

Board of Supervisors

Richard R. Searle
Chairman

Michael J. Ortega
County Administrator

Patrick G. Call
Vice-Chairman

James E. Vlahovich
Deputy County Administrator

Ann English
Director

Katie A. Howard
Clerk



AGENDA FOR LIBRARY DISTRICT MEETING
Monday, July 16, 2012 at 10:00 a.m.
BOARD OF SUPERVISORS HEARING ROOM
1415 MELODY LANE, BUILDING G, BISBEE, AZ 85603

ANY ITEM ON THIS AGENDA IS OPEN FOR DISCUSSION AND POSSIBLE ACTION

ROLL CALL

Members of the Cochise County Board of Supervisors will attend either in person or by telephone, video or internet conferencing.

CALL TO THE PUBLIC

This is the time for the public to comment. Members of the Board may not discuss items that are not specifically identified on the agenda.

CONSENT

Board of Supervisors

1. Approve the Minutes of the November 1, 2011 Library District Board meeting.
2. Approve establishing a revolving line of credit for Cochise County Library District from JP Morgan Chase Bank, N.A. pursuant to A.R.S. Section 11-604.01 and authorize the County Treasurer to enter into an agreement with the bank to provide the line of credit to the County Library District.

ACTION

Board of Supervisors

3. Adopt the Tentative Budget of the Library District for Fiscal year 2012-2013 in the amount of \$2,359,705.

Pursuant to the Americans with Disabilities Act (ADA), Cochise County does not, by reason of a disability, exclude from participation in or deny benefits or services, programs or activities or discriminate against any qualified person with a disability. Inquiries regarding compliance with ADA provisions, accessibility or accommodations can be directed to Chris Mullinax, Safety/Loss Control Analyst at (520) 432-9720, FAX (520) 432-9716, TDD (520) 432-8360, 1415 Melody Lane, Building F, Bisbee, Arizona 85603.

Cochise County - 1415 Melody Lane, Building G - Bisbee, Arizona 85603
(520) 432-9200 - Fax (520) 432-5016 - Email: board@cochise.az.gov
www.cochise.az.gov

"PUBLIC PROGRAMS, PERSONAL SERVICE"

Library District Meeting

Meeting Date: 07/16/2012

Minutes

Submitted By: Katie Howard, Board of Supervisors

Department: Board of Supervisors

Presentation: No A/V Presentation

Document Signatures:

NAME n/a
of PRESENTER:

Mandated Function?:

Recommendation:

of ORIGINALS

Submitted for Signature:

TITLE n/a
of PRESENTER:

**Source of Mandate
or Basis for Support?:**

Information

Agenda Item Text:

Approve the Minutes of the November 1, 2011 Library District Board meeting.

Background:

n/a

Department's Next Steps (if approved):

n/a

Impact of NOT Approving/Alternatives:

n/a

To BOS Staff: Document Disposition/Follow-Up:

Route signed Minutes for microfiming & file.

Attachments

Minutes

**PROCEEDINGS OF THE MEETING OF THE
COCHISE COUNTY LIBRARY DISTRICT
BOARD OF DIRECTORS
NOVEMBER 1, 2011**

A regular meeting of the Cochise County Library Board of Directors was held on Tuesday, November 1, 2011 at 10:00 a.m. in the Hearing Room of the Cochise County Board of Supervisors, 1415 Melody Lane, Building G, Bisbee, Arizona. In attendance were Patrick Call, Chairman; Ann English, Director; Richard Searle, Director; Mike Ortega, County Administrator; Jim Vlahovich, Deputy County Administrator; David Fifer, Civil Deputy Attorney; and Kim Lemons, Assistant to the Clerk of the Board.

THE ORDER OR DELETION OF ANY ITEM ON THIS AGENDA IS SUBJECT TO MODIFICATION AT THE MEETING

Chairman Call convened the meeting at 10:00 a.m.

ROLL CALL – All three directors were present.

CONSENT

ITEM 1

Board of Supervisors

Approve the minutes of the September 13, 2011 Library District board meeting.

ITEM 2

Library

Approve Agreement with the Arizona State Library, Archives and Public Records to accept and use the BTOP II grant equipment at each of the following branch libraries: Sunizona, Jimmie Libhart (Bowie), Sunsites, Elfrida and Myrtle Kraft (Portal).

Director English made a motion to approve items 1-2 of the Consent Agenda. Director Searle seconded the motion and it carried unanimously.

CALL TO THE PUBLIC – Chairman Call opened the Call to the Public. No one wished to address the Board and Chairman Call closed the Call to the Public.

There being no further business, Chairman Call adjourned the meeting at 10:01 a.m.

APPROVE:

Patrick Call, Chairman

ATTEST:

Katie Howard, Clerk of the Board

Library District Meeting

Meeting Date: 07/16/2012

Line of Credit Library District

Submitted By: Pam Munsey, County Treasurer

Department: County Treasurer

Presentation: No A/V Presentation

Recommendation: Approve

Document Signatures: BOS Signature Required

of ORIGINALS 2

Submitted for Signature:

**NAME
of PRESENTER:** Mariann Fletcher

**TITLE
of PRESENTER:** Chief
Deputy
Treasurer

Mandated Function?: Federal or State Mandate

**Source of Mandate
or Basis for Support?:**

Docket Number (If applicable):

Information

Agenda Item Text:

Approve establishing a revolving line of credit for Cochise County Library District from JP Morgan Chase Bank, N.A. pursuant to A.R.S. Section 11-604.01 and authorize the County Treasurer to enter into an agreement with the bank to provide the line of credit to the County Library District.

Background:

Cochise County Treasurer maintains lines of credit on behalf of Cochise County Library District with the County's servicing bank. The Board of Supervisors may enter into agreements with a financial institution authorized to do business in this state for the purpose of obtaining a separate and distinct revolving line of credit for the county and each individual political subdivision of the county for the current fiscal year to pay the lawful claims and obligations of the political subdivision until sufficient monies for payment from property taxes and other non-restricted revenues are received by the treasurer.

Department's Next Steps (if approved):

If approved by BOS, Chairman to sign attached line and credit and promissory note.

Impact of NOT Approving/Alternatives:

There will be no line of credit established for Cochise County Library District.

To BOS Staff: Document Disposition/Follow-Up:

When signed, please return to Treasurer's Office. Treasurer will mail originals to Chase Bank.

Fiscal Impact

Fiscal Year:

One-time Fixed Costs? (\$\$\$):

Ongoing Costs? (\$\$\$):

County Match Required? (\$\$\$):

A-87 Overhead Amt? (Co. Cost Allocation \$\$\$):

Source of Funding?:

Fiscal Impact & Funding Sources (if known):

No impact if no money is borrowed.

Attachments

Promisory Note & Schedule 1-A

Business Loan Agreement

Form of Declaration

**Cochise County's Districts Warrant Line of Credit
(School Districts, Special Districts, and Fire
Districts)**

Aggregate Line of Credit: \$10,000,000.

Two sets of Documents – containing:

- **Promissory Note**
- **Business Loan Agreement**

**THIS NOTE IS IN FULLY REGISTERED FORM AND IS NOT TRANSFERABLE
EXCEPT ON THE REGISTRATION BOOKS OF BORROWER**

COCHISE COUNTY DISTRICTS REVOLVING LINE OF CREDIT

PROMISSORY NOTE

JPMorgan Chase Bank, N.A.
201 North Central Ave., Floor 21
Phoenix, Arizona 85004

Date: July 10, 2012

Principal Amount: \$10,000,000.00

1. **PROMISE TO PAY AND INTEREST.** For value received, the undersigned, EACH OF THE DISTRICTS IDENTIFIED IN SCHEDULE I HERETO, ACTING THROUGH THE COCHISE COUNTY TREASURER, AS ITS AGENT (each a "Borrower" and collectively, "Borrowers") promises to pay to JPMORGAN CHASE BANK, N.A., or registered assigns ("Bank") at its above office, or at such other place as Bank may designate in writing, in lawful money of the United States of America, (a) in the aggregate for all Borrowers, the principal sum of Ten Million and NO/100 Dollars (\$10,000,000.00), or, if different, the unpaid amount disbursed by Bank by making Advances (as such term is defined in the Business Loan Agreement (Cochise County Districts Revolving Line of Credit), dated of even date herewith ("Loan Agreement"), between Borrowers and Bank, as it may be amended, modified, extended, renewed, restated, or supplemented from time to time), and (b) with respect to each Borrower, the lesser of the unpaid Advances under the Loan Agreement or the maximum amount shown for such Borrower on Schedule I hereto, as it may be amended from time to time, in either case as shown on the records of Bank which, when in agreement with the records of a Borrower, shall be conclusive as to such unpaid amount, with interest thereon from the date advanced at the Interest Rate. Neither the Cochise County Treasurer nor Cochise County shall be liable for amounts owed by any Borrower hereunder. "Interest Rate" means any of the Qualified Tax Exempt Interest Rate set forth in Section 2, the Non-Qualified Tax Exempt Interest Rate set forth in Section 3, or the Taxable Interest Rate set forth in Section 4 below, as may be applicable from time to time:

2. **QUALIFIED TAX-EXEMPT INTEREST RATE.** If interest payable with respect to an Advance under this Note allocable to a Borrower is not included in the gross income of Bank, or the registered owner if other than Bank, under the Internal Revenue Code of 1986 and the regulations thereunder, as such code and regulations heretofore have been and hereafter may be amended from time to time ("Code and Regulations"), and is not otherwise subject to the federal income tax, and if all of the requirements set forth in both Section 5(a) and Section 5(b) of this Note are met, then the Interest Rate applicable to the specific Advance (the "Qualified Tax Exempt Interest Rate") shall be a rate per annum equal to sixty-one percent (61%) of the Prime Rate, provided that in no event shall the Qualified Tax Exempt Interest Rate at any time exceed ten percent (10%) per annum. The Qualified Tax Exempt Interest Rate will be re-determined by Bank on each day that the Prime Rate changes and any change in the Qualified

Tax Exempt Interest Rate will be effective on and after the date of such change and until the next change in the Qualified Tax Exempt Interest Rate.

