AM40132015

Item 1. **MEMBER AND MAILING ADDRESS:**
WILLCOX, CITY OF

101 S. RAILROAD AVE., SUITE B
WILLCOX AZ 85643

Item 2. **CONTINUOUS COVERAGE PERIOD EFFECTIVE: 01/01/1988**

12:01 A.M. Standard Time at Mailing Address
on Common Coverage Declarations

Rating Period from: 01/01/2016

To: 01/01/2017

Item 3. **THE COVERED MEMBER IS:** MUNICIPALITY

Item 4. **SCHEDULE OF COVERAGES:**

IN RETURN FOR THE PAYMENT OF MEMBERSHIP FEES, THE POOL AGREES TO PROVIDE THE MEMBER WITH THE FOLLOWING COVERAGES FOR WHICH A MEMBERSHIP FEE IS SHOWN, SUBJECT TO ALL THE TERMS AND CONDITIONS OF THE POOL'S INTERGOVERNMENTAL AGREEMENT AND THE APPLICABLE COVERAGE AGREEMENTS AND ENDORSEMENTS:

| <u>Coverages</u> | <u>Membership Fee</u> |
|-----------------------------------|-----------------------|
| PROPERTY | <u>\$ 25,352.00</u> |
| INLAND MARINE | <u>\$ 2,731.00</u> |
| GLASS | <u>NOT COVERED</u> |
| EQUIPMENT BREAKDOWN | <u>\$ 1,820.00</u> |
| MUNICIPAL LIABILITY | <u>\$ 88,695.00</u> |
| AUTOMOBILE LIABILITY | <u>\$ 12,968.00</u> |
| AUTOMOBILE PHYSICAL DAMAGE | <u>\$ 4,722.00</u> |
| CRIME | <u>\$ 2,325.00</u> |
| TOTAL | <u>\$138,613.00</u> |

Item 5. **MEMBERSHIP FEE IS DUE AND PAYABLE: QUARTERLY**

Item 6. **COVERAGES AGREEMENTS AND ENDORSEMENTS APPLICABLE TO ALL COVERAGES:**

| | | | | | | | |
|--------|--------|--------|--------|----------|--------|-------|--------|
| AZDEC1 | (0702) | AZDEC2 | (0702) | AZDEC5 | (0611) | AZMAD | (1003) |
| AZMLD | (0714) | AZASB | (0703) | AZCOMCON | (0598) | | |

COUNTERSIGNED: 01/12/2016
(Date)

By: *EJ Bantel*

**APPENDIX A
ARIZONA MUNICIPAL RISK RETENTION POOL
MUNICIPAL EXCESS LIABILITY DECLARATIONS**

Coverage Agreement Number: **AE40132016**
 Previous Coverage Agreement Number: **AE40132015**

Item 1. **MEMBER AND MAILING ADDRESS:**
 WILLCOX, CITY OF
 101 SOUTH RAILROAD AVENUE, SUITE B
 WILLCOX, AZ 85643

Item 2. **ORIGINAL COVERAGE DATE:** 01/01/98
RATING PERIOD FROM: 01/01/16 12:01 AM at the Mailing Address on the Common Declarations
TO: 01/01/17

Item 3. **DESCRIPTION OF MEMBER:** Municipality

IN RETURN FOR THE PAYMENT OF MEMBERSHIP FEES, AND SUBJECT TO ALL THE TERMS OF THE POOL'S INTERGOVERNMENTAL AGREEMENT AND THIS COVERAGE AGREEMENT, THE POOL AGREES TO PROVIDE THE MEMBER WITH THE COVERAGES AS STATED IN THIS COVERAGE PART.

Item 4. **SCHEDULE OF COVERAGES:**

| <u>Description</u> | <u>Limit Of Coverage</u> |
|--------------------|--------------------------|
| Aggregate | \$ 3,000,000 |
| Each Wrongful Act | \$ 3,000,000 |

Item 5. **RETROACTIVE DATE:** 01/01/98

Item 6. **SCHEDULE OF UNDERLYING COVERAGES:**

Excess coverage applies only to coverages for which underlying Limits Of Coverage are shown.

Underlying Municipal Liability Coverage and Municipal Auto Liability Coverage provided by:

| | |
|---|---------------------------------------|
| Underlying Carrier | Arizona Municipal Risk Retention Pool |
| Coverage Agreement Number | AM40132016 |
| Rating Period | From: 01/01/16 To: 01/01/17 |
| Municipal Liability Products – Completed Operations Aggregate Limit | \$ 2,000,000 |
| Municipal Liability Each Wrongful Act Limit | \$ 2,000,000 |
| Municipal Liability Retroactive Date | 07/01/87 |
| Municipal Auto Liability Each Accident Limit | \$ 2,000,000 |

Underlying Employers Liability Coverage provided by:

| | |
|--|---------------------------------------|
| Underlying Carrier | Arizona Municipal Risk Retention Pool |
| Coverage Agreement or Policy Number | AZWC012219 |
| Rating Period or Policy Period | From: 07/01/15 To: 07/01/16 |
| Bodily Injury By Accident Limit | \$ 1,000,000 |
| Bodily Injury By Disease – Each Employee Limit | \$ 1,000,000 |
| Bodily Injury By Disease – Policy Limit | \$ 1,000,000 |

Item 7. **FORMS AND ENDORSEMENTS ATTACHED TO THIS COVERAGE PART:**

AZXSC (7-14) AZXSE6 (07-14)

Item 8. **MEMBERSHIP FEE:** **\$11,849**

THESE DECLARATIONS, TOGETHER WITH THE COMMON CONDITIONS AND THE MUNICIPAL EXCESS LIABILITY COVERAGE FORM(S) AND ENDORSEMENTS COMPLETE THE MUNICIPAL EXCESS LIABILITY COVERAGE PART. PLEASE READ THEM CAREFULLY.

CITY OF WILLCOX
Request for Council Action

Agenda Item: 13
Tab Number: 6

Meeting Date:

January 21, 2016

Action:

Resolution
 Ordinance
 Other

Subject: Resolution 2016-01 -
2006 MPC (Street) Bond
Refinance

To: Mayor and City Council

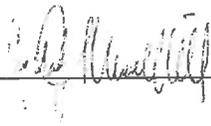
From: Crystal Hadfield, Finance Director

Discussion: In 2006, Council and the Municipal Property Corporation approved a bond for \$3.3 million to improve city streets, mainly Arizona Avenue. After discussion with Stifel, Nicolaus & Company (Stifel), Bond Council, it was discovered that the City can save \$80,000 or more on interest by refinancing the bond under a new lender with a significantly reduced interest rate. Currently our interest rate through U.S. Bank is 4%. The refinanced bond would have an interest rate no higher than 1.65% for a five year term. The current bond will not exceed \$1,386,000 including fees to Stifel, bond council, and bank closing fees.

Last week, a Request for Bid went out to fourteen (14) lenders. Bids are due to Stifel on January 26th. Once bids are received and reviewed, a lender will be chosen based on criteria outlined in the bid. We anticipate a closing date of February 11th, 2016.

Recommendation: Approve Resolution 2016-01 to refinance the 2006 MPC Bond.

Fiscal Impact: Savings of \$80,000 or more in bond interest.

