

## **RESOLUTION**

**RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A TAX-EXEMPT EQUIPMENT LEASE/PURCHASE AGREEMENT, TO REFINANCE A TAXABLE QSCB EQUIPMENT LEASE/PURCHASE AGREEMENT WHICH FINANCED CERTAIN ENERGY CONSERVATION MEASURES WITHIN THE DISTRICT; DELEGATING THE AUTHORITY TO APPROVE CERTAIN MATTERS WITH RESPECT TO THE TAX-EXEMPT LEASE/PURCHASE AGREEMENT; AUTHORIZING THE APPOINTMENT OF AN ESCROW AGENT; DELEGATING THE AUTHORITY TO APPROVE, EXECUTE AND DELIVER TAX-EXEMPT LEASE/PURCHASE AGREEMENT, THE DEPOSITORY TRUST AGREEMENT, AND RELATED DOCUMENTS; AND RATIFYING ALL ACTIONS TAKEN OR TO BE TAKEN TO FURTHER THIS RESOLUTION.**

**WHEREAS**, the Governing Board (the "*Board*") of Tucson Unified School District No. 1 of Pima County, Arizona (the "*District*") previously entered into a Taxable QSCB Lease/Purchase Agreement, dated July 30, 2014 (the "*Lease/Purchase Agreement*"), between the District, as lessee, and U.S. Bancorp Government Leasing and Finance, Inc., as lessor (which was subsequently assigned to HASI OBS OP A LLC) to finance certain energy conservation measures within the District (the "Project"), and now desires to refinance the Prior Lease/Purchase Agreement with the proceeds of a Tax-Exempt Lease/Purchase Agreement (the "Lease/Purchase Agreement") between the District and to-be-determined bank or financial institution (the "Lessor"); and

**WHEREAS**, with the assistance of Stifel, Nicolaus & Company, Inc., as financial advisor to the District (the "Financial Advisor"), the District will prepare a Term Sheet (the "Term Sheet") to solicit interest from banks and/or financial institutions to serve as Purchaser; and

**WHEREAS**, the District may engage the services of a Placement Agent (the "Placement Agent"), if deemed necessary, as may hereafter be approved by the District Superintendent or the Executive Director of Finance of the District; and

**WHEREAS**, the Purchaser will execute an investor letter in form and substance satisfactory to the District with the advice of its special counsel and the Financial Advisor; and

**WHEREAS**, within and by the parameters set forth in this resolution the Board shall authorize the execution and delivery of the Lease/Purchase Agreement and a Depository Trust Agreement (the "Depository Trust Agreement") between the District and a to-be-determined bank or trust company (the "Escrow Trustee") to hold the proceeds of the Lease/Purchase Agreement until the prepayment date of the Prior Lease/Purchase Agreement (January 1, 2020 or such other date as may be agreed to by the parties thereto);

**NOW, THEREFORE, IT IS RESOLVED BY THE GOVERNING BOARD OF TUCSON UNIFIED SCHOOL DISTRICT NO. 1 OF PIMA COUNTY, ARIZONA, AS FOLLOWS:**

**Section 1. Authorization of Refinancing.** This Board finds and determines that refinancing the lease purchase of the Project through the Lease/Purchase Agreement is in furtherance of the purposes of the District and is in the public interest and hereby authorizes the District to enter into a Lease/Purchase Agreement with the Lessor. The Lease/Purchase Agreement shall be executed and delivered in either 2017 or 2018 in an aggregate principal amount of not to exceed \$26,500,000, shall mature within fifteen years, shall bear interest at tax-exempt rate not to exceed 4.00%, and principal and interest on the Lease/Purchase Agreement shall be made on an annual or semi-annual basis, as determined by the Superintendent or Executive Director of Finance of the District.