3. NON-QUALIFIED TAX EXEMPT INTEREST RATE. If interest payable with respect to an Advance under this Note allocable to a Borrower is not included in the gross income of Bank, or the registered owner if other than Bank, under the Code and Regulations, and is not otherwise subject to the federal income tax, and if all of the requirements set forth in Section 5(a) of this Note are met, but not the requirements set forth in Section 5(b), then the Interest Rate applicable to the specific Advance (the "Non-Qualified Tax Exempt Interest Rate") shall be a rate per annum equal to sixty-six percent (66%) of the Prime Rate, provided that in no event shall the Non-Qualified Tax Exempt Interest Rate at any time exceed ten percent (10%) per annum. The Non-Qualified Tax Exempt Interest Rate will be re-determined by Bank on each day that the Prime Rate changes and any change in the Non-Qualified Tax Exempt Interest Rate will be effective on and after the date of such change and until the next change in the Non-Qualified Tax Exempt Interest Rate.

4. TAXABLE INTEREST RATE. If interest payable under this Note is included in the gross income of Bank, or the registered owner if other than Bank, under the Code and Regulations, or is otherwise subject to federal income tax, or if one or more of the requirements set forth in Section 5(a) of this Note are not met, then the Interest Rate applicable to the specific Advance (the "Taxable Interest Rate") during each calendar quarter shall be a rate per annum equal to one hundred ten percent (110.00%) of the previous quarter's weighted average "prime rate" among the top three financial institutions by asset size in the State of Arizona.

5. REQUIREMENTS.

(a) Tax Exempt Interest Rate. For each Advance, Borrower shall meet all of the following requirements to qualify for a Tax Exempt Interest Rate:

(i) Borrower signs and files with the United States Internal Revenue Service a properly completed Form 8038-G as and when required by the Code and Regulations and promptly delivers to Bank a copy of each filed Form 8038-G.

(b) Qualified Tax Exempt Interest Rate. For each Advance, Borrower shall meet all of the following requirements, in addition to the requirements set forth in paragraph (a) above, to qualify for a Qualified Tax Exempt Interest Rate:

(i) Borrower delivers to Bank a Declaration (as defined in the Loan Agreement) certifying that the indebtedness evidenced by this Note with respect to such Advance is a "Qualified Tax Exempt Obligation," as such term is defined in Section 265 of the Code and Regulations.

(ii) The Advance is a "Qualified Tax Exempt Obligation," as such term is defined in Section 265 of the Code and Regulations.

6. CERTAIN DEFINED TERMS.

(a) “Prime Rate” means the rate of interest per annum announced from time to time by the Bank, or Bank’s successors, in Phoenix, Arizona, as its prime rate. The Prime Rate is a variable rate and each change in the Prime Rate is effective from and including the date the change is announced as being effective. THE PRIME RATE IS A REFERENCE RATE AND MAY NOT BE THE BANK’S LOWEST RATE.

(b) “Tax Exempt Interest Rate” means either a Qualified Tax Exempt Interest Rate, or a Non-Qualified Tax Exempt Interest Rate

7. TAXABILITY OF TAX-EXEMPT INTEREST.

(a) Each Borrower agrees that in the event that such Borrower pays interest at a Tax-Exempt Interest Rate on any portion of the sums outstanding hereunder, and

(i) the Internal Revenue Service determines that the interest on such portion is not exempt from federal income taxation, or

(ii) Bank is required to pay any sums as federal income taxes because of any assertion by the Internal Revenue Service (whether or not a final determination) that interest paid on such portion of the obligations of Borrower hereunder is not exempt from federal income tax,

then, the applicable interest rate hereunder for that portion shall be deemed always to have been the Taxable Interest Rate and such Borrower shall, immediately upon request by Bank, pay to Bank the difference between (A) interest, computed at the Taxable Interest Rate, on any such portion at any time outstanding hereunder and (B) the interest already paid for such portion by Borrower under this Agreement. The obligations of Borrower under this section shall survive the termination of the Loan Documents and the repayment of sums borrowed hereunder.

(b) Each Borrower agrees that in the event that such Borrower pays interest at a Qualified Tax-Exempt Rate on any portion of the sums outstanding hereunder, and

(i) the Internal Revenue Service determines that the interest on such portion is not subject to treatment as a “qualified tax-exempt obligation” pursuant to Section 265(b)(3) of the Code, or

(ii) Borrower causes the amount of tax-exempt obligations issued in any calendar year for which such Borrower is paying interest at a Qualified Tax-Exempt Rate to exceed \$10,000,000; or

(iii) Bank is required to pay any sums as federal income taxes because of any assertion by the Internal Revenue Service (whether or not a final determination) that all or any portion of the obligations of Borrower hereunder are not “qualified tax-exempt obligations” as defined in Section 265(b)(3) of the Code,

then, the applicable interest rate hereunder for the portion that no longer qualifies as a Qualified Tax-Exempt Obligation shall be deemed always to have been the Non-Qualified Tax-Exempt Interest Rate and such Borrower shall, immediately upon request by Bank, pay to Bank the difference between (A) interest, computed at the Non-Qualified Tax-Exempt Interest Rate, on any such portion at any time outstanding hereunder and (B) the interest already paid for such portion by Borrower under this Agreement. The obligations of Borrower under this section shall survive the termination of the Loan Documents and the repayment of sums borrowed hereunder.

8. PAYMENT IN FULL ON THE MATURITY. Prior to June 30, 2013, or if the Commitment Expiration Date under the Loan Agreement has been extended by mutual agreement between Borrowers, acting through their agent, the Cochise County Treasurer, and Bank, such Commitment Expiration Date (the "Maturity Date"), payments under this Note shall be made as each Borrower receives "non-restricted operating revenues", as such term is used in Arizona Revised Statutes Section 11-604.01. On the Maturity Date each Borrower shall pay to Bank the unpaid principal, all accrued and unpaid interest, and all other amounts ("Other Amounts") payable by such Borrower to Bank under the Loan Documents. "Loan Documents" means this Note, the Loan Agreement, the Services Proposal (as defined in the Loan Agreement), and any other agreements, documents, and instruments relating to this Note, as they may be amended, modified, extended, renewed, restated, or supplemented from time to time. Nothing set forth in this Section 8 waives or otherwise modifies Borrower's obligation to pay principal, interest, and Other Amounts on dates prior to the Maturity Date, as required herein or in the Loan Agreement.

9. INTEREST.

(a) Principal shall bear interest at the Interest Rate from the date of disbursement until the due date thereof, whether by acceleration or otherwise. Principal, interest, and Other Amounts not paid when due and any judgment therefor shall bear interest from its due date or the judgment date, as applicable, until paid at a rate of ten percent (10%) per annum ("Default Rate"), and such interest shall be immediately due and payable.

(b) All interest under the Loan Documents shall be computed on the basis of a 365-day year and accrue on a daily basis for the actual number of days elapsed. Each Borrower agrees to pay an effective rate of interest that is the sum of (i) the Interest Rate provided herein and (ii) any additional rate of interest resulting from any other charges or fees paid or to be paid in connection herewith that are determined to be interest or in the nature of interest.

10. PAYMENT IN FULL PRIOR TO THE MATURITY DATE. Notwithstanding any other provision herein or in the Loan Documents, each Borrower shall pay to Bank all outstanding principal, interest and Other Amounts on June 30 of each year relating to such Borrower. So long as a Borrower makes such payment, such Borrower shall, subject to the provisions of the Loan Agreement, continue to be entitled to Advances pursuant to the Loan Agreement prior to the Commitment Expiration Date specified therein. Principal, interest, and Other Amounts not paid on June 30 of each year shall bear interest from June 30 until paid at the Default Rate, and such interest shall be immediately due and payable.