Submitted by:  _____

Approved by:  _____

CITY OF WILLCOX, COCHISE COUNTY, ARIZONA

RESOLUTION 2016-01

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLCOX, ARIZONA, AUTHORIZING THE EXECUTION AND DELIVERY OF A REFINANCING AGREEMENT FOR THE PURPOSE OF REFINANCING THE CITY'S OBLIGATIONS RELATING TO THE WILLCOX MUNICIPAL PROPERTY CORPORATION EXCISE TAX REVENUE (STREET) BONDS, SERIES 2006; AUTHORIZING THE EXECUTION AND DELIVERY OF AGREEMENTS IN CONNECTION THEREWITH; AUTHORIZING OTHER ACTIONS AND MATTERS IN CONNECTION THEREWITH; AND DECLARING AN EMERGENCY

WHEREAS, at the request of the City of Willcox, Arizona (the "City"), the Willcox Municipal Property Corporation (the "Corporation") issued its Excise Tax Revenue Bonds, Series 2006, in the original principal amount of \$3,300,000 (the "Bonds") pursuant to a Trust Indenture, dated as of March 1, 2006 (the "Indenture"), between the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), to finance certain road improvements within the City, including the reconstruction of Arizona Avenue from Rex Allen Boulevard to Haskell Avenue, Austin Boulevard from Wood Street to Rex Allen Boulevard and Cochise Avenue from Rex Allen Boulevard to Scott Road (the "Project"); and

WHEREAS, the Bonds are payable from and secured by Installment Payments to be made by City pursuant to a Series 2006 Agreement, dated as of March 1, 2006 (the "2006 Agreement"), between the Corporation and City, from excise taxes and state-shared revenues of the City; and

WHEREAS, City has now determined that it will be beneficial to refinance its obligations under the 2006 Agreement in order to pay and redeem the \$1,380,000 outstanding principal amount of the Bonds and to pay associated costs by the execution and delivery of a Refinancing Agreement (the "Refinancing Agreement") between the City and the below-described Lender; and

WHEREAS, Stifel, Nicolaus & Company, Incorporated (the "Placement Agent") has submitted a proposal to place the Refinancing Agreement pursuant to a Placement Agent Agreement, to be dated the date of placement of the Refinancing Agreement (the "Placement Contract"), by and between the City and the Placement Agent, the Placement Agent not acting as a municipal advisor as defined in the "Registration of Municipal Advisors" rule promulgated by the United States Securities and Exchange Commission, and the Refinancing Agreement to be placed by the Placement Agent pursuant to the Strategic Alliance of Volume Expenditures (SAVE) Cooperative Response Proposal #C-007-1213; and

WHEREAS, the Placement Agent will solicit one or more proposals from financial institutions to accomplish such refinancing and following the receipt of such proposals, the Mayor or the Vice Mayor, upon advice from the City Manager or Finance Director of the City, will determine the financial institution or financial institutions (the "Lender") selected to enter

into the Refinancing Agreement with the City and meeting the requirements of this Resolution;
and

WHEREAS, the City intends for City's payment obligations under the Refinancing Agreement authorized in this Resolution be secured from Excise Tax Revenues and State-Shared Revenues, each as defined in the Refinancing Agreement, as executed and delivered:

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WILLCOX, ARIZONA, as follows:

Section 1. Findings. The City Council finds that:

(a) It is in the best interest of the City to refinance the City's obligations under the 2006 Agreement by the execution and delivery of the Refinancing Agreement, which produces a schedule of Payments hereby found to be more favorable to the City.

(b) There has been prepared and placed on file with the City Clerk a proposed form of the Refinancing Agreement.

(c) The City has authority to execute and deliver the Refinancing Agreement and to perform the actions contemplated by such documents, including without limitation pledging the Excise Tax Revenues and State-Shared Revenues to payment of the Payments thereunder.

Section 2. Authorization to Approve, Sign and Deliver Agreements and Documents and Take Actions. The Mayor or the Vice Mayor of the City (each an "Authorized Officer") are each authorized and directed to sign and deliver in the name and on behalf of the City, and to cause the City to perform its obligations under the Refinancing Agreement, in an amount representing not more than \$1,386,000 aggregate principal amount, for the refinancing of the City's obligations under the 2006 Agreement and to pay costs associated with the execution and delivery of such document, and such other agreements, instruments and documents as are contemplated by those documents and by this Resolution (collectively, the "City Documents"), with such changes, additions and deletions as any Authorized Officer may approve or deem necessary, appropriate or advisable to carry out the purposes and intent of this Resolution, and to perform all other acts that may be necessary in connection with the transactions contemplated by the City Documents and by this Resolution. The Authorized Officers, and each of them acting alone, are authorized and directed, in the name and on behalf of the City, to take or cause to be taken any and all further actions and to sign and deliver, or cause to be signed and delivered, all such further agreements and such further documents, certificates and undertakings, and to incur all such fees and expenses, as in their judgment shall be necessary, appropriate or advisable to carry into effect the purposes and intent of this Resolution and the transactions contemplated by this Resolution.

Section 3. Terms and Provisions Applicable to the Refinancing Agreement. The interest component of Payments under the Refinancing Agreement shall be computed using a fixed tax-exempt rate of interest not exceeding one and sixty-five hundredths percent (1.65%) per annum (provided that, to the extent provided in the Refinancing Agreement, as executed and

delivered, for so long as there exists any default under the Refinancing Agreement such rate of interest shall be increased by not exceeding three percent (3.00% per annum), payable at the times provided in the Refinancing Agreement, as executed and delivered. The final Payment due under the Refinancing Agreement shall be not later than the final maturity date of the Bonds (July 1, 2021) and Payments under the Refinancing Agreement shall be pre-payable in whole or in part as provided in the Refinancing Agreement, as executed and delivered. The covenants and agreements contained in the Refinancing Agreement as to the pledge of and lien on the Excise Tax Revenues and State-Shared Revenues is hereby approved and confirmed.

Section 4. Placement Contract Approval; Authorization to Award Refinancing Agreement to Lender.

(a) The Placement Contract is hereby approved, and an Authorized Officer is hereby authorized and directed to sign and deliver in the name and on behalf of the City and to deliver to the Placement Agent, the Placement Contract, with such changes, additions and deletions as any Authorized Officer may approve or deem necessary, appropriate or advisable to carry out the purposes and intent of this Resolution, to be conclusively evidenced by the execution and delivery thereof.

(b) Upon receipt of proposals from financial institutions by the Placement Agent, an Authorized Officer, upon advice from the City Manager or the Finance Director of the City, is hereby authorized to determine the Lender selected to enter into the Refinancing Agreement with the City upon terms meeting the requirements of this Resolution.

Section 5. Deposit, Holding and Disposition of Proceeds Derived from the Agreements. The proceeds received by the City from the execution and delivery of the Refinancing Agreement shall be used to pay and redeem the \$1,380,000 outstanding principal amount of the Bonds and to pay costs associated with the execution and delivery of the Refinancing Agreement and the refinancing of City's obligations under the 2006 Agreement and the Bonds. Pending such use, the proceeds thereof shall be held by the Trustee in such depository trust or escrow accounts or otherwise held by the Trustee in accounts established in the Indenture for such purpose, as determined by the City Manager or the Finance Director of the City, and each of such officials is hereby authorized to select and engage depository trustees, fiduciaries and custodians for such purposes. An Authorized Officer is hereby authorized, empowered and directed, for and on behalf of the City, to execute and deliver any agreements and documents relating to the deposit, holding and disposition of such proceeds.

Section 6. Security Interest. The City Council hereby authorizes the Authorized Officer to grant a security interest in the Excise Tax Revenues and State-Shared Revenues as security for performance of the Refinancing Agreement.

Section 7. General Ratification and Approval. All actions of the officers, employees, and agents of the City that are in conformity with the purposes and intent of this Resolution and in furtherance of the execution and delivery of the City Documents as contemplated by this Resolution and the documents referred to in this Resolution, whether previously or hereafter taken, are hereby ratified, confirmed and approved. The officers, employees and agents of the

City are hereby authorized and directed to do all such acts and things and to sign, acknowledge and deliver all such documents on behalf of the City as may be deemed necessary or desirable to carry out the terms and intent of this Resolution and of any of the documents referred to in this Resolution.

