

ORDINANCE NO. O2025-042

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF YUMA, ARIZONA, PROVIDING FOR THE SALE AND EXECUTION AND DELIVERY OF UTILITY SYSTEM REVENUE AND/OR REVENUE REFUNDING OBLIGATIONS, IN ONE OR MORE SERIES, AND AUTHORIZING THE COMPLETION, EXECUTION AND DELIVERY WITH RESPECT THERETO OF AGREEMENTS NECESSARY OR APPROPRIATE AS PART OF FINANCING AND/OR REFINANCING PART OF THE WATERWORKS AND SEWER PLANT AND SYSTEM OF THE CITY; DELEGATING TO THE CITY ADMINISTRATOR AND THE DIRECTOR OF FINANCIAL SERVICES OF THE CITY CERTAIN AUTHORITY WITH RESPECT TO THE PURPOSES HEREOF; AND DECLARING, FOR PURPOSES OF SECTION 1.150-2 OF THE FEDERAL TREASURY REGULATIONS, OFFICIAL INTENT TO BE REIMBURSED IN CONNECTION WITH CERTAIN CAPITAL EXPENDITURES

WHEREAS, the City Council of the City of Yuma, Arizona (the “City”), has determined to finance the capital costs of improvements (the “2025 Projects”) and to refinance the capital costs of improvements (the “Refinanced Projects”) and, collectively with the 2025 Projects, the “Projects”) to the complete waterworks and sewer plant and system of the City; and

WHEREAS, it is necessary and in the best interests of the City that the hereinafter described Obligations be incurred and sold and the proceeds thereof used to finance and/or refinance the costs of the Projects; and

WHEREAS, therefore, the City Council has determined to cause the execution and delivery of a Series 2025 Purchase Agreement, to be dated as of the first day of the month of the dated date of the Obligations (the “Purchase Agreement”), in substantially the form presented at the meeting at which this Ordinance is being introduced and adopted, by which the City will agree to purchase the Projects; and

WHEREAS, the costs of the Projects will be financed and/or refinanced through the sale and execution and delivery of certain proportionate interests (to be executed in one or more series, referred to collectively herein as the “Obligations”) in the Purchase Agreement pursuant to, and secured by, a Series 2025 Obligation Indenture, to be dated as of the date of the Purchase Agreement (the “Indenture”), from the City to a bank authorized to exercise corporate trust powers in the State of Arizona, appointed as provided hereby, as trustee (the “Trustee”), in substantially the form presented at the meeting at which this Ordinance is being introduced and adopted; and

WHEREAS, refinancing the Refinanced Projects will be accomplished by refinancing all or a portion of the payments due pursuant to the Series 2015 Utilities City Purchase Agreement, dated

as of October 1, 2015 (the “2015 Purchase Agreement”), to the City of Yuma Municipal Property Corporation (the “Corporation”); and

WHEREAS, the payments due from the City pursuant to the 2015 Purchase Agreement secure certain payments due with respect to the Corporation’s Senior Lien Utility System Revenue Refunding Bonds, Series 2015 (the amounts of such bonds to be refunded as provided herein are referred to herein as the “Bonds Being Refunded”); and

WHEREAS, the City Council (i) will receive a proposal from Stifel, Nicolaus & Company, Incorporated (“Stifel”), serving in the capacity of and designated as the underwriter (the “Underwriter”), and not acting as a municipal advisor as defined in the “Registration of Municipal Advisors” rule promulgated by the United States Securities and Exchange Commission (the “MA Rule”), and has determined that the Obligations may be sold through negotiation to the Underwriter on such terms as may hereafter be approved by the hereinafter defined Authorized Representatives; and (ii) may receive a proposal from Stifel, serving in the capacity of and designated as the placement agent (the “Placement Agent”), and not acting as a municipal advisor as defined in the MA Rule, and has determined that the Obligations may be placed by the Placement Agent on such terms as may hereafter be approved by the Authorized Representatives; and

WHEREAS, the City will execute and deliver a Continuing Disclosure Undertaking, to be dated the date of the Obligations (the “Undertaking”), with respect to the Obligations, in substantially the form included as an appendix to the hereinafter described Preliminary Official Statement if any of the Obligations are to be sold to the Underwriter; and

WHEREAS, the City has the requisite power and authority to execute and deliver the Purchase Agreement and to cause the sale and execution and delivery of the Obligations, and all acts, conditions and things required by the Constitution and laws of the State of Arizona and the requirements of the City to happen, exist and be performed precedent to and as a condition to the adoption of this Ordinance have happened, exist and have been performed in the time and manner required to make the Purchase Agreement a valid and binding limited, special obligation of the City; and