11. APPLICATION OF PAYMENTS. At the option of Bank, payments shall be applied to principal, interest, and Other Amounts in such order as Bank shall determine.

12. PREPAYMENT. A Borrower may prepay the outstanding principal balance hereof relating to such Borrower, in whole or in part, at any time prior to the Maturity Date without penalty or premium.

13. NO COUNTERCLAIMS, DEDUCTIONS, ETC. All payments and other obligations of each Borrower under the Loan Documents will be made and performed without counterclaim, deduction, defense, deferment, reduction, or set-off.

14. EVENTS OF DEFAULT. Each of the following shall be an event of default ("Event of Default") as to any Borrower to which the Event of Default applies:

(a) Failure by a Borrower to pay when due (i) any amount payable by such Borrower under any of the Loan Documents, or (ii) any other indebtedness of such Borrower to Bank.

(b) Failure by a Borrower to perform any material obligation not involving the payment of money, or to comply with any other term or condition applicable to such Borrower, in any of the Loan Documents.

(c) Any representation or warranty made by a Borrower in any of the Loan Documents or otherwise or any information delivered by such Borrower to Bank in obtaining or hereafter in connection with the credit evidenced by this Note is or becomes materially incomplete, incorrect, or misleading from the representations or warranties made of the date of this Note or as of the date made or delivered.

(d) The occurrence of any change or other event that Bank determines has or will materially and adversely affect (i) any or all property, interests in property, or rights to property securing the obligations of a Borrower under the Loan Documents, including without limitation the security interest in the non-restricted operating revenues received by the Gila County Treasurer on behalf of each Borrower ("Collateral") as security for the obligations of a Borrower under the Loan Documents, (ii) the financial condition of a Borrower, or (iii) the ability of a Borrower to pay the monetary obligations of such Borrower under the Loan Documents.

(e) A Borrower (i) is unable or admits in writing such Borrower's inability to pay Borrower's monetary obligations as they become due, (ii) is generally not paying its debts as they become due, (iii) makes a general assignment for the benefit of creditors, or (iv) applies for, consents to, or acquiesces in, appointment of a trustee, receiver, or other custodian for Borrower or any or all of the property of Borrower, or in the absence of such application, consent, or acquiescence by Borrower a trustee, receiver, or other custodian is appointed for Borrower or any or all of the property of Borrower.

(f) Commencement of any case under the Bankruptcy Code (Title 9 of the United States Code) or commencement of any other bankruptcy, arrangement, reorganization,

receivership, custodianship, or similar proceeding under any federal or state law by or against a Borrower.

(g) Attachment, garnishment, levy of execution, or seizure by legal process of any or all Collateral of a Borrower, except any pre-judgment attachment or garnishment of any or all Collateral.

(h) Any legal proceeding or other action against or affecting any or all Collateral of a Borrower is commenced (including, without limitation, any prejudgment attachment or garnishment) and is not quashed, stayed, or released within twenty (20) days.

(i) Any Collateral of a Borrower is sold, disposed of, or otherwise transferred by such Borrower after the date of this Note, not in the ordinary course of operations of Borrower.

(j) Any Collateral of a Borrower becomes subject to any lien or security interest, other than the security interest granted to Bank in this Note.

(k) Any Collateral of a Borrower is lost, stolen, suffers substantial damage or destruction, or is used in violation of any law, ordinance, regulation, or rule (federal, state, or local).

(l) A Borrower abandons or, except for expenditure of funds included in the Collateral in the ordinary operations of Borrower, ceases to have exclusive possession of any Collateral or any books and records of Borrower relating to the Collateral.

(m) A Borrower or any other person on behalf of Borrower claims that any Loan Document is not legal, valid, binding, and enforceable against Borrower, that any lien, security interest, or other encumbrance securing any of the obligations under the Loan Documents is not legal, valid, binding, and enforceable, or that the priority of any lien, security interest, or other encumbrance securing any of the obligations in the Loan Documents is different than the priority set forth in Arizona Revised Statutes Section 11-604.01 (except as such priority may be affected by the laws regarding garnishment of wages of Borrower's employees and federal and state tax liens for withholding taxes of Borrower's employees).

(n) The occurrence of any condition or event that is a default or is designated as a default, an event of default, or an Event of Default in any other Loan Document or in any agreement, document, or instrument relating to any other indebtedness of Borrower to Bank.

(o) The occurrence of any condition or event that is designated as a default or an event of default and the expiration of any cure period with respect to any other indebtedness of Borrower to any other person.

(p) The failure of a Borrower to repay to Bank within five (5) Business Days of written notice from Bank to Borrower the amount by which the outstanding amount of Advances exceeds the Commitment

15. RIGHTS AND REMEDIES OF BANK. Upon occurrence of an Event of Default, Bank may, at its option, in its absolute and sole discretion, and without demand or notice, (i) declare the obligations in the Loan Documents to be immediately due and payable, whereupon the obligations in the Loan Documents shall be immediately due and payable, and (ii) exercise any or all other rights and remedies of Bank concurrently or consecutively in such order as Bank elects. The rights and remedies of Bank shall be cumulative and non-exclusive. Delay, discontinuance, or failure to exercise any right or remedy of Bank shall not be a waiver thereof, or of any other right or remedy of Bank, or of the time, of the essence provision. Exercise of any right or remedy of Bank shall not cure or waive any Event of Default or invalidate any act done in response to any Event of Default.

16. LIMIT OF LIABILITY OF BANK. In exercising rights and remedies, neither Bank nor any stockholder, director, officer, employee, agent, or representative of Bank shall have any liability for any injury to the assets, business, operations, or property of a Borrower or any other liability to Borrower, other than for its own gross negligence or willful misconduct.

17. PROVISIONS IN LOAN AGREEMENT GOVERN THIS AGREEMENT. This Note is subject to certain terms and provisions in the Loan Agreement, to which reference is made for a statement of such terms and provisions.

18. WAIVER OF STATUTE OF LIMITATIONS. Borrower waives, to the full extent permitted by law, the right to plead any statutes of limitations as a defense to any or all obligations under the Loan Documents.

19. WAIVERS BY BORROWER. Borrower (i) waives, to the full extent permitted by law, presentment, notice of dishonor, protest, notice of protest, notice of intent to accelerate, notice of acceleration, and all other notices or demands of any kind (except notices specifically provided for in the Loan Documents), and (ii) agrees that Bank may enforce this Note and any other Loan Documents against Borrower without first having sought enforcement against any Collateral.

20. JURY WAIVER. EACH BORROWER AND BANK HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) BETWEEN ANY BORROWER AND BANK ARISING OUT OF OR IN ANY WAY RELATED TO THIS NOTE. THIS PROVISION IS A MATERIAL INDUCEMENT TO BANK TO PROVIDE THE FINANCING DESCRIBED HEREIN.

21. WAIVER OF SPECIAL DAMAGES. EACH BORROWER WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT BORROWER MAY HAVE TO CLAIM OR RECOVER FROM BANK IN ANY LEGAL ACTION OR PROCEEDING ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES.

[Signatures appear on following page]

COCHISE COUNTY BOARD OF SUPERVISORS

By _____
Title: Chairman, Board of Supervisors

ATTEST:

Clerk of the Board

THE DISTRICTS IDENTIFIED IN SCHEDULE I
HERETO, ACTING THROUGH THE COCHISE
COUNTY TREASURER, AS ITS AGENT

By Marsha Bonham
Marsha Bonham, Cochise County Treasurer

APPROVED AS TO FORM:

[Signature]
County Attorney

SCHEDULE I

FEDERAL TAX ID NUMBERS AND CREDIT LINE LIMITS

[ATTACHED ARE TWO PAGES WITH
CREDIT LIMITS TOTALING \$9,978,000]

SCHEDULE I-A
FEDERAL TAX ID NUMBERS AND CREDIT LINE LIMITS

Name School Districts	District Number	Federal TIN (to be inserted at closing)	Credit Limits
Ft. Huachuca Accommodation School District	0		200,000
Tombstone Unified School District	1		250,000
Bisbee Unified School District	2		30,000
Benson Unified School District	9		150,000
Elfrida Elementary School District	12		75,000
Willcox Unified School District	13		1,500,000
Bowie Unified School District	14		200,000
San Simon Unified School District	18		200,000
St. David Unified School District	21		250,000
Pearce Elementary School District	22		30,000
Valley Union High School District	22		100,000
Naco Elementary School District	23		400,000
Cochise Elementary School District	26		75,000
Douglas Unified School District	27		750,000
Apache Elementary School District	42		20,000
Double Adobe Elementary School District	45		20,000
Palominas Elementary School District	49		1,500,000
Ash Creek Elementary School District	53		200,000
McNeal Elementary School District	55		45,000
Pomerene Elementary School District	64		30,000
Sierra Vista Unified School District	68		2,000,000
Cochise County Flood Control District			75,000
Cochise Technology District			15,000
Naco Light District			3,000
Naco Sanitary District			25,000
Northern Cochise Hospital District			75,000
Pirtleville Light District			3,000
San Pedro Valley Hospital District			75,000
St. David Irrigation District			5,000