Section 8. Tax Matters. Any Authorized Officer is authorized to (a) make or effect any election, selection, designation, choice, consent, approval or waiver on behalf of and in the name of the City with respect to the Refinancing Agreement as the City is permitted to make or give under the federal income tax laws, including, without limitation, any of the elections provided for in Section 148(f)(4)(C) of the Code or available under Section 148 of the Code, for the purpose of assuring, enhancing or protecting favorable tax treatment or status of the interest component of Payments under the Refinancing Agreement or assisting compliance with requirements for that purpose, reducing the burden or expense of such compliance, reducing the rebate amount or payments of penalties, or making payments of special amounts in lieu of making computations to determine, or paying, excess earnings as rebate, or obviating those amounts or payments; (b) take any and all other actions, make or obtain calculations, make payments, and make or give reports, covenants and certifications of and on behalf of the City, as may be appropriate to assure the exclusion of interest from gross income and the intended tax status of the interest component of Payments under the Refinancing Agreement; and (c) give one or more appropriate certificates, for inclusion in the transcript of proceedings for the City Documents, setting forth the reasonable expectations of the City regarding the amount and use of all the proceeds of the financing represented by the Refinancing Agreement, the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of the interest on and the tax status of the interest component of the Payments under the Refinancing Agreement.

Section 9. Designation of Qualified Tax-Exempt Obligations. The City hereby designates the Refinancing Agreement as a “qualified tax-exempt obligation” pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The City covenants not to so designate tax-exempt obligations in calendar year 2016 in an aggregate amount of more than \$10 million. The City does not reasonably expect to issue more than \$10 million of tax-exempt obligations during calendar year 2016.

Section 10. Effective Date and Declaration of Emergency. It is necessary to utilize an emergency clause with this Resolution to make the authorization for execution and delivery of the Refinancing Agreement effective immediately, thereby committing the Lender to the interest rates reflected in the interest component of Payments under in the Refinancing Agreement, transferring the market risk of changes in interest rate levels from the City to the Lender and permitting execution and delivery of the Refinancing Agreement to occur as soon as is possible.

The immediate operation of the provisions of this Resolution is necessary for the preservation of the public peace, health and safety of the City, an emergency is hereby declared to exist, and this Resolution is enacted as an emergency measure and will be in full force and effect after its passage, adoption and approval by the City Council and it is hereby exempt from the referendum provisions of the Constitution and laws of the State of Arizona.

**PASSED, ADOPTED AND APPROVED BY THE MAYOR AND CITY COUNCIL
OF THE CITY OF WILLCOX, ARIZONA, this 21st day of January, 2016.**

APPROVED/EXECUTED:

-

ROBERT A. IRVIN, Mayor

ATTEST:

APPROVED AS TO FORM:

VIRGINIA A. MEFFORD, City Clerk

Timothy E. Pickrell, Bond Counsel
SQUIRE PATTON BOGGS (US) LLP

RESOLUTION 2016-01

PLACEMENT AGENT AGREEMENT

Willcox City Council
101 S. Railroad Ave., Suite B
Willcox, Arizona 85643

Re: Street Bonds, Series 2006 Refinancing Agreement

Upon the terms and conditions and based upon the representations, warranties and covenants set forth herein, Stifel, Nicolaus & Company, Incorporated (the "Placement Agent") offers to enter into this Placement Agent Agreement (this "Placement Agent Agreement") with the City of Willcox, Arizona (the "City"), which, upon acceptance of this offer and subject to Paragraph 5 hereof, shall be binding upon the City and the Placement Agent. This offer is made subject to acceptance of this Placement Agent Agreement by the City before or on January 21, 2016, and, if not so accepted, will be subject to withdrawal by the Placement Agent upon notice delivered to your office at any time prior to acceptance hereof. If the obligations of the Placement Agent shall be terminated for any reason permitted hereby, neither the Placement Agent nor the City shall be under further obligation hereunder.

The above-captioned long-term obligation (the "Obligation") is to be executed and delivered pursuant to a Resolution of the City Council of the City adopted on January 21, 2016 (the "Resolution"), and a Refinancing Agreement (the "Refinancing Agreement").

1. The Placement Agent shall use its best efforts to locate a purchaser for the Obligation (the "Purchaser") at a purchase price determined as provided in the Resolution (the "Purchase Price") and on terms consistent with the Resolution. If the Purchaser purchases the Obligation on the hereinafter defined Closing Date, the City will pay a placement fee equal to \$12,500 (the "Fee") to the Placement Agent.

2. The undersigned, on behalf of the City, but not individually, hereby represents and warrants to the Placement Agent (and it shall be a condition of the obligation of the Placement Agent to perform under this Placement Agent Agreement that it shall be represented and warranted on the Closing Date) that:

(a) The City is duly organized and validly existing under the laws of the State of Arizona (the "State") with power to adopt the Resolution, perform the agreements on its part contained therein and in the agreements approved thereby and cause the execution and delivery of the Obligation.

(b) The City has complied and, in all respects on the Closing Date will be in compliance, with all of the provisions of applicable law of the State.

(c) The City has duly adopted the Resolution, and the City has duly authorized and approved the execution and delivery of this Placement Agent Agreement and the Refinancing Agreement (collectively, the "Documents"), as well as the performance of its obligations contained in the Obligation and the consummation by it of all other transactions contemplated hereby.

(d) The City is not in breach of or default under any applicable law or administrative regulation of the State or any department, division, agency or instrumentality thereof, or of the United States, or any applicable judgment or decree or any loan agreement, note, resolution, certificate, agreement or other instrument to which the City is a party or is otherwise subject, which breach or default would materially and adversely affect the City or its ability to perform its duties and obligations under the Documents, and the execution and delivery of the Documents, the adoption of the Resolution and the execution and delivery of the Obligation and compliance with the provisions of each will not conflict materially with or constitute a material breach of or default under any applicable law or administrative regulation of the State or under any certificate, agreement or other instrument to which the City is a party or is otherwise subject, which breach or default would materially and adversely affect the City or its ability to perform its duties and obligations under the Documents.

(e) No litigation is pending or overtly threatened in any court in any way affecting the existence of the City or the title of the members of the Council of the City to their respective offices or seeking to restrain or to enjoin the sale, execution or delivery of the Obligation, or the collection or pledge of any revenues pledged or to be pledged under the Documents to pay the principal of and interest on the Obligation, or in any way contesting or affecting the validity or enforceability of the Obligation, the Resolution or the Documents, or contesting the powers of the City or the members of the City Council with respect to the Obligation.

3. (a) At or prior to 11 a.m. M.S.T. on February 11th, 2016, (the "Closing Date"), the Obligation will be executed and delivered concurrently with payment of the advances required of the Purchaser in the Refinancing Agreement by wire transfer, in immediately available funds, to the City. Delivery as aforesaid shall be made at a time and place, as shall have been mutually agreed upon by authorized representatives of the Placement Agent and the City, and such payment shall be made simultaneously therewith. This payment and delivery is herein called the "Closing."

