

RESOLUTION NO. 32-2005

RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF BENSON, ARIZONA, APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A SERIES 2005 CITY LEASE, A TRUST AGREEMENT, AND AN OBLIGATION PURCHASE AND FUNDING AGREEMENT; APPROVING THE EXECUTION AND DELIVERY OF NOT TO EXCEED \$1,220,000 PRINCIPAL AMOUNT OF EXCISE TAX REVENUE OBLIGATIONS, SERIES 2005, EVIDENCING A PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN LEASE PAYMENTS UNDER THE SERIES 2005 CITY LEASE AND THE SALE THEREOF TO THE PURCHASER THEREOF PURSUANT TO THE OBLIGATION PURCHASE AND FUNDING AGREEMENT; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION AND DECLARING AN EMERGENCY.

WHEREAS the City of Benson, Arizona (the "City"), desires to finance the acquisition of various improvements to its water system (the "Series 2005 Project") through the execution and delivery of not to exceed \$1,220,000 principal amount of Excise Tax Revenue Obligations, Series 2005, to be dated no earlier than November 1, 2005 (the "Obligations"), by Zions First National Bank, Corporate Trust Department, as trustee (the "Trustee"), pursuant to a Trust Agreement, to be dated no earlier than November 1, 2005 (the "Trust Agreement"), between the Trustee and the City, evidencing a proportionate interest of the owners thereof in a Series 2005 City Lease, to be dated no earlier than November 1, 2005 (the "Series 2005 City Lease"), between the Trustee and the City pursuant to which the City will lease to the Trustee the Series 2005 Project and the City will ground lease back the Series 2005 Project; and

WHEREAS, a proposal in the form of an Obligation Purchase and Funding Agreement (the "Funding Agreement") has been received from Zions First National Bank, Investment Division (the "Purchaser") for the purchase of the Obligations on a drawdown basis; and

WHEREAS, proposed forms of the following documents (collectively, the "Documents") have been filed with the City Clerk for this meeting:

- (i) the proposed form of the Series 2005 City Lease;
- (ii) the proposed form of the Trust Agreement; and
- (iii) the proposed form of the Funding Agreement; and

WHEREAS, the financing of the Series 2005 Project pursuant to the terms of the Series 2005 City Lease, the Trust Agreement, and the Funding Agreement is in the best interest and furtherance of the purposes of the City and in the public interest;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF BENSON, ARIZONA, THAT:

Section 1. The execution and delivery of the Obligations by the Trustee is hereby approved. The Obligations shall be executed in the aggregate principal amount of not to exceed \$1,220,000; shall be in the denomination of \$5,000 of principal amount due on a specified maturity date or any integral multiples thereof; shall be dated the date of their initial execution and delivery; shall bear interest from such date payable on the dates provided in the Trust Agreement; shall be fully registered without coupons as provided in the Trust Agreement and shall bear interest at the rate of 3.85% per annum and mature on July 1, 2008. Otherwise, the form, terms, dated date, interest payment dates, provisions for redemption and other provisions of the Obligations, and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption and number, shall be as further set forth in the Trust Agreement.

Section 2. The Obligations shall be sold to the Purchaser pursuant to the Funding Agreement.

Section 3. With the advice of the Manager, the Mayor or Vice Mayor is authorized and directed to determine and approve the interest payment dates, purchase price, provisions for redemption and other provisions of the Obligations and cause the same to be set forth in the Documents. The form, terms and provisions of the Series 2005 City Lease, the Trust Agreement and the Funding Agreement, in substantially the form of such documents (including form of the Obligations and other exhibits thereto) presented at the meeting at which this Resolution was adopted, are hereby approved, with such final provisions, insertions, deletions and changes as shall be approved by the Mayor or Vice Mayor, the execution of each such document being conclusive evidence of such approval, and the Mayor or Vice Mayor and the Clerk are hereby authorized and directed to execute, attest and deliver, where applicable, or approve the Series 2005 City Lease, the Trust Agreement and the Funding Agreement and to take all action to carry out and comply with the terms of the Documents.

Section 4. The Trustee shall take any and all action necessary in connection with the execution and delivery of the Documents and the execution, delivery and sale of the Obligations.

Section 5. Pursuant to the Series 2005 City Lease and the Trust Agreement, the unrestricted transaction privilege (sales) tax which the City imposes is hereby pledged to the applicable payments due pursuant to the Series 2005 City Lease; provided, however, that the Mayor and Council of the City may impose other transaction privilege taxes in the future, the uses of revenue from which will be restricted, at the discretion of such Council. The City's obligation to make the payments under the Series 2005 City Lease or the Trust Agreement does not constitute an obligation of the City or the State of Arizona, or any of its political subdivisions, for which the City or the State of Arizona, or any of its political subdivisions, is obligated to levy or pledge any form of ad valorem property taxation nor does the obligation to

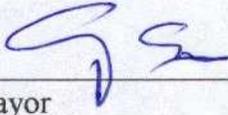
make any payments under the Series 2005 City Lease or the Trust Agreement constitute an indebtedness of the City or of the State of Arizona or any of its political subdivisions within the meaning of the Constitution of the State of Arizona or otherwise.

Section 6. After any of the Obligations are delivered by the Trustee to the Purchaser thereof upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the Obligations and the interest, if any, thereon shall have been fully paid, cancelled and discharged.

Section 7. The Mayor, the Vice Mayor, the Clerk, the Manager, and the other officers of the City, on behalf of the City, are each hereby authorized and directed, without further order of the Council, to execute and deliver such certificates, proceedings, and agreements as may be necessary or convenient to be executed and delivered on behalf of the City, to evidence compliance with, or further the purposes of, all the terms and conditions of this Resolution and the consummation of the transactions contemplated hereby.

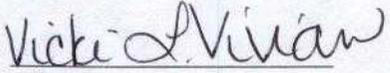
Section 8. If any section, paragraph, clause, or phrase of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or phrase shall not affect any of the remaining provisions of this Resolution.

PASSED AND ADOPTED by the Mayor and Council of the City of Benson,
Arizona, this 14th day of November, 2005.



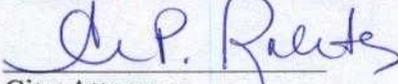
Mayor

ATTEST:



Clerk

APPROVED AS TO FORM:



City Attorney