Fire Districts			
Babocomari Fire District			2,000
Bowie Fire District			20,000
Cochise County Library District			200,000
Elfrida Fire District			25,000
Fry Fire District			900,000
Mescal J6 Fire District			25,000
Naco Fire District			10,000
Palominas Fire District			100,000
PBW Fire District			4,000
Pirtleville Fire District			10,000
Pomerene Fire District			4,000
San Jose Fire District			10,000
San Simon Fire District			30,000
St. David Fire District			15,000
Sunnyside Fire District			25,000
Sunsites-Pearce Fire District			97,000
Whetstone Fire District			200,000
			\$ 9,978,000

BUSINESS LOAN AGREEMENT

(COCHISE COUNTY DISTRICTS REVOLVING LINE OF CREDIT)

DATE: July 10, 2012

PARTIES:

<u>Borrower:</u>	Each of the Districts listed in Schedule I hereto, through the Cochise County Treasurer, as their agent
<u>Bank</u>	JPMorgan Chase Bank, N.A., a national banking association authorized to do business in the State of Arizona (" <u>Bank</u> ")

AGREEMENT: Pursuant to §11-604.01, Arizona Revised Statutes (the "Act"), the Board of Supervisors of a county may enter into an agreement with the financial institution authorized to do business in the State of Arizona to obtain a line of credit for each of the political subdivisions of the county. The Act further provides that the Cochise County Treasurer is the agent for the County and for each political subdivision of the State of Arizona for which the Cochise County Treasurer acts as treasurer and may take any action required under such agreement without further approval of any governing body of a political subdivision. The Board of Supervisors of Cochise County, Arizona (the "County"), the Cochise County Treasurer and Bank intend to enter into this Agreement and the hereafter-described Note to obtain a line of credit pursuant to the Act for each of the districts listed in Schedule I attached hereto (individually a "Borrower" and collectively, the "Borrowers"), in the respective maximum amounts shown on said Schedule I for each Borrower, and to evidence all such lines of credit in this Agreement and the Note. For purposes of this Agreement and each line of credit extended to a Borrower evidenced hereunder and in the Note, such Borrower shall be acting through the Cochise County Treasurer as its agent pursuant to the Act. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Borrower and Bank agree as follows:

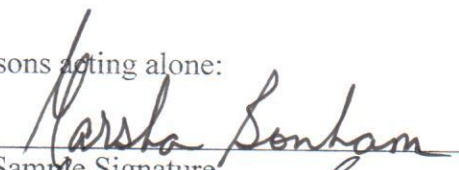
1. DEFINITIONS. In this Agreement, the following terms shall have the following meanings:

"Advance" means a disbursement of funds by Bank to a Borrower pursuant to Section 2.1.

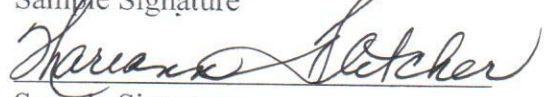
"Agreement" means this Business Loan Agreement (Cochise County Districts Revolving Line of Credit) as it may be amended, modified, extended, renewed, restated, or supplemented from time to time.

"Authorized Person" means any of the following Persons acting alone:

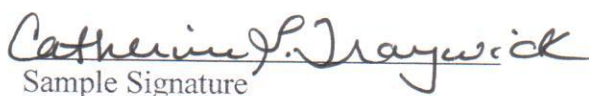
Marsha Bonham
Cochise County Treasurer


Sample Signature

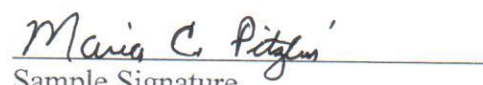
Mariann Fletcher
Chief Deputy Treasurer


Sample Signature

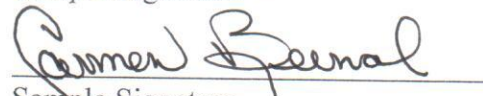
Cathy Traywick
Cash and Investment Officer


Sample Signature

Maria Pitzlin
Accounting Technician


Sample Signature

Carmen Bernal
Accountant


Sample Signature

or any other person authorized to act for a Borrower hereunder as shown by a written statement signed by the Cochise County Treasurer and that also shows the specimen signature of such additional Authorized Person.

"Business Day" means a day of the year on which banks are not required or authorized to close in Phoenix, Arizona.

"Code" means the Internal Revenue Code of 1986, as amended.

"Code and Regulations" means the Code and the regulations thereunder, as such Code and regulations heretofore have been and hereafter may be amended from time to time.

"Collateral" means the property, interests' in property, and rights to property securing any or all Obligations from time to time, including without limitation the security interest in the non-restricted operating revenues received by the Cochise County Treasurer on behalf of each Borrower.

"Commitment" means the agreement of Bank to make Advances as provided in this Agreement.

"Commitment Amount" means, with respect to each Borrower, the lesser of (i) the maximum amount shown for such Borrower on Schedule I hereto, or (ii) forty-five percent (45%) of the total amount of non-restricted operating revenues received by such Borrower in the immediately preceding Fiscal Year of such Borrower, provided that the Commitment Amount, in the aggregate, shall not exceed the Commitment Amount Cap (defined below).

"Commitment Amount Cap" means the amount of Ten Million and NO/100 Dollars (\$10,000,000.00).

"Commitment Expiration Date" means June 30, 2013, subject to earlier termination as provided herein, and subject to extension by mutual agreement of the parties, as described in Section 2.8.

"Declaration" means a letter executed by a Borrower, in the form attached hereto as Exhibit B, in which Borrower designates the Advances for a certain calendar year to be "qualified tax-exempt obligations" (as defined in Section 265(b)(3)(B) of the Code).

"Default Rate" has the meaning specified in the Note.

"Districts" means political subdivisions of Cochise County, Arizona.

"Event of Default" has the meaning specified in the Note.

"Fiscal Year" means the fiscal year for each Borrower, and shall commence each July 1 and end each immediately following June 30.

"Governmental Authority" means any government, any court, and any agency, authority, body, bureau, department, or instrumentality of any government.

"Loan Documents" means this Agreement, the Note, the Services Proposal and any other agreements, documents, and instruments from time to time evidencing, guarantying, securing, or otherwise relating to the Note, as they may be amended, modified, extended, renewed, restated, or supplemented from time to time.

"Material Adverse Effect" means a material adverse change in, or a material adverse effect upon (i) the assets, business, properties, prospects, condition (financial or otherwise) or results of operations of the Borrower taken as a whole, (ii) the ability of the Borrower to perform any of the Obligations, (iii) any substantial portion of the Collateral, (iv) the legality, validity, binding effect or enforceability of the Loan Documents against the Borrower; or (v) the rights or remedies of the Bank under any Loan Documents.

"Note" means the Promissory Note, dated of even date herewith, of Borrowers payable to Bank, as it may be amended, modified, extended, renewed, restated, or supplemented from time to time.

"Obligations" means the respective obligations of Borrowers under the Loan Documents.

"Person" means a natural person, a partnership, a joint venture, an unincorporated association, a limited liability company, a corporation, a trust, any other legal entity, or any Governmental Authority.

"Services Proposal" means the Cochise County Proposal for Depository and Banking Services, dated April 21, 2010, by Bank to Cochise County, Arizona.

"Servicing Bank Term" means the period, during which Bank provides services to County as servicing bank, with such term commencing July 1, 2010 and ending June 30, 2013, subject to extensions of not more than two (2) additional years.

"Unmatured Event of Default" means any condition or event that with notice, passage of time, or both would be an Event of Default.

2. REVOLVING LINE OF CREDIT FACILITY.

2.1 Credit Facility. Subject to the terms and conditions of this Agreement, Bank agrees to make Advances to Borrowers from time to time on or before the Commitment Expiration Date, provided that the outstanding amount of Advances with respect to any Borrower from time to time shall not exceed the Commitment Amount for such Borrower. Advances to each Borrower shall be on a revolving basis. Advances repaid may be re-borrowed subject to the terms and conditions of this Agreement. Upon occurrence of an Event of Default or an Unmatured Event of Default with respect to any Borrower, Bank, in its absolute and sole discretion and without notice, may suspend the commitment to make Advances with respect to such Borrower. In addition, upon occurrence of an Event of Default with respect to any Borrower, Bank, in its absolute and sole discretion and without notice, may terminate the commitment to make Advances to such Borrower. The obligation of each Borrower to repay Advances is evidenced by the Note as to the amount outstanding thereunder with respect to such Borrower. Neither the Cochise County Treasurer nor the County shall be liable for amounts owed by any Borrower hereunder. Although the outstanding principal of the Note may be zero from time to time, the Loan Documents shall remain in full force and effect until the Commitment terminates and all Obligations are paid and performed in full.