(b) On the Closing Date, the Placement Agent shall receive a copy of each of the following documents, dated the Closing Date:

- (i) a certified copy of the Resolution;
- (ii) an opinion of Special Counsel, Squire Patton Boggs (US) LLP ("Special Counsel") in form and substance satisfactory to the Placement Agent;
- (iii) a certificate, signed by an authorized officer of the City, to the effect that (i) the representations, warranties and covenants of the City contained herein are true and correct in all material respects on and as of the Closing Date, with the same effect as if made on the Closing Date; (ii) no litigation is pending or, to the knowledge of such officer, threatened in any court in any way affecting the existence of the City or the titles of its officers or

directors to their respective positions, or seeking to restrain or to enjoin the sale, execution or delivery of the Obligation, or the collection of any revenues or assets of the City pledged or to be pledged to pay the principal of and interest on the Obligation, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Obligation, the Resolution or the Documents, or contesting the powers of the City or its authority with respect to the Obligation, the Resolution or the Documents (but in lieu of or in conjunction with such certificate, the Placement Agent may, in the sole discretion of an authorized representative thereof, accept certificates or opinions of counsel to the City, acceptable to such representative, that in the opinion of such counsel the issues raised in any pending or threatened litigation are without substance or that the contentions of all plaintiffs therein are without merit) and (iii) the City has complied in all material respects with the Resolution and the terms of the Obligation and the Documents and satisfied all material conditions on its part to be performed or satisfied at or prior to the delivery of the Obligation; and

(iv) such additional certificates, instruments or opinions as Special Counsel, the City or the Placement Agent may deem necessary or desirable.

All certificates, instruments, opinions and documents referred to above and any resolutions shall be in form and substance satisfactory to authorized representatives of Special Counsel, the City and the Placement Agent.

4. The obligation of the Placement Agent to use its best efforts to place the Obligation shall be subject to the performance by the City of the obligations thereof provided hereby in all material respects at or prior to the Closing, and the accuracy in all material respects of the representations and warranties of the City contained herein and shall also be subject to the following conditions:

(a) The Documents shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to by the Placement Agent;

(b) The City shall have arranged for payment of the Fee at the time of the Closing; and

(c) All of the other obligations of the City required under or specified in this Placement Agreement and the Resolution to be performed at or prior to the Closing shall have been performed in all material respects.

5. This Placement Agent Agreement may be terminated by the Placement Agent by notification in writing to you at your office if at any time subsequent to the date hereof and at or prior to the Closing: (i) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any

member of the Congress or the State legislature or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Obligation or, with respect to State taxation, of the interest on the Obligation or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated herein; (ii) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the offering, sale and execution and delivery of the Obligation without registration thereof or obligations of the general character of the Obligation is in violation of any provision of the Securities Act of 1933 or of the Trust Indenture Act of 1939; (iii) in the Congress of the United States, legislation shall be enacted or a bill shall be favorably reported out of committee of either house, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that securities of the City or of any similar body are not exempt from the registration, qualification or other requirements of the Securities Act of 1933 or the Trust Indenture Act of 1939; (iv) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency; (v) there shall have occurred a general suspension of trading on the New York Stock Exchange; (vi) a general banking moratorium shall have been declared by the United States, State of New York, or the State authorities; (vii) there shall have occurred since the date of this Placement Agent Agreement any materially adverse change in the affairs or financial condition of the City or (viii) the purchase of and payment for the Obligation on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

6. There shall be paid solely from the proceeds of the sale of the Obligation, upon or promptly after the Closing: (a) the cost of the preparation and printing of the Obligation; (b) the fees and disbursements of Special Counsel and of any other counsel or consultants retained by the City and the Purchaser; and (c) the Fee. The Placement Agent shall be under no obligation to pay any expenses incident to this Placement Agent Agreement.

7. The agreements and all representations and warranties herein set forth have been and are made for the benefit of the Placement Agent and the City, and no other person shall acquire or have any right under or by virtue of this Placement Agent Agreement.

8. This Placement Agent Agreement shall become effective upon the execution of the acceptance hereof by an authorized officer of the City and shall be valid and enforceable as of the time of such acceptance. This Placement Agent Agreement may be executed in several counterparts, each of which shall be regarded as an original (with the same

effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

9. This Placement Agent Agreement shall be governed by and construed in accordance with the law of the State. As required by the provisions of Section 38-511, Arizona Revised Statutes, as amended, notice is hereby given that the State, its political subdivisions (including the City) or any department or agency of either may, within three (3) years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either is, any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice from the Governor or the chief executive officer or governing body of the political subdivision is received by all other parties to the contract unless the notice specifies a later time. The State, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract. This Section is not intended to expand or enlarge the rights of the City hereunder except as required by such Section. Each of the parties hereto hereby certifies that it is not presently aware of any violation of such Section which would adversely affect the enforceability of this Placement Agent Agreement and covenants that it shall take no action which would result in a violation of such Section.

10. The City is aware of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Securities and Exchange Commission's adopted rule commonly known as the "Municipal Advisor Rule" (SEC Rule 15Ba1-1 to 15Ba1-8 -"the Rule") and the underwriter exclusion from the definition of "municipal advisor" for a firm serving as an underwriter or placement agent for a particular issuance of municipal securities. Some of the services that the Placement Agent will be called upon to perform, such as providing advice with respect to the sizing, structure, timing and terms of the Obligation issuance, are services that are also commonly provided by financial advisory firms.

However, in providing such services for the Obligation, the parties understand and agree that the Placement Agent is serving as a placement agent for this transaction and is permitted to give advice and recommendations under the "underwriter exclusion" provision of the Rule. The City agrees that the Placement Agent will not be serving as the City's financial advisor or acting as an agent or fiduciary for the City and that the City will be consulting with its own legal, financial and other advisors. By executing and delivering this Placement Agent Agreement, this Placement Agent Agreement and relationship shall be executed, approved or acknowledged by the City Council of the City.

11. Municipal Securities Rulemaking Board Rule G-17 requires a placement agent to deal fairly at all times with both municipal issuers and investors. The Placement

Agent's primary role is to place the Obligation directly with an investor or investors on behalf of the City without first purchasing the Obligation, and the Placement Agent has financial and other interests that differ from those of the City. Unlike a municipal advisor, the Placement Agent does not have a fiduciary duty to the City under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the City without regard to its own financial or other interests.

12. If any provision of this Placement Agent Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Placement Agent Agreement invalid, inoperative or unenforceable to any extent whatever.

Respectfully submitted,

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By.....
Mark Reader, Managing Director

ACCEPTED this 21st day of January, 2016.

CITY OF WILLCOX, ARIZONA

By.....
Robert A. Irvin, Mayor

ATTEST:

.....
Virginia A. Mefford, City Clerk

REFINANCING AGREEMENT

by and between

_____,
as Lender

and

CITY OF WILLCOX, ARIZONA,

Dated as of _____, 2016

Relating to

Refinancing of Willcox Municipal Property Corporation Excise Tax Revenue Bonds,
Series 2006

TABLE OF CONTENTS

Page

Section 1. Term and Payments..... 2

Section 2. Pledge; Limited Obligations 3

Section 3. Debt Service Coverage 4

Section 4. No Pledges; Parity Obligations..... 4

Section 5. Surplus and Deficiency of Revenues from Excise Taxes 5

Section 6. Use of Other Funds at the Option of City 5

Section 7. Representations, Warranties and Covenants of City..... 5

Section 8. Prepayment 8

Section 9. Continuation of Agreement..... 8

Section 10. Default; Remedies Upon Default..... 8

Section 11. Application of Funds..... 9

Section 12. Assignment 10

Section 13. Tax Covenants 12

Section 14. Covenant as to Conflict of Interest 12

Section 15. Notices; Mailing Addresses 12

Section 16. Observance of Laws and Regulations..... 12

Section 17. Indemnification 13

Section 18. Miscellaneous 13

EXHIBIT A - AMORTIZATION SCHEDULE

REFINANCING AGREEMENT

THIS REFINANCING AGREEMENT, dated as of _____, 2016 (this "Agreement") by and between CITY OF WILLCOX, ARIZONA, a municipal corporation duly organized and existing under the Constitution and laws of the State of Arizona ("City"), and _____, as Lender ("Lender"),

WITNESSETH:

WHEREAS, at City's request, the Willcox Municipal Property Corporation (the "Corporation") issued its Excise Tax Revenue Bonds, Series 2006, in the original principal amount of \$3,300,000 (the "Bonds") pursuant to a Trust Indenture, dated as of March 1, 2006 (the "Indenture"), between the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), to finance certain road improvements within the City, including the reconstruction of Arizona Avenue from Rex Allen Boulevard to Haskell Avenue, Austin Boulevard from Wood Street to Rex Allen Boulevard and Cochise Avenue from Rex Allen Boulevard to Scott Road (the "Project"); and

WHEREAS, the Bonds are payable from and secured by Installment Payments to be made by City pursuant to a Series 2006 Agreement, dated as of March 1, 2006 (the "2006 Agreement"), between the Corporation and City; and

WHEREAS, City has now determined that it will be beneficial to refinance its obligations under the 2006 Agreement by executing and delivering this Refinancing Agreement and using the amount received hereunder to pay and redeem the \$1,380,000 outstanding principal amount of the Bonds and to pay costs associated with the execution and delivery of this Agreement and the refinancing of City's obligations under the 2006 Agreement and the Bonds; and

WHEREAS, City has requested Lender, and Lender desires to execute and deliver this Agreement, in the principal amount of \$ _____ for such purposes; and

WHEREAS, in order to pay payments under this Agreement (the "Payments"), City has agreed to pledge all Excise Tax Revenues and State Shared Revenues, each as defined below, and City intends that this pledge shall be a first lien upon such amounts of said Excise Tax Revenues and State-Shared Revenues and will be sufficient to make the payments pursuant to Section 1(c) hereof, and City agrees and covenants to make said payments from such Excise Tax Revenues and State Shared Revenues, except to the extent that it chooses to make such payments from other funds pursuant to Section 4; and

WHEREAS, City is a municipal corporation duly organized and existing under the Constitution and laws of the State of Arizona (the "State") and the Constitution and the laws of the State authorize City to enter into this Agreement and to carry out its obligations under this Agreement;

NOW THEREFORE, PURSUANT TO LAW AND FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREINAFTER CONTAINED, IT IS HEREBY AGREED AS FOLLOWS:

Section 1. Term and Payments.

(a) Under the terms and conditions hereinafter set forth, Lender hereby agrees to advance funds to City in a principal amount of \$ _____ on the date hereof to refinance City's obligations under the 2006 Agreement and to pay and redeem the outstanding Bonds and to pay costs associated with the execution and delivery of this Agreement and such refinancing and City agrees to repay the loan represented by such advance, as provided herein.

(b) City shall be entitled to sole and exclusive ownership, use and possession of the Project.

(c) As the price for refinancing the Project and City's obligations under the 2006 Agreement, City shall make the Payments to Lender at the address specified pursuant to Section 13 hereof (or such other address as Lender may designate in writing) on the dates (each a "Payment Date") and in the amounts set forth in the schedule attached hereto and made a part hereof as Exhibit A (the "Payments"). The interest component of the Payments shall be calculated with an interest rate equal to the ____% per annum (the "Interest Rate").

The obligation of City to make the Payments shall be limited to amounts from all Excise Taxes, except to the extent that City chooses to make such payments from other funds pursuant to Section 4. This Agreement shall be deemed and construed to be a "net agreement," and the Payments shall be an absolute net return to Lender, free and clear of any expenses or charges whatsoever, except as otherwise specifically provided herein.

(d) The obligations of City to make the Payments from the sources described herein and to comply with the other provisions hereof shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, abatement, counterclaim, or recoupment arising out of any breach of Lender of any obligation to City or otherwise, or out of indebtedness or liability at any time owing to City by Lender. Until such time as all of the Payments shall have been fully paid or provided for, City (i) shall not suspend or discontinue the Payments, (ii) shall comply with the other provisions hereof and (iii) shall not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, failure of Lender or any other person to complete the Project, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or temporary use of any or all of the Project, commercial frustration of purpose, abandonment of the Project by City, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either. Nothing contained in this Section shall be construed to release Lender from the performance of any of the agreements on its part herein contained.

(e) Subject to Section 6, upon full payment and in consideration of the timely payment of all of the Payments and provided that City has performed all the covenants and agreements required by City to be performed, this Agreement shall cease and expire.

(f) Any of the Payments due on a day which is not a business day may be made on the next succeeding business and will be deemed to have been made on the date due.

Section 2. Pledge; Limited Obligations.

(a) City hereby pledges for the payment of the Payments under Section 1(c) hereof the Excise Tax Revenues and the State Shared Revenues. "Excise Tax Revenues" means revenues from any unrestricted transaction privilege (sales) tax, business license and franchise fees, parks and recreation fees and permits and fines and forfeitures which City imposes; provided that the City Council of City may impose other transaction privilege taxes in the future, the uses of revenue from which will be restricted, at the discretion of such City Council. "State Shared Revenues" means revenues from any excise taxes, transaction privilege (sales) taxes and income taxes imposed by the State or any agency thereof and returned, allocated or apportioned to City, except City's share of any such taxes which by State law, rule or regulation must be expended for other purposes, such as motor vehicle fuel taxes. City intends that this pledge shall be a first lien upon such amounts of said Excise Tax Revenues and State Shared Revenues; provided however, with respect to \$360,000 outstanding principal amount of City's General Obligation Bonds, (Projects of 2003) Series A (2004) (the "2004 GO Bonds") and the \$295,000 outstanding principal amount of City's General Obligation Bonds, (Projects of 2003) Series B (2007) (the "2007 GO Bonds"), which were sold to the Greater Arizona Development Authority (GADA) and are payable from ad valorem taxes to be levied on all taxable property in the City without limit as to rate or amount, Section 41-1554.06(K) and (L), Arizona Revised Statutes, provides that upon a failure to pay principal of and interest on the 2004 GO Bonds or the 2007 GO Bonds from ad valorem taxes, GADA shall have a right to direct the State Treasurer to withhold certain State Shared Revenues otherwise due to City for the payment of debt service on the 2004 GO Bonds or the 2007 GO Bonds. So long as the 2004 GO Bonds remain outstanding (2017) or the 2007 GO Bonds remain outstanding (2027), City's pledge of State Shared Revenues to Payments under this Agreement and Parity Obligations shall be subject to the rights of GADA as described above.

City may use the remaining Excise Tax Revenues or State Shared Revenues for any other lawful purpose, but only to the extent that, taking into account the reasonably anticipated receipts of such Excise Tax Revenues and State Shared Revenues will not be reduced to such a level that City will be unable to make the next of the Payments under Section 1(c) hereof.

Lender will not have a claim on, or interest in, the Project or in any amounts held by the Trustee under the Indenture.

(b) City shall remit to Lender from the Excise Tax Revenues and State Shared Revenues all amounts due under this Agreement in the amounts and at the times and for the purposes as required herein. The obligation of City to make payments of any amounts due under this Agreement, including amounts due after default or termination hereof, is limited to payment from the Excise Tax Revenues and State Shared Revenues and shall in no circumstances constitute a general obligation or a pledge of the full faith and credit of City, the State or any of its political subdivisions, or require the levy of, or be payable from the proceeds of, any ad valorem property taxes.

Section 3. Debt Service Coverage.