WHEREAS, there have been presented to the City Council at the meetings at which this Ordinance is being introduced and adopted, and there are on file with the City Clerk, the proposed forms of: (1) the Purchase Agreement; (2) the Indenture; (3) the Undertaking; (4) an obligation purchase agreement, to be dated the date of the sale of the Obligations (the “Purchase Contract”), by and between the City and the Underwriter, to be executed and delivered if any of the Obligations are sold to the Underwriter; and (5) a preliminary official statement, to be dated the date of the dissemination thereof (the “Preliminary Official Statement”), relating to the Obligations, which, as to be revised after the sale of the Obligations if any of the Obligations are sold to the Underwriter pursuant to the Purchase Contract, shall constitute the Official Statement, to be dated the date of sale of the Obligations (the “Official Statement”), relating to the Obligations, the Preliminary Official Statement and the Official Statement to be used in connection with the public offering of the Obligations if any of the Obligations are sold to the Underwriter pursuant to the Purchase Contract; and

WHEREAS, the City is authorized and empowered pursuant to law to issue or cause to be issued obligations to finance the costs of various capital facilities owned or to be owned by the City; and

WHEREAS, it is contemplated that certain expenditures made by the City with regard to the 2025 Projects will be reimbursed from the proceeds of the sale of obligations to be issued in the future by or on behalf of the City (including the Obligations).

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF YUMA AS FOLLOWS:

SECTION 1:

(a) For the purpose of providing funds to finance and/or refinance the costs of the Projects and the related costs of the sale and execution and delivery of the Obligations, the Obligations shall be sold and executed and delivered. The Obligations shall be dated the date of their initial authentication and delivery, shall be issued in such form and denominations, shall be payable as to interest and principal on such dates, shall be executed in such manner and shall have such other provisions, including, without limitation, provisions with respect to redemption prior to maturity, as set forth in the form of the Indenture, with such additions, deletions and modifications consistent with this Ordinance as shall be approved by the Authorized Representatives executing and delivering the same on behalf of the City, the execution and delivery thereof to constitute conclusive evidence of their approval and of such additions, deletions or modifications. The entity to serve as Trustee, which of the Obligations will be sold to the Underwriter pursuant to the Purchase Contract or placed by the Placement Agent pursuant to the hereinafter defined Placement Agreement, the series name and designation of each series of the Obligations, the aggregate principal amount of the Obligations (which will not exceed \$44,000,000 in aggregate principal amount for Obligations to be used to finance the costs of the 2025 Projects), the period over which the Obligations shall mature (but not later than a final maturity in 2046), the provisions for redemption in advance of the Obligations, the provisions for redemption of the Bonds Being Refunded (including the method of redemption and the amounts and dates of redemption thereof), the date the Obligations are to be sold to the Underwriter and/or placed by the Placement Agent, the dates on which interest on the Obligations is to be payable and the interest rates per annum the Obligations are to bear and the terms upon which the Obligations are to be sold to the Underwriter or placed by the Placement Agent (including determinations of price, original issue discount and premium and underwriting/placement agent compensation), so long as the arbitrage yield on the Obligations to be used to finance the costs of the 2025 Projects calculated for federal income tax purposes is not more than five and one-half percent (5.5%) and the refunding of the Bonds Being Refunded, if consummated, results in a present value savings, net of all costs with respect to the refunding of the Bonds Being Refunded, of at least three percent (3%) of the principal amount of the Bonds Being Refunded, shall be determined by the City Administrator and the Director of Financial Services of the City or the designees of any of them (collectively, the "Authorized Representatives") to which such authority is hereby delegated.

(b) The Authorized Representatives are hereby authorized to execute, and the Clerk is hereby authorized to attest and deliver, respectively, the Purchase Agreement, the Indenture, the Undertaking and the Purchase Contract, which are hereby approved in substantially the form presented to the City Council at the time of introduction and adoption of this Ordinance, with such

additions, deletions and modifications (particularly with respect to any modifications needed based on whether the Obligations are sold to the Underwriter pursuant to the Purchase Contract or placed by the Placement Agent pursuant to the Placement Agreement (including execution and delivery of one or more Purchase Agreements or Indentures, if necessary)) as shall be approved by those officers executing and delivering the same on behalf of the City, the execution and delivery thereof to constitute conclusive evidence of their approval, and of such additions, deletions and modifications. The Authorized Representatives are hereby authorized to enter into, if necessary, an Escrow Trust Agreement, to be dated as of the first day of the month of the dated date of the Obligations (the “Escrow Trust Agreement”), with the Trustee or another bank authorized to exercise corporate trust powers in the State of Arizona, as escrow trustee (the “Escrow Trustee”), in standard form, for the establishment of an escrow to pay principal of and interest on the Bonds Being Refunded and to refund the Bonds Being Refunded.

(c) The Trustee (including in its capacity as Seller pursuant to the Purchase Agreement) and the Escrow Trustee are hereby requested to take any and all action necessary in connection with the execution and delivery of the Purchase Agreement, the Trust Agreement and the Escrow Trust Agreement and the sale and execution and delivery of the Obligations and the refunding of the Bonds Being Refunded and are further authorized and directed to take such action as may be reasonable for the administration of the trusts so held by them.