2.2 Requests for Advances and Repayments. Each request for an Advance will be made in writing in a manner mutually acceptable to Bank and the Cochise County Treasurer, or by another means mutually acceptable to the Bank and the Cochise County Treasurer. Each request for an Advance shall identify which Borrower or Borrowers it relates to and the amount of such request for an Advance related to each Borrower. Borrower shall deliver to Bank an executed Declaration to designate the Advances received in any one calendar year as "qualified tax-exempt obligations" (as defined in Section 265(b)(3)(B) of the Code).

2.3 Advances and Repayments.

Advances will be deposited in and repayments will be withdrawn from the accounts of the County with Bank, which account number is 2133-7294 or such other accounts with Bank as designated in writing by an Authorized Person. Each Borrower hereby irrevocably authorizes and directs Bank to make such debits. The arrangement in this Section 2.3 to debit such demand deposit account shall not restrict Bank's right to collect any amounts due under the Loan Documents from any revenues or funds of Borrowers which have Advances outstanding hereunder otherwise available for payment of such amounts, including, without limitation, all non-restricted operating revenues of Borrowers.

2.4 Advances - Repayment. Each Borrower agrees to apply all "non-restricted operating revenues", as such term is described in Section 11-604.01.A, Arizona Revised Statutes, according to the priorities set forth in said Section 11-604.01.C. If there remain any amounts outstanding on the Note as of June 30 of any year with respect to each Borrower, such Borrower agrees to notify Bank on or before June 30th of such year of the amounts on deposit in the

demand deposit and other accounts of the Borrower with Bank which constitute non-restricted operating revenues.

2.5 Advances in Excess of Commitment Amount. If with or without the approval of Bank the aggregate outstanding amount of Advances to a Borrower at any time exceeds the Commitment Amount for such Borrower, that Borrower shall repay the excess immediately upon demand by Bank.

2.6 Authority to Amend Commitment. In accordance with the provisions of the Act, the Cochise County Treasurer on behalf of the Borrowers is hereby authorized to amend this Agreement and the Note with respect to the following matters:

2.6.1 To amend Schedule I to (a) add additional Borrowers, and (b) modify the Commitment Amount with respect to each Borrower;

2.6.2 To extend the Commitment Expiration Date, as described in Section 2.8; and

2.6.3 To increase or decrease the Commitment Amount Cap, provided that the Commitment Amount Cap shall not be increased to an amount which exceeds Ten Million Dollars (\$10,000,000.00), without such amendment being approved by resolution adopted by the Cochise County Board of Supervisors.

2.7 Procedure to Amend Commitment. The Agreement and Note may be amended by a written amendment substantially in the form attached hereto as Exhibit C (the "Addendum") executed by the Bank and by the Cochise County Treasurer on behalf of the Borrowers. Each amendment, when dated and fully executed, shall be construed to amend all prior versions of this Agreement and Note, whether or not it is actually attached to all copies of this Agreement or the Note.

2.8 Extension of Commitment Expiration Date. The Commitment provided to Borrowers hereunder shall be in effect initially for Fiscal Year 2012-2013. Provided that the Bank Services Term is extended beyond June 30, 2013, Borrowers and Bank may agree to further extend the Commitment for subsequent Fiscal Years by extending the Commitment Expiration Date to June 30 of the next calendar year. Notwithstanding the foregoing, nothing set forth herein authorizes the Commitment to be extended beyond the expiration of the Servicing Bank Term.

3. CONDITIONS PRECEDENT TO ADVANCES.

3.1 Conditions Precedent to Initial Advance. Bank must receive the following items, in form and content acceptable to Bank, before Bank is required to make any Advances to a Borrower under this Agreement.

3.1.1 Legal Opinion of Borrower. A written opinion of the legal counsel for such Borrower, in a form satisfactory to Bank, opining on the following:

(a) Authorization. The execution, delivery, and performance by Borrower of the Loan Documents have been duly authorized by all requisite action by or on behalf of Borrower.

(b) Enforceability. The Loan Documents have been duly executed and delivered on behalf of Borrower. The Loan Documents are legal, valid, and binding obligations of Borrower, enforceable in accordance with their terms against Borrower, except as such enforceability may be limited by Section 42-17101 et seq., Arizona Revised Statutes, bankruptcy, insolvency, moratorium, reorganization, or similar laws and by equitable principles of general application.

3.1.2 Borrower's Financial Statement and Annual Budget. A copy of such Borrower's published Annual Financial Statement for Fiscal Year ending June 30, 2011 (and each Fiscal Year thereafter) and the adopted budget for Borrower for its Fiscal Year 2012-2013 (and each Fiscal Year thereafter) and such other information and documents as Bank may reasonably request, provided, however, that Bank may waive the requirement for such Borrower's Annual Financial Statement for Fiscal Year ending June 30, 2011, and accept an unpublished or unaudited version, without waiving the requirement for timely delivery of such Borrower's Annual Financial Statement in subsequent years, as provided herein.

3.2 Conditions Precedent to All Advances. Bank shall be obligated to make an Advance when requested on behalf of a Borrower only if the following conditions precedent are satisfied.

3.2.1 Representations and Warranties Accurate. The representations and warranties by Borrower in the Loan Documents are correct on and as of the date of this Agreement and, except as Borrower shall have otherwise notified Bank in writing prior to the date thereof, on and as of the date of each Advance, before and after giving effect to such Advance and to the application of the proceeds of such Advance, as though made on and as of such date.

3.2.2 No Violation of Limits on Advances. The making of the Advance to Borrower would not result in the outstanding amount of Advances exceeding the Commitment Amount to such Borrower.

3.3 Bank's Waiver of Conditions. Bank may elect, in its absolute and sole discretion, to waive any of the foregoing conditions precedent. Any such waiver shall be effective only if it (i) is in writing executed by Bank, (ii) specifically identifies the condition precedent, and (iii) describes the particular Advance as to which such condition precedent is waived. Any such waiver shall be limited to the condition(s) precedent specifically described therein. Delay or failure by Bank to insist on satisfaction of any condition precedent of an Advance shall not be a waiver of such condition precedent or any other condition precedent. If Borrower is unable to satisfy any condition precedent of an Advance, the making of the Advance shall not preclude Bank from thereafter declaring the condition or event causing such inability to be an Event of Default.

4. BORROWER REPRESENTATIONS AND WARRANTIES.

4.1 Closing Representations and Warranties. Each Borrower represents and warrants to Bank as of the date of this Agreement:

4.1.1 Existence and Authorization. Borrower is a duly formed, organized and validly existing political subdivision of the State of Arizona. The execution, delivery, and performance by Borrower of the Loan Documents have been duly authorized by all requisite action by or on behalf of Borrower.

4.1.2 No Approvals. No approval, authorization, bond, consent, certificate, franchise, license, permit, registration, qualification, or other action or grant by or filing with any Person is required in connection with the execution, delivery, or performance by Borrower of the Loan Documents that has not been obtained.

4.1.3 No Conflicts. The execution, delivery, and performance by Borrower of the Loan Documents will not conflict with, or result in a violation of or a default under: any applicable law, ordinance, regulation, or rule (federal, state, or local); any judgment, order, or decree of any arbitrator, other private adjudicator, or Governmental Authority to which Borrower is a party or by which Borrower or any of the assets or property of Borrower is bound; or any agreement, document, or instrument to which Borrower is a party or by which Borrower or any of the assets or property of Borrower is bound.

4.1.4 Execution and Delivery and Binding Nature of Loan Documents. The Loan Documents have been duly executed and delivered on behalf of Borrower. The Loan Documents are legal, valid, and binding obligations of Borrower, enforceable in accordance with their terms against Borrower, except as such enforceability may be limited by Section 42-17101 et seq., Arizona Revised Statutes, bankruptcy, insolvency, moratorium, reorganization, or similar laws and by equitable principles of general application.

4.1.5 Accurate Information. All information in any loan application, financial statement, certificate, or other document and all other Information delivered by or on behalf of Borrower to Bank in obtaining the Commitment is correct and complete in all material respects, and there are no omissions therefrom that result in any such information being incomplete, incorrect, or misleading in any material respect as of the date thereof.

4.1.6 Litigation. There is no lawsuit, tax claim, or other dispute pending or overtly threatened against Borrower which, if lost, would materially impair Borrower's financial condition or Borrower's ability to repay any amount payable under this Agreement, except as have been or will be disclosed in writing to Bank.