(a) So long as any amounts are owed by City under this Agreement, City covenants and agrees that the Excise Tax Revenues and the State Shared Revenues will be retained and maintained as currently imposed so that the amount of Excise Tax Revenues and the State Shared Revenues for each fiscal year will be at least two hundred percent (200%) of the total of the principal and interest requirements payable pursuant to this Agreement and any additional obligations (together with this Agreement, "Parity Obligations") payable from Excise Tax Revenues and State Shared Revenues on a parity therewith. The Excise Tax Revenues will not be eliminated so long as any Payments or any amounts payable or to become payable with respect to the Parity Obligations remain unpaid and not provided for. Additionally, City covenants and agrees that, to the extent permitted by applicable law, if during any fiscal year, the Excise Tax Revenues and State Shared Revenues received by City are not at least equal to two hundred percent (200%) of the total of the principal and interest requirements payable on the Parity Obligations payable from the Excise Tax Revenues and State Shared Revenues in that fiscal year, or if at any time it appears the receipts will not be sufficient to meet such payment requirements, it will either impose new Excise Taxes or will increase the rates of such taxes currently imposed in order that the current year's receipts will be reasonably calculated to attain the level required above the succeeding fiscal year's principal and interest requirements.

(b) City is unable to control or covenant to the amount of State Shared Revenues received from the State.

Section 4. No Prior Pledges; Parity Obligations.

(a) So long as any amounts are owed by City under this Agreement, City covenants and agrees (i) it will not further encumber the Excise Tax Revenues or State Shared Revenues on a basis senior to the pledge made for this Agreement and other Parity Obligations; and (ii) will not further encumber Excise Tax Revenues or State Shared Revenues on a basis equal to the pledge made for this agreement and other Parity Obligations unless all payments and deposits with respect to this Agreement and all other Parity Obligations then outstanding are current and unless the Excise Tax Revenues and State Shared Revenues received by City for the fiscal year next preceding the incurrence of the Parity Obligations, as shown by a certificate of the chief financial officer of City, have been at least equal to two hundred percent (200%) of the maximum annual debt service requirement for any succeeding fiscal year for all payments with respect to all Parity Obligations then outstanding and the Parity Obligation proposed to be incurred, and have been sufficient to make all other payments and deposits required with respect to all Parity Obligations.

(b) If subsequent to the beginning of a fiscal year the rate of any of the Excise Taxes received by City have been increased, and the increase will remain in effect for the life of the Parity Obligations proposed to be incurred, there may be added to the receipts from the Excise Tax Revenues for the fiscal year the additional amounts which would have been received by City during that fiscal year had the increase been in effect throughout the fiscal year.

(c) Subject to the foregoing, City shall have the right to incur future Parity Obligations. This Agreement will not place any restriction on City incurring additional payment

obligations payable from the Excise Tax Revenues or State Shared Revenues so long as those payment obligations are subject and subordinated to City's payment obligations with respect to this Agreement and all additional Parity Obligations.

Section 5. Surplus and Deficiency of Revenues from Excise Taxes. If at any time the moneys in the funds held for payment of amounts due under this Agreement are not sufficient to make the deposits and transfers required, any such deficiency shall be made up from the first moneys thereafter received and available for such transfers under the terms of this Agreement and, with respect to payment from the Excise Tax Revenues and State Shared Revenues, pro rata, as applicable, with amounts due with respect to obligations on a parity herewith with respect thereto, and the transfer of any such sum or sums to said fund as may be necessary to make up any such deficiency shall be in addition to the then-current transfers required to be made pursuant hereto.

Section 6. Use of Other Funds at the Option of City. As indicated in Section 2, City may, at the sole option of City, make payments due pursuant to Section 1 from its other funds as permitted by law and as City shall determine from time to time, but Lender acknowledges that it has no claim hereunder to such other funds. The Payments shall not be payable out of any ad valorem property taxes imposed by City or from bonds or other obligations, the payment of which City's general taxing authority is pledged, unless (i) the same shall have been duly budgeted by City according to law, (ii) such payment or payments shall be within the budget limitations of the statutes of the State, and (iii) any such bonded indebtedness or other obligation is within the debt limitations of the Constitution of the State.

Section 7. Representations, Warranties and Covenants of City.

(a) Lender has made and makes no representation or warranty, express or implied, and assumes no obligation with respect to the title, merchantability, condition, quality or fitness of the Project for any particular purpose or the conformity of the Project to any plans, specifications, purchase order, model or sample, or oversight and operation or its suitability for use by City. All such risks shall be borne by City without in any way excusing City from its obligations under this Agreement, and Lender shall not be liable to City for any damages on account of such risks. City waives all claims against Lender growing out of the financing or otherwise of the Project. Lender shall have no liability to City for any failure of any contractor to perform any contract or other undertaking with respect to the Project in any respect or at any time. Lender shall have no obligation to obtain or insure compliance with any required permits or approval procedures with respect to the Project. In the event of any defect in any item of the Project or other claim with respect to the Project, recourse of City shall be against the contractors, suppliers, etc. of the Project or other third parties and, where applicable, the person selling the property to Lender, and not against Lender. For such purpose, Lender hereby assigns and transfers to City any right, title and interest of Lender in and to all representations, warranties and guarantees relating to the Project. Lender shall not be personally liable hereunder. Notwithstanding anything to the contrary herein, at no time shall Lender be listed in the chain of title to the Project.

(b) City makes the following representations and warranties:

(1) City is a municipal corporation duly organized and existing under the Constitution and laws of the State.

(2) The execution and delivery of this Agreement and the performance of all covenants and agreements of City contained in this Agreement are authorized by the Constitution and laws of the State. Except as provided in this Agreement, City has made no other pledge of the Excise Tax Revenues or State Shared Revenues of City.

(3) There is no litigation pending or, to the best of its knowledge, threatened against City relating to the financing of the Project or to this Agreement or questioning the organization, powers or authority of City, nor is there any basis therefor.

(4) City has duly authorized the execution and delivery of this Agreement under the terms and provisions of the resolution of its City Council or by other appropriate official approval, and further represents, covenants, and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability of this Agreement against City, and that this Agreement is a legal, valid, and binding obligation of City, enforceable in accordance with its terms, except to the extent limited by bankruptcy, reorganization or other laws of general application relating to or effecting the enforcement of creditors' rights and that City has complied with any applicable public bidding requirements with respect to this Agreement.

(5) City is not in breach of or in default under any constitutional provision, applicable law, or administrative rule or regulation of the State of Arizona, the United States, or of any department, division, agency, or instrumentality of either thereof or any applicable court or administrative decree or order, or any loan agreement, note, ordinance, resolution, indenture, contract, agreement, or other instrument to which City is a party or to which City or any property or assets of City is otherwise subject or bound which in any material way, directly or indirectly, affects City's entering into this Agreement, or the validity thereof, the validity or adoption of the resolution authorizing City to enter into this Agreement, the execution and delivery of this Agreement or other instruments contemplated hereby to which City is a party, and compliance with the provisions of each thereof will not conflict with or constitute a breach of or default under any constitutional provision, applicable law, or administrative rule or regulation of the State, the United States, or of any department, division, agency, or instrumentality of either thereof; or any applicable court or administrative decree or order, or any loan agreement, note, ordinance, resolution, indenture, contract, agreement, or other instrument to which City is a party or to which City or any of the property or assets of City is otherwise subject or bound.

(6) City shall promptly and duly execute and deliver to Lender such further documents, instruments, and assurances and take such further action as Lender may from time to time reasonably request in order to carry out the intent and purpose of this Agreement and to establish and protect the rights and remedies created or intended to be created in favor of Lender hereunder. City represents, warrants and covenants that it has the power to enter into and perform its obligations under this Agreement, that this Agreement is a lawful, valid and binding obligation of City, enforceable against City in accordance with its terms, and has been duly authorized, executed and delivered by City; that all required procedures for execution and performance of this Agreement, including publication of notice, public hearing or competitive bidding, if applicable, have been or will be complied with in a timely manner; and that all Payments hereunder will be paid when due out of funds which are legally available for such purposes.