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

SECTION 2: The Obligations are (i) to be sold to the Underwriter pursuant to the terms of the Purchase Contract, and/or (ii) to be placed by the Placement Agent with a purchaser or purchasers (collectively, the “Purchasers”) pursuant to the terms of a Placement Agent Agreement, in standard form, to be dated the date of the placement of the Obligations (the “Placement Agreement”), by and between the City and the Placement Agent, to be executed and delivered if any of the Obligations are placed by the Placement Agent, in each case as such terms are to be determined as provided hereinabove.

SECTION 3: The covenants and agreements contained in the Purchase Agreement as to the pledge of and the lien on the “Net Revenues” (as defined in the Purchase Agreement) and the restriction on the issuance of further parity obligations secured by the Net Revenues are approved and confirmed.

SECTION 4: The preparation, distribution and use of the Preliminary Official Statement relating to the Obligations in substantially the form presented to the City Council at the meeting at which this Ordinance was adopted, is in all respects hereby ratified, approved and confirmed, and the Authorized Representatives are hereby authorized, if necessary, to certify or otherwise represent that the Preliminary Official Statement, in original or revised form, is a “deemed final” official statement (except for permitted omissions) of the City as of a particular date for purposes of Rule 15c2-12 of the Securities and Exchange Commission. The Authorized Representatives are authorized and directed to approve if any of the Obligations are sold to the Underwriter pursuant to the Purchase Contract, on behalf of the City Council, and to execute and deliver, the Official Statement in substantially the form of the Preliminary Official Statement, modified to reflect matters related to the sale of the Obligations, for distribution and use in connection with the offering and sale of the Obligations. The execution and delivery of the final Official Statement by the Authorized Representatives shall be conclusively deemed to evidence the approval of the status, form and contents thereof by the City Council.

SECTION 5: If any section, paragraph, clause or phrase of this Ordinance 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 Ordinance. All orders, resolutions and ordinances or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as reviving any order, resolution or ordinance or any part thereof. The City Council hereby declares that this Ordinance would have been adopted with each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the execution and delivery of the Obligations pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Ordinance may be held illegal, invalid or unenforceable.

SECTION 6: All actions of the officers, employees and agents of the City including the City Council that conform to the purposes and intent of this Ordinance and which further the actions contemplated by this Ordinance, whether taken before or after adoption of this Ordinance, are hereby ratified, confirmed and approved. The proper officers and agents of the City are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the City as may be necessary to carry out the terms and intent of this Ordinance (including entering into any agreements for administrative or procedural requirements requested by the Purchasers if any of the Obligations are placed by the Placement Agent pursuant to the Placement Agreement).

SECTION 7:

(a) The following terms shall have the meanings assigned thereto as follows:

“official intent” means a declaration of intent of the City to reimburse an original expenditure with proceeds of an obligation;

“original expenditure” means an expenditure for a governmental purpose that is originally paid from a source other than a reimbursement bond; and

“reimbursement bond” means the portion of an issue of obligations allocated to reimburse an original expenditure that was paid before the issue date of such issue.

(b) This Ordinance is official intent relating to reimbursement for the original expenditures for the 2025 Projects which are capital expenditures (being any cost of a type that is properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles) made within sixty (60) days before and any time after the date of this Ordinance. The maximum principal amount of obligations (including the reimbursement bonds for such purposes) to be issued for the 2025 Projects is expected not to exceed \$44,000,000.

(c) On the date of this Ordinance, the City Council has a reasonable expectation (being that a prudent person in the same circumstances would have based on all the objective facts and circumstances) that it will reimburse such original expenditures with proceeds of such obligations. Official intents have not been declared by the City as a matter of course or in amounts substantially in excess of the amounts expected to be necessary for such projects. Moreover, the City does not have a pattern (other than in extraordinary circumstances) of failure to reimburse actual original expenditures covered by official intents.

(d) With certain exceptions, an allocation in writing that evidences use of proceeds of the reimbursement bonds to reimburse the original expenditures shall be made not later than 18 months after the later of (i) the date that the original expenditure is paid, or (ii) the date the project is placed in service or abandoned, but in no event more than 3 years after the original expenditure is paid.

(e) This Ordinance shall be included as of the date hereof in the publicly available official records of the City, such records being maintained and supervised by the Clerk of the City in the main administrative office of the City, and shall remain available for public inspection on a reasonable basis.

Adopted this ____ day of _____, 2025.

APPROVED:

Douglas J. Nicholls
Mayor

ATTESTED:

APPROVED AS TO FORM:

Lynda L. Bushong
City Clerk

Richard W. Files
City Attorney

CERTIFICATION

I hereby certify that the foregoing Ordinance No. O2025-042 was duly passed and adopted by the City Council of the City of Yuma, Arizona, at a regular meeting held on the ____ day of _____, 2025, and the vote was ____ ayes and ____ nays.

Lynda L. Bushong
City Clerk