**Section 2. Subject to Annual Appropriation.** Payments pursuant to the Lease/Purchase Agreement will not constitute a general obligation or debt of the District, the State of Arizona or any political subdivision thereof for which the District, the State of Arizona or any political subdivision thereof will be obligated to levy or pledge any form of *ad valorem* taxation; nor does the obligation to make lease payments under the Lease/Purchase Agreement constitute a general obligation or debt of the District, the State of Arizona or any political subdivision thereof within the meaning of the Constitution of the State of Arizona, statutes thereof or otherwise. The Lease/Purchase Agreement and the obligation to make lease payments are subject to the annual approval and appropriation by the Governing Board of the District and may be payable from other available funds or sources of the District upon the determination, at the time of execution and delivery of the Lease/Purchase Agreement, by the Superintendent or Executive Director of Finance of the District.

The Board hereby delegates to the Superintendent or the Executive Director of Finance of the District the authority to finalize the terms and lease payments set forth in the Lease/Purchase Agreement and make the determination that such lease payments paid by the District represent the fair rental value of such leased property.

**Section 3. Use of Proceeds.** The net proceeds of the Lease/Purchase Agreement, after payment of the expenses of execution and delivery, shall be set aside, together with certain funds of the District required to pay the Prior Lease/Purchase Agreement, in a special trust fund maintained by the Depository Trustee and shall be used to pay, when due, principal of and interest and premium, if any, on the Prior Lease/Purchase Agreement, all as more fully described in that certain Depository Trust Agreement to be dated the date of the Lease/Purchase Agreement (the "*Depository Trust Agreement*"), by and among the District, the Depository Trustee and the Treasurer. Amounts credited to the trust, other than any beginning cash balance, shall be invested immediately in obligations issued by or guaranteed by the United States of America ("*Government Obligations*") the maturing principal of and interest on which, together with any beginning cash balance, shall be sufficient to pay the prepayment price of the Prior Lease/Purchase Agreement as the same becomes due at maturity or Prior redemption as provided herein. The District may obtain the Government Obligations by (i) direct purchase from the United States Treasury or (ii) purchase in the open market through the engagement of a bidding agent receiving at least three bids from dealers of such investments.

Any balance of the net proceeds of the Lease/Purchase Agreement remaining after creation of the trust for the Lease/Purchase Agreement shall be transferred to the District.

**Section 4. Execution of Documents.**

A. **Lease/Purchase Agreement and Depository Trust Agreement.** The forms of the Lease/Purchase Agreement and Depository Trust Agreement as presented to this Board are hereby approved and the President or any member of this Board is authorized to execute and deliver the Lease/Purchase Agreement and Depository Trust Agreement on behalf of the District. The forms of such documents may be modified to meet the requirements and conditions of the Lessor, or Depository Trustee as approved by the Superintendent or Executive Director of Finance of the District. The Superintendent or Executive Director of Finance of the District is authorized to (i) select a Lessor and Depository Trustee based upon bids deemed most advantageous to the District, (ii) complete the Lease/Purchase Agreement and Depository Trust Agreement, including any attachments thereto, and (iii) select a Placement Agent, if deemed in the best interest of the District. The execution and delivery of the Lease/Purchase Agreement and Depository Trust Agreement by the President or any member of the Board shall be conclusive evidence of such completion and approval of the Lease/Purchase Agreement and Depository Trust Agreement.

**Section 5. Resolution a Contract.** This resolution shall not be repealed while the Lease/Purchase Agreement is unpaid.

**Section 6. Ratification of Actions.** All actions of the officers and agents of the District which conform to the purposes and intent of this resolution and which further the actions contemplated by this resolution whether heretofore or hereafter taken are hereby ratified, confirmed and approved. The proper officers and agents of the District are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the District as may be necessary to carry out the terms and intent of this resolution.

**Section 7. Severability.** If any section, paragraph, subdivision, sentence, clause or phrase of this resolution is for any reason held to be illegal, invalid or unenforceable, such decision shall not affect the validity of the remaining portions of this resolution. The Board hereby declares that it would have adopted this resolution and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the execution and delivery of the Lease/Purchase Agreement pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this resolution may be held illegal, invalid or unenforceable.

**PASSED, ADOPTED AND APPROVED** by the Governing Board of Tucson Unified School District No. 1 of Pima County, Arizona, on December 12, 2017.

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President, Governing Board