4.1.7 Purpose of Advances. This Agreement is made pursuant to the Act. The purpose of Advances is to provide funds for the general operations of Borrower; provided, however, proceeds may not be used for any expenses, costs, or reimbursements relating to Borrower's sponsorship of Charter Schools without the prior written consent of Bank.

4.1.8 No Event of Default or Unmatured Event of Default. No Event of Default and no Unmatured Event of Default has occurred and is continuing.

4.1.9 No Material Adverse Change. No material adverse change from the Borrower's financial condition and operations as reflected in such Borrower's published Annual Financial Statement for Fiscal Year ending June 30, 2011.

4.1.10 No Material Adverse Effect. The absence of any situation occurring which would, in the opinion of the Bank, result in a Material Adverse Effect.

4.1.11 Limitation of Representations and Warranties. The foregoing representations and warranties are solely the representations and warranties of Borrowers. The County in no way makes any representations or warranties with respect to the organization, financial condition, or any other fact, with respect to any of the Districts listed in Schedule 1 hereto.

4.2 Representations and Warranties Upon Requests for Advances. Each request for an Advance on behalf of any Borrower shall be a representation and warranty by such Borrower to Bank that the representations and warranties in this Section 4 are correct and complete as of the date of the Advance with respect to such Borrower, except as such Borrower shall have otherwise notified Bank in writing prior to the date thereof, and that the conditions precedent in Section 3.1 are satisfied as of the date of the Advance.

5. BORROWER AFFIRMATIVE COVENANTS. Each Borrower agrees that:

5.1 Existence. Borrower shall continue to be a validly existing political subdivision of the State of Arizona.

5.2 Books and Records: Access By Bank. Borrower shall maintain a system of accounting for and appropriate books and records showing its receipt and use of (i) non-restricted operating revenues, (ii) proceeds of Advances, and (iii) other funds available for expenditure for the general operations of Borrower. During business hours, after an Event of Default, Borrower shall give representatives of Bank access to all assets, property, books, records, and documents of Borrower and shall permit such representatives to inspect such assets and property and to audit, copy, examine, and make excerpts from such books, records, and documents.

5.3 Information and Statements. Borrower shall furnish to Bank: (i) as soon as available and in any event within two hundred forty (240) days after the end of each Fiscal Year of Borrower, copies of annual financial reports, (ii) as soon as available and in any event prior to sixty (60) days after the beginning of each Fiscal Year, Borrower's budget for such Fiscal Year, as adopted, (iii) any other information and documents given to any securities rating agency or other Person in connection with the indebtedness of Borrower and (iv) such additional information and statements as the Bank may request, from time to time.

5.4 Law: Judgments: Material Agreements: Approvals and Permits. Borrower shall comply with all laws, ordinances, regulations, and rules (federal, state, and local) and all judgments, orders, and decrees of any arbitrator, other private adjudicator, or Governmental Authority relating to Borrower or the assets, business, operations, or property of Borrower. Borrower shall comply in all material respects with all material agreements, documents, and

instruments to which Borrower is a party or by which Borrower or any of the assets or property of Borrower is bound or affected.

5.5 Further Assurances. Borrower shall promptly execute, acknowledge, and deliver and, as appropriate, cause to be duly filed and recorded such additional agreements, documents, and instruments and do or cause to be done such other acts as Bank may reasonably request from time to time to better assure, perfect, preserve, and protect the rights and remedies of Bank under the Loan Documents.

5.6 Use of Advances. Borrower shall use proceeds of Advances only to pay expenses incurred in its general operations ("Operating Expenses"). Borrower shall only use proceeds of Advances to pay then due Operating Expenses, and shall only receive such Advances when it has no other available funds to pay such Operating Expenses.

5.7 Taxation of Interest. Each Borrower shall neither take nor fail to take any action which action or failure to act is within the power and authority of such Borrower and would result in interest payable by such Borrower under the Note (i) being included in gross income of Bank for federal income tax purposes, or (ii) otherwise being subject to the federal income tax. Such actions may include, without limitation: making certifications and representations; giving assurances; paying to the United States of America any required amounts representing rebates of arbitrage profits relating to proceeds of Advances to such Borrower; filing forms, statements, and supporting documents as may be required under the Code and Regulations; limiting the term of and yield on investments made with proceeds of Advances to such Borrower; and limiting the use of the proceeds of Advances to such Borrower. In addition to other actions under this Section 5.7, the Cochise County Treasurer, as agent for each Borrower, shall sign and file with the Internal Revenue Service properly completed Forms 8038-G provided by Bank as and when required by the Code and Regulations and shall promptly deliver to Bank a copy of each filed Form 8038-G.

5.8 Registration of Warrants. The Cochise County Treasurer, as agent for each Borrower, shall perform its obligations under Arizona Revised Statutes Section 11-604.01.E, which is hereby incorporated herein by reference.

5.9 Security Interest Grants. Each Borrower shall not grant or suffer to exist any lien, claim, or encumbrance to or in favor of any person or entity other than Bank covering the non-restricted operating revenues of such Borrower (it being understood that Tax Anticipation Notes, General Obligation Bonds, and other payment-source-specific financing commitments of such Borrower deal with operating revenues which are restricted and thus are not "non-restricted operating revenues"). Each Borrower and Bank agree that Bank is entitled to a security interest in the non-restricted operating revenues received by the Cochise County Treasurer on behalf of such Borrower to the extent of any credit extended under this Agreement.

6. COSTS, EXPENSES, AND FEES. Each Borrower agrees to pay on demand all external and internal costs, expenses, and fees (including, without limitation, as applicable, inside and outside attorneys and paralegals costs, expenses, and fees) of Bank (i) in enforcement of the Loan Documents and exercise of the rights and remedies of Bank, (ii) in defense of the legality, validity, binding nature, and enforceability of the Loan Documents and the perfection

and priority of the liens and encumbrances granted in the Loan Documents, (iii) in gaining possession of, holding, preserving, and protecting the Collateral, (iv) otherwise in relation to the Loan Documents, the Collateral, or the rights and remedies of Bank under the Loan Documents or relating to the Collateral, and (v) in preparing for the foregoing, whether or not any legal proceeding is brought or other action is taken. Such costs, expenses, and fees shall include, without limitation, all such costs, expenses, and fees incurred in connection with any bankruptcy, receivership, replevin, or other court proceedings (whether at the trial or appellate level). Borrower agrees to pay interest on such costs, expenses, and fees at the Default Rate from the date incurred by Bank until paid in full. Such interest shall be computed on the basis of a 365 day year and actual days elapsed..

7. BANK'S OBLIGATIONS TO BORROWER ONLY. The obligations of Bank under this Agreement are for the benefit of each Borrower only. No other Person shall have any rights hereunder or be a third-party beneficiary hereof.

8. SURVIVAL. The representations, warranties, and covenants of each Borrower in the Loan Documents shall survive the execution and delivery of the Loan Documents and the making of Advances.

9. INTEGRATION, ENTIRE AGREEMENT, CHANGE DISCHARGE, TERMINATION, WAIVER APPROVAL, CONSENT, ETC. The Loan Documents contain the complete understanding and agreement of each Borrower and Bank and supersede all prior representations, warranties, agreements, arrangements, understandings, and negotiations on the matters set forth in the Loan Documents. No provision of the Loan Documents may be changed, discharged, supplemented, terminated, or waived except in a writing signed by the parties thereto. Delay or failure by Bank to insist on performance of any obligation when due or compliance with any other term or condition in the Loan Documents shall not operate as a waiver thereof or of any other obligation, term, or condition or of the time of the essence provision. Acceptance of late payments shall not be a waiver of the time of the essence provision, the right of Bank to require that subsequent payments be made when due, or the right of Bank to declare an Event of Default if subsequent payments are not made when due. Any approval, consent, or statement that a matter is satisfactory by Bank under the Loan Documents must be in writing executed by Bank and shall be construed to apply only to the Persons and facts specifically set forth in the writing. Delay or failure by the Bank to insist on performance of any obligation when due or compliance with any other term or condition in the Loan Documents shall not operate as a waiver thereof or of any other obligation, term, or condition or of the time of the essence provision.

10. BINDING EFFECT. The Loan Documents shall be binding upon and shall inure to the benefit of Bank and each Borrower and their successors and assigns, provided, however, that a Borrower may not assign any of its rights or delegate any of its obligations under the Loan Documents and any purported assignment or delegation shall be void, and provided further that Bank may sell participations in or assign the loan commitment contained in this Agreement, and may exchange financial information about a Borrower, but not financial information with regard to employees of such Borrower, with actual or potential participants or assignees; provided, however, such actions shall not be taken by Bank without the prior written approval of such Borrower, which approval shall not be unreasonably withheld.

11. SEVERABILITY. If any provision or any part of any provision of the Loan Documents is unenforceable, the enforceability of the other provisions or the other provisions and the remainder of the subject provision, respectively, shall not be affected and they shall remain in full force and effect.