(c) City hereby covenants as follows:

(1) City agrees that it will furnish Lender with City's current audited financial statements for each fiscal year, or unaudited financial statements for such fiscal year together with a status report on the schedule for the release of such audited financial statements, within nine months following the end of each fiscal year end (or such later time period as may be agreed to by Lender) including (i) a balance sheet, (ii) statement of revenues, expenses and changes in fund balances, (iii) statement of cash flows, (iv) operating fund budget analysis, and (v) appropriate notes, schedules and attachments to the financial statements, and permit Lender or its agents and representatives to inspect City's books and records and make extracts therefrom. City represents and warrants to Lender that all financial statements which have been delivered to Lender fairly and accurately reflect City's financial condition and there has been no material adverse change in City's financial condition as reflected in the statements since the date thereof. City agrees that it will also furnish Lender annually within nine months following the end of each fiscal year with a table showing the amount of Excise Tax Revenues and State Shared Revenues collected or received during such fiscal year and the current year's annual debt service coverage provided by such Excise Tax Revenues and State Shared Revenues on the Payments owed in accordance herewith and any Parity Obligations heretofore or hereafter incurred by City.

(2) City agrees to promptly notify Lender in writing of (i) any lawsuit seeking damages of more than One Million Dollars (\$1,000,000.00) against City, (ii) any Event of Default under this Agreement or any event which, with notice or lapse of time or both, would constitute an Event of Default, or (iii) any material adverse change in City's financial condition, operations, properties or prospects, or ability to pay the Payments.

(3) City agrees to pay all fees and expenses of Lender relating to this Agreement.

Section 8. Prepayment.

(a) [Prepayment In Full. On any Payment Date during the term of this Agreement upon thirty (30) days' written notice, City may prepay and terminate its obligations under this Purchase Agreement upon payment to Lender of the entire principal component of Payments hereunder plus accrued interest on such principal component to the date of prepayment, without penalty, and any other amounts then due from City hereunder.]

(b) [Partial Prepayment. On any Payment Date during the term of this Agreement, City may, from time to time on thirty (30) days' written notice, prepay portions of the principal component of Payments under this Purchase Agreement, in any order of maturity or due date specified by City, upon payment to Lender of the principal component of Payments being prepaid hereunder plus accrued interest on such principal component to the date of prepayment, without penalty.]

Section 9. Continuation of Agreement. The obligations of City under this Agreement, including, without limitation, its obligation to pay the Payments, shall survive any action brought as provided in the next Section, and City shall continue to pay the Payments and perform all other obligations provided in this Agreement.

Section 10. Default; Remedies Upon Default.

(a) (i) Upon the occurrence of any of the following (each, an "Event of Default"), (A) failure by City to pay any of the Payments at the time specified herein, (B) failure by City to pay any other payment required to be paid hereunder at the time specified herein, and the continuation of such failure for a period of five (5) days after notification thereof by Lender, (C) any representation or warranty made by City to Lender herein is determined to be untrue or misleading in any material respect as made, (D) failure by City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clauses (A) and (B) of this Section 8(a)(i), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to City by Lender; provided, however, if the failure stated in the notice can be corrected, but not within the applicable period, Lender may consent to an extension of such time if corrective action is instituted by City within the applicable period and diligently pursued until the default is corrected, or (E) the filing by City of a voluntary petition in bankruptcy, or failure by City promptly to lift any execution, garnishment or attachment, or adjudication of City as a bankrupt, or assignment by City for the benefit of creditors, or the entry by City into an agreement of composition with creditors, or the petition applicable to City in any proceedings instituted under the provisions of the United States Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted, then

(ii) Lender may enforce this Agreement by appropriate action, including, without limitation, mandamus, if available, to collect amounts due or to become due under Section 1(c) hereof, including the making and collection of sufficient revenues and the

segregation of the Excise Tax Revenues and State Shared Revenues and the proper application thereof or to cause City to perform its obligations hereunder, in which event City shall be liable for all costs and expenses, including but not limited to reasonable attorneys' fees, incurred by Lender. Upon the bringing of a suit to collect such amounts, Lender may request enforcement of the pledge and foreclosure of the lien set forth in Section 2 hereof, in which event Lender, as a matter of right, without notice and without giving any bond or surety to City or anyone claiming on behalf of City, may have a receiver appointed of the Excise Tax Revenues and State Shared Revenues which are so pledged for the payment of such amounts, with such powers as the court making such appointment shall confer, and City does hereby irrevocably consent to such appointment.

No remedy herein conferred upon or reserved to Lender is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement, now or hereafter existing, at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Lender to exercise any remedy reserved to it by this Section, it shall not be necessary to give any notice, other than such notice as may be required in this Section or by law.

In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

(b) Lender shall in no event be in default in the performance of any of its obligations hereunder unless and until Lender shall have failed to perform such obligation within 30 days or such additional time as is reasonably required to correct any such default after notice by City properly specifying wherein Lender has failed to perform any such obligation. No default by Lender shall relieve City of its obligations to make the various payments herein required, however, City may exercise any other remedy available at law or in equity to require Lender to remedy such default.

Section 11. Application of Funds. Proceeds from the exercise of any remedies under this Agreement after payment or reimbursement of the reasonable fees and expenses incurred by Lender in connection therewith, including reasonable attorneys' fees, shall be applied as follows:

- (a) First: To the payment of all installments of interest then due on all Payments;
- (b) Second: To the payment of portions of Payments denominated as interest on Exhibit A hereto which shall have become due, whether at maturity or by prepayment, in the order of their due dates.
- (c) Third: To the payment of portions of Payments denominated as principal on Exhibit A hereto which shall have become due, whether at maturity or by prepayment, in the order of their due dates.

Section 12. Assignment.

(a) Except as otherwise provided herein, City shall not assign, transfer, pledge or hypothecate or otherwise dispose of this Agreement or any interest therein.

(b) Lender shall be entitled, with prior notice to City but with or without the consent of, City, to sell, pledge, assign, transfer and encumber all or any part of its right, title and interest in and to, this Agreement and all payments of any kind due or which become due to Lender hereunder, provided that the transferee or assignee shall be bound by the terms hereof and all related agreements executed by Lender in connection herewith and shall execute such nondisturbance and acceptance instruments as shall reasonably be required to evidence the same as hereinafter provided and, upon City's receipt of notice of any such assignment or transfer of Lender's interest, any such assignee(s) or transferee(s) shall thereafter (collectively, if more than one) become and be deemed to be Lender hereunder, and have all of the rights, powers, privileges and remedies, and be subject to all of the covenants and agreements, of Lender hereunder for all purposes of this Agreement except that Lender and City agree and acknowledge that any such assignee(s) or transferee(s) will have made no representation or warranty, and therefore will assume no obligation, with respect to the title, merchantability, condition, quality or fitness of the Project for any particular purpose, or for the enforcement of any warranties or service agreement made or assigned by the initial Lender named herein. No sale, assignment or transfer of all or any part of Lender's right, title and interest in, to and under this Agreement and all payments of any kind due or to become due to Lender hereunder shall be effective unless and until City shall have received a duplicate original counterpart of the document by which the sale, assignment or transfer is made, disclosing the name, mailing address and tax identification or social security number of each such purchaser, assignee or transferee (including where applicable, the settlor and beneficiaries of any trust and the principal and nominee of any interest to be held in nominee name. Upon City's receipt of written notice as above-described, of Lender's sale, assignment or transfer of all or any part of its interest in this Agreement or the payments hereunder, City agrees to attorn to and recognize any such purchaser(s), assignee(s) or transferee(s) (jointly if more than one) as the owner(s) of all right, title and interest in, to and under this Agreement and the payments thereafter due and payable pursuant to this Agreement, and as Lender(s) under this Agreement. Upon the written request of any purchaser, assignee or transferee of Lender's interest, City agrees to execute and deliver to such purchaser, assignee or transferee such certificates or other instruments in such forms as may reasonably be required by such purchaser, assignee or transferee, and to which City can truthfully attest, including but not limited to a separate acknowledgment of assignment and attornment certificate in the customary form as to such purchaser's, assignee's or transferee's right, title and interest in, to and under this Agreement and the payments thereafter due and payable pursuant to this Agreement. Any such purchaser, assignee or transferee shall agree in writing to assume and perform all of the duties and responsibilities of Lender and shall acknowledge City's rights under this Agreement.

