

RESOLUTION

No. 2017-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF SAN LUIS FACILITY DEVELOPMENT CORPORATION (THE “CORPORATION”) AUTHORIZING:

(1) THE POSSIBLE SALE AND/OR AUCTION OF THE CORPORATION’S SAN LUIS REGIONAL DETENTION AND SUPPORT CENTER, (2) AN AMENDMENT TO THE CORPORATION’S ARTICLES OF INCORPORATION TO PERMIT SUCH A SALE, AND (3) THE CONDITIONAL REDEMPTION OF THE CORPORATION’S SERIES 2014 AND SERIES 2014A BONDS WITH THE PROCEEDS OF ANY SUCH SALE .

WHEREAS, San Luis Facility Development Corporation, a nonprofit corporation incorporated and existing pursuant to the laws of the State of Arizona (the “Corporation”), was formed to transact any or all lawful business for which nonprofit corporations may be incorporated under the laws of the State of Arizona (the “State”), including, without limiting the generality of the foregoing, any civic or charitable purpose such as financing or refinancing the cost of acquiring, constructing, reconstructing or improving buildings, equipment or other real and personal properties; and

WHEREAS, the Corporation currently owns the San Luis Regional Detention and Support Center (the “Detention Center”) and desires to sell the Detention Center; and

WHEREAS, the Corporation financed and refinanced the construction, development and expansion of the Detention Center by the issuance of bonds under and in accordance with a Trust Indenture dated as of October 1, 2005 (the “2005 Indenture”) by and between U.S. Bank National Association, as trustee (the “Trustee”) and the Corporation, as amended and supplemented by a First Supplemental Trust Indenture dated as of February 1, 2011 (the “First Supplemental Indenture”), a Second Supplemental Trust Indenture dated as of March 27, 2014 (the “Second Supplemental Indenture”), a Third Supplemental Indenture dated as of April 1, 2014 (the “Third Supplemental Indenture”) and a Fourth Supplemental Indenture dated as of July 1, 2014 (the “Fourth Supplemental Indenture”); and

WHEREAS, the construction, development and expansion of the