12. CHOICE OF LAW. The Loan Documents shall be governed by the law of the State of Arizona, without giving effect to conflict of laws principles.

13. TIME OF ESSENCE. Time is of the essence with regard to each provision of the Loan Documents as to which time is a factor.

14. NOTICES AND DEMANDS. All demands or notices under the Loan Documents shall be in writing (including, without limitation, telecopy, telegraphic, telex, or cable communication) and mailed, telecopied, telegraphed, telexed, cabled, or delivered to the respective party hereto at the address specified at the end of this Section 14 or such other address as shall have been specified in a written notice. Any demand or notice mailed shall be mailed first-class mail, postage-prepaid, return-receipt-requested and shall be effective upon the earlier of (i) actual receipt by the addressee, and (ii) the date shown on the return-receipt. Any demand or notice not mailed will be effective upon the earlier of (i) actual receipt by the addressee, and (ii) the time the receipt of the telecopy, telegram, telex, or cable is mechanically confirmed.

Addresses for Notices to Borrower:

Cochise County Treasurer's Office
1415 Melody Lane, Building E
Bisbee, AZ 85603
Attn: Marsha Bonham
Cochise County Treasurer
Telephone: (520) 432-8408
Facsimile: (520) 432-8438

Address for Notice to Bank:

JPMorgan Chase Bank, N.A.
201 North Central Avenue
21st Floor, AZ1-1178
Phoenix, AZ 85004
Attn: George W. McManus, Vice President
Telephone: (602) 221-2179
Facsimile: (602) 221-1075

15. RESCISSION OR RETURN OF PAYMENTS. If at any time or from time to time, whether before or after payment and performance of the Obligations in full, all or any part of any amount received by Bank in payment of, or on account of, any Obligation is or must be, or is claimed to be, avoided, rescinded, or returned by Bank to a Borrower or any other Person for any reason whatsoever (including, without limitation, bankruptcy, insolvency, or

reorganization of Borrower or any other Person), such Obligation and any liens, security interests, and other encumbrances that secured such Obligation at the time such avoided, rescinded, or returned payment was received by Bank shall be deemed to have continued in existence or shall be reinstated, as the case may be, all as though such payment had not been received.

16. HEADINGS. The headings at the beginning of each section of the Loan Documents are solely for convenience and are not part of the Loan Documents.

17. MULTIPLE CREDIT ACCOMMODATIONS. If from time to time a Borrower has more than one loan or other credit accommodation with Bank, such Borrower agrees that, unless otherwise agreed by Bank and such Borrower in writing, (i) the Loan Documents and the agreements, documents, and instruments evidencing and relating to such other loan(s) and credit accommodation(s) shall all remain in effect and neither shall supersede the other, regardless of whether the Loan Documents and such other agreements, documents, and instruments have differing terms, conditions, and requirements, and (ii), regardless of any such differences, such Borrower shall comply with all the terms, conditions, and requirements of the Loan Documents and of such other agreements, documents, and instruments.

18. SECURITY INTEREST. Pursuant to Arizona Revised Statutes Section 11-604.41, Bank is entitled to and each Borrower hereby grants to Bank a security interest in the non-restricted operating revenues received by the Cochise County, Arizona, Treasurer on behalf of such Borrower and in all proceeds of such non-restricted operating revenues to secure the Obligations.

19. WAIVER OF SPECIAL DAMAGES. EACH BORROWER WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT BORROWER MAY HAVE TO CLAIM OR RECOVER FROM BANK IN ANY LEGAL ACTION OR PROCEEDING ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES.

20. USURY LAWS. Notwithstanding any other provision of this Agreement, the parties agree that the maximum rate or rates of interest to be charged by Bank hereunder shall not exceed the maximum rates permitted under Section 11-604.01, Arizona Revised Statutes, as it exists on the date hereof. This Section covers the transactions described in this Agreement and any other agreements with Bank or its affiliates executed in connection with this Agreement, to the extent they are subject to the Arizona usury laws (the "Transactions"). Each Borrower understands and believes that the Transactions comply with the Arizona usury laws. However, if any interest or other charges paid or payable in connection with the Transactions are ever determined to exceed the maximum amount permitted by law, such Borrower agrees that:

(a) the amount of interest or other charges payable or paid by such Borrower pursuant to the Transactions shall be reduced to the maximum amount permitted by law; and

(b) any excess amount previously collected from such Borrower in connection with the Transactions which exceeded the maximum amount permitted by law will be credited against the then outstanding principal balance. If the outstanding principal balance has been repaid in full, the excess amount paid will be refunded to such Borrower.

21. COUNTERPARTS. This Agreement may be executed in as many counterparts as necessary or convenient, and by the different parties on separate counterparts each of which, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same agreement.

22. TERMINATION FOR CONFLICT OF INTEREST. This Agreement may be subject to termination under the circumstances described in and as provided in Section 38-511 of the Arizona Revised Statutes. If this Agreement is terminated by a Borrower pursuant to said Section 38-511, all advances for the benefit of such Borrower and accrued interest shall be due and payable immediately.

23. JURY WAIVER. EACH BORROWER AND BANK HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) BETWEEN ANY BORROWER AND BANK ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT. THIS PROVISION IS A MATERIAL INDUCEMENT TO BANK TO PROVIDE THE FINANCING DESCRIBED HEREIN.

[SIGNATURE PAGES FOLLOW]

DATED as of the date first above stated.

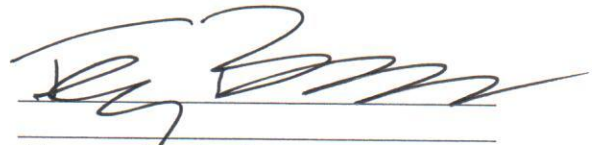
COCHISE COUNTY, ARIZONA

By: _____
Name: _____
Title: Chairman, Board of Supervisors

ATTEST:

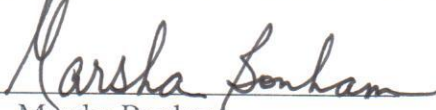
Clerk of the Board

APPROVED AS TO FORM:



Attorney for the County

COCHISE COUNTY TREASURER,
As Agent for the Districts Listed on Schedule I hereto

By: 
Marsha Bonham
Cochise County Treasurer

JPMORGAN CHASE BANK, N.A.

By: _____
Name: _____
Title: _____

SCHEDULE I

FEDERAL TAX ID NUMBERS AND CREDIT LINE LIMITS

[ATTACHED ARE TWO PAGES WITH
CREDIT LIMITS TOTALING \$9,978,000]

SCHEDULE I-A
FEDERAL TAX ID NUMBERS AND CREDIT LINE LIMITS

Name School Districts	District Number	Federal TIN (to be inserted at closing)	Credit Limits
Ft. Huachuca Accommodation School District	0		200,000
Tombstone Unified School District	1		250,000
Bisbee Unified School District	2		30,000
Benson Unified School District	9		150,000
Elfrida Elementary School District	12		75,000
Willcox Unified School District	13		1,500,000
Bowie Unified School District	14		200,000
San Simon Unified School District	18		200,000
St. David Unified School District	21		250,000
Pearce Elementary School District	22		30,000
Valley Union High School District	22		100,000
Naco Elementary School District	23		400,000
Cochise Elementary School District	26		75,000
Douglas Unified School District	27		750,000
Apache Elementary School District	42		20,000
Double Adobe Elementary School District	45		20,000
Palominas Elementary School District	49		1,500,000
Ash Creek Elementary School District	53		200,000
McNeal Elementary School District	55		45,000
Pomerene Elementary School District	64		30,000
Sierra Vista Unified School District	68		2,000,000
Cochise County Flood Control District			75,000
Cochise Technology District			15,000
Naco Light District			3,000
Naco Sanitary District			25,000
Northern Cochise Hospital District			75,000
Pirtleville Light District			3,000
San Pedro Valley Hospital District			75,000
St. David Irrigation District			5,000

Fire Districts			
Babocomari Fire District			2,000
Bowie Fire District			20,000
Cochise County Library District			200,000
Elfrida Fire District			25,000
Fry Fire District			900,000
Mescal J6 Fire District			25,000
Naco Fire District			10,000
Palominas Fire District			100,000
PBW Fire District			4,000
Pirtleville Fire District			10,000
Pomerene Fire District			4,000
San Jose Fire District			10,000
San Simon Fire District			30,000
St. David Fire District			15,000
Sunnyside Fire District			25,000
Sunsites-Pearce Fire District			97,000
Whetstone Fire District			200,000
			\$ 9,978,000

Exhibit A
To
Business Loan Agreement

SPECIMEN OF PROMISSORY NOTE
(DISTRICTS)



OFFICE OF THE
COCHISE COUNTY ATTORNEY
CIVIL DIVISION
P.O. Drawer CA
Bisbee, Arizona 85603

EDWARD G. RHEINHEIMER
COCHISE COUNTY ATTORNEY
Telephone No.: (520) 432-8700
Fax No.: (520) 432-8778

Exhibit B
To
Business Loan Agreement
FORM OF DECLARATION
COCHISE COUNTY

July 3, 2012

George W. McManus, Vice President
JPMorgan Chase Bank, N.A.
Government Banking
201 North Central Avenue
21st Floor, AZ1-1178
Phoenix, AZ 85004

Re: Letter of Declaration for Cochise County, for calendar years 2012 and 2013

Dear Mr. McManus:

Cochise County ("County") has approved obtaining a revolving line of credit ("Line of Credit") for the County from JPMorgan Chase Bank, N.A. ("Bank") pursuant to A.R.S. Section 11-604.01 and requests the County Treasurer to enter into an agreement with the Bank to provide the Line of Credit to the County.