(c) Lender shall not sell, pledge, assign, transfer or encumber all or any part of its right, title and interest in and to this Agreement except to an entity which is a Qualified Institutional Buyer pursuant to the regulations of the Securities and Exchange Commission and only upon compliance with all applicable State and Federal securities laws and regulations.

(d) Lender may, in the ordinary course of its business and in accordance with applicable law, at any time sell participations in all or a portion of its rights and interest in this Agreement to commercial banking institutions. City waives any prior notice of any participation; provided, however, that Lender agrees upon the request of City from time to time to disclose to City the identity of all participants and the respective amounts of their participations.

Section 13. Tax Covenants. City covenants (a) that it will take or cause to be taken all actions that may be required of it for the portion of the interest component of the Payments set forth in Exhibit A (the "Interest Component") to be and remain excluded from gross income for federal income tax purposes, (b) that it will not take or authorize to be taken any actions that would adversely affect such exclusion and (c) that it, or other persons acting for it, will, among other acts of compliance, (i) apply the proceeds from this Agreement in compliance with State law and this Agreement, (ii) restrict the yield on investments, (iii) make timely and adequate payments to the federal government, (iv) maintain books and records, and (v) refrain from certain uses of proceeds and, as applicable, of property financed with such proceeds, all in such manner and to the extent necessary to assure such exclusion of the Interest Component. An officer of City shall take any and all such actions, make such rebate payments or potential payments and make or give such reports and certifications as may be appropriate to assure such exclusion of the Interest Component.

City covenants that it will use, and will restrict the use and investment of moneys realized under this Agreement or otherwise in connection with the Project in such manner and to such extent, if any, as may be necessary, so that (a) there will not exist at any time any obligation in connection with this Agreement or the Project that will cause the Payments to (i) constitute an arbitrage bond, a private activity bond or a hedge bond under Sections 141, 148 or 149 of the Code, or (ii) be treated other than as bonds to which Section 103(a) of the Code applies and (b) the Interest Component will not be treated as a preference item under the Code.

Any officer, employee or representative of City having responsibility with respect to the execution and delivery of this Agreement shall, alone or in conjunction with any others or consultant to City, be authorized (a) to make or affect any election, selection, designation, choice, consent, approval, or waiver on behalf of City with respect to this Agreement or the Payments as City is permitted or required to make or give under the federal income tax laws, including, without limitation thereto, any of the elections provided for in Section 148(f)(4)(C) of the Code or available under Section 148 of the Code, for the purpose of assuring, enhancing or protecting favorable tax treatment or status of this Agreement or the Interest Component or assisting compliance with requirements for that purpose, reducing the burden or expense of such compliance, reducing the rebate amount or payments of penalties, or making payments of special amounts in lieu of making computations to determine, or paying, excess earnings as rebate, or obviating those amounts or payments, as determined by that officer, which action shall be in writing and signed by the officer, (b) to take any and all other actions, make or obtain calculations, make payments, and make or give reports, covenants and certifications of and on behalf of City, as may be appropriate to assure the exclusion of the Interest Component from gross income for federal income tax purposes, and (c) to give one or more appropriate certificates of City, for inclusion in the transcript of proceedings setting forth the reasonable expectations of City regarding the amount and use of all the proceeds relating to this Agreement,

the facts, circumstances and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of the Interest Component of this Agreement or the status of the Payments.

City designates the Payments under this Agreement as “Qualified Tax-Exempt Obligations” for purposes of Section 265(b)(3) of the Code. In that connection, City represents and covenants that it, together with all its subordinate entities or entities that issue obligations on its behalf, or on behalf of which it issues obligations, during the current calendar year have not issued and will not issue tax-exempt obligations designated as Qualified Tax-Exempt Obligations in an aggregate amount, including the Payments, exceeding \$10,000,000.

Section 14. Covenant as to Conflict of Interest. Section 38-511, Arizona Revised Statutes, as amended, provides that City may, within three years after its execution, cancel any contract (including this Agreement), without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of City is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract (including in the case of this Agreement, Lender) in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. In addition, City may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of City from any other party to the contract arising as a result of the contract.

Section 15. Notices; Mailing Addresses. All notices, consents or other communications required or permitted hereunder shall be deemed sufficient if given in writing addressed and sent by overnight delivery or courier or mailed by registered or certified mail, or delivered to the party for which the same is intended or certified, as follows:

If to Lender: _____

Attention: _____

If to City: City of Willcox
101 S. Railroad Ave
Willcox, AZ 85643
Attention: Finance Director

Section 16. Observance of Laws and Regulations. City will keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by City, including its right to exist and carry on business as a political subdivision, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 17. Indemnification. To the extent permitted by law, City will indemnify Lender and its respective directors, officers and employees against all claims asserted and losses, liabilities and expenses incurred in connection with this Agreement.

Section 18. Miscellaneous.

(a) No covenant or obligation herein to be performed by City may be waived except by the written consent of Lender, and a waiver of any such covenant or obligation or a forbearance to invoke any remedy on any occasion shall not constitute or be treated as a waiver of such covenant or obligation as to any other occasion and shall not preclude Lender from invoking such remedy at any later time prior to the cure by City of the condition giving rise to such remedy.

(b) This Agreement shall be construed and governed in accordance with the laws of the State of Arizona in effect from time to time.

(c) The recitals set forth at the beginning of this Agreement are incorporated in this Agreement by this reference. This Agreement constitutes the entire agreement between the parties and shall not be modified, waived, discharged, terminated, amended, supplemented, altered or changed in any respect except by a written document signed by both Lender and City.

(d) Any term or provision of this Agreement found to be prohibited by law or unenforceable or which would cause this Agreement to be invalid, prohibited by law or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without, to the extent reasonably possible, causing the remainder of this Agreement to be invalid, prohibited by law or unenforceable.

(e) Lender hereunder shall have the right at any time or times, by notice to City, to designate or appoint any person or entity to act as agent for Lender for any purposes hereunder.

(f) The captions set forth herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

(g) Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, successors, assigns and personal representatives, as the case may be. Any person or entity acquiring any interest in or to the right, title or interest of Lender herein shall be and have the rights of a third party beneficiary hereunder.

(h) This Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

_____, as Lender

By: _____

CITY OF WILLCOX, ARIZONA

By: _____

Robert A. Irvin, Mayor

ATTEST:

APPROVED AS TO FORM:

By: _____

Virginia A. Mefford, City Clerk

Timothy E. Pickrell, Bond Counsel
SQUIRE PATTON BOGGS (US) LLP

[Signature page of Refinancing Agreement]

EXHIBIT A

AMORTIZATION SCHEDULE

(Calculated based upon the Interest Rate as described in Section 1(c))

| <u>Payment Date</u> | <u>Total Payment Due</u> | <u>Principal Component</u> | <u>Interest Component</u> |
|---------------------|--------------------------|----------------------------|---------------------------|
| 07/01/2016 | | | |
| 01/01/2017 | | | |
| 07/01/2017 | | | |
| 01/01/2018 | | | |
| 07/01/2018 | | | |
| 01/01/2019 | | | |
| 07/01/2019 | | | |
| 01/01/2020 | | | |
| 07/01/2020 | | | |
| | | | |
| | | | |
| | | | |
| Totals | <u>\$</u> | <u>\$</u> | <u>\$</u> |