In accordance with the Internal Revenue Code of 1986, as amended from time to time ("Code"), the County hereby certifies that it is reasonably anticipated that the aggregate amount of "tax-exempt obligations" (as defined in Code Section 265(b)(4)) which will be issued by the County during each of the above-referenced calendar years will not exceed \$10,000,000 and hereby designates all borrowings under the Line of Credit as "qualified tax-exempt obligations" (as defined in Code Section 265(b)(3)(B)).

In the event the anticipated amount for either year changes to the extent that the above certification changes, the County agrees to deliver to the Bank a supplement to this letter notifying the Bank of such change.

Exhibit B

To the best of the undersigned's knowledge, information and belief, the expectations set forth in this Declaration are reasonable and there are no other facts, estimates or circumstances that would materially change the expectations expressed herein.

Sincerely,

By: [Signature]
Name: Terry Bannon
Title: DCA

STATE OF ARIZONA)
 : ss
County of Cochise)

Subscribed and sworn before me by Terry Bannon this 3rd day of July, 2012.



[Signature]
Notary Public
Address P.O. Drawer 61
Disbee AZ 85603

Exhibit C
To
Business Loan Agreement
FORM OF ADDENDUM
(DISTRICTS)

ADDENDUM NO. ____

EFFECTIVE DATE: _____

PARTIES:

Borrower

Cochise County, Arizona Board of Supervisors
for each of the Districts listed in Schedule I hereto,
through the Cochise County Treasurer, as their
agent

Bank

JPMorgan Chase Bank, N.A., a national banking
association authorized to do business in the State of
Arizona

RECITAL:

Bank and Borrowers are parties to that certain Business Loan Agreement, dated July 1, 2012 ("Agreement"), and Promissory Note, dated July 1, 2012 ("Note"), as the Agreement and Note have been amended, modified, extended, renewed, restated, or supplemented. Bank and Borrowers desire to enter into this Addendum No. ____ ("Addendum") to modify the Agreement and Note, as described herein.

AGREEMENT:

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Bank and Borrowers agree as follows:

1. Definitions. Unless otherwise defined in this Addendum, the capitalized words and phrases used herein shall have the meanings as described in the Agreement.

2. Modifications to Schedule I. Schedule I to the Agreement and Schedule I to the Note are hereby amended as follows (the "Modifications"):

[The following Districts are hereby added to the Agreement and Note, as Borrowers, and hereby assume all rights and obligations of a Borrower, subject to the credit limits set forth below:]

Name	Federal Tax ID Number	Credit Limits

[The Credit Limits for the following listed Borrowers are hereby modified as follows:]

Name	Federal Tax ID Number	Previous Credit Limits	New Credit Limits

3. Schedule I-A. To incorporate the Modifications into the Agreement and Note, Schedule I to the Agreement, and Schedule I to the Note are hereby deleted in their entirety and replaced with the Schedule attached hereto as Schedule I-A. After the Effective Date, all references in the Agreement and Note to Schedule I shall mean and refer to Schedule I-A, attached hereto.

4. Modification to Commitment Expiration Date. The Commitment Expiration Date is hereby extended from June 30, 201_ to June 30, 201_. After the Effective Date, all references in the Agreement to the Commitment Expiration Date shall mean and refer to June 30, 201_.

5. Commitment Amount Cap/Principal Amount of Note. The Commitment Amount Cap and the Principal Amount of the Note are hereby modified to be in the amount of _____ and NO/100 Dollars (\$ _____) ("Revised Amount"). After the Effective Date, all references in the Agreement to the Commitment Amount Cap and in the Note to the Principal Amount shall mean and refer to the Revised Amount.

6. Full Force and Effect. Except as modified in this Addendum, the terms and conditions of the Loan Documents remain unchanged and in full force and effect.

7. Representations and Warranties. Each Borrower hereby represents and warrants to Bank that the representations and warranties in Section 4 of the Agreement are correct and complete as of the Effective Date with respect to such Borrower, except as Borrower shall have otherwise notified Bank in writing prior to the Effective Date.

8. Governing Law. This Addendum shall be deemed to be a contract made under the laws of the State of Arizona for all purposes and shall be construed in accordance with the laws of said State, without regard to principles of conflicts of law.

IN WITNESS WHEREOF, Bank and Borrowers have caused this Addendum to be executed and delivered as of the Effective Date.

COCHISE COUNTY TREASURER,
As Agent for the Districts Listed on Schedule I hereto

By: _____

Name: _____
Cochise County Treasurer

APPROVED AS TO FORM:



Attorney for the County

JPMORGAN CHASE BANK, N.A.

By: _____

Name: _____

Title: _____

Action 3.
Board of Supervisors

Library District Meeting

Meeting Date: 07/16/2012

Adopt Tentative Library District budget

Submitted By: Katie Howard, Board of Supervisors

Department: Board of Supervisors

Presentation: No A/V Presentation

Document Signatures:

NAME of PRESENTER: Mike Ortega

Mandated Function?:

Recommendation:

of ORIGINALS

Submitted for Signature:

TITLE of PRESENTER: County Administrator

Source of Mandate or Basis for Support?:

Information

Agenda Item Text:

Adopt the Tentative Budget of the Library District for Fiscal year 2012-2013 in the amount of \$2,359,705.

Background:

Annual Tentative Budget adoption. Per ARS 42-17101, the tentative budget must be approved by the Board of Supervisors on or before the third Monday in July (July 16th, this year). Following the Board's approval, the tentative budget must be published--together with a notice of Public Hearing on the budget and a Truth-In-Taxation hearing notice (if required), once a week for two consecutive weeks in the official county newspaper. (Note: A Truth-In-Taxation notice is not required this year.)

The Truth-In-Taxation hearing, and the Public Hearing on the budget, will be held at the Board of Supervisors Hearing Room on Monday, August 6, 2011 at 10:00 a.m.

The tax rates and levies will be adopted by the Board at a subsequent special meeting on Monday, August 20th, in the same location and also at 10:00 a.m.

Department's Next Steps (if approved):

Publish the budget, TNT notice and notice of public hearing pursuant to the requirements set forth in the statutes.

Impact of NOT Approving/Alternatives:

Cochise County must adopt a Tentative Budget no later than the third Monday in July.

To BOS Staff: Document Disposition/Follow-Up:

See Dept's next steps, above.

Attachments

1213LibraryBudget

COCHISE COUNTY LIBRARY DISTRICT 2012-13 TENTATIVE BUDGET		
LINE ITEM DESCRIPTION	2011-12 ADOPTED BUDGET	2012-13 TENTATIVE BUDGET
Revenues:		
Real Estate Tax - Current	1,460,369	1,417,742
Real Estate Tax - Delinq	20,000	20,000
Pers Prop Tax - Current	60,849	59,072
Pers Prop Tax - Delinq	1,500	1,500
Interest	8,000	6,000
Miscellaneous	2,000	2,000
Contingency	0	0
Cash Carry Forward	844,147	853,391
Total Revenue	2,396,865	2,359,705
Expenditures:		
Unclassified Salaries	72,409	73,525
Classified Salaries	401,038	409,589
Temporary Salaries	5,000	5,000
Salary Adjustments	0	0
Benefits	182,687	192,058
Books and Periodicals	150,957	162,254
Office Supplies	7,000	7,000
Operating Supplies	0	0
Small Equipment	1,500	1,500
Accountable Equipment	500	500
Professional Services	58,500	70,713
Communications	35,593	35,593
Travel/Fleet	55,306	59,762
Printing and Binding	0	0
Office Eq. Opr. Leases	3,980	3,980
Repairs and Maintenance	500	0
Transfer to Other Funds	130,000	130,000
Other Charges	442,480	414,191
Capital Equipment	10,000	0
Contingency	839,415	794,040
Total Expenditures	2,396,865	2,359,705

2011 Tax Rate 0.1451
2011 Levy \$1,521,218

2012 Tax Rate 0.1451
2012 Levy \$1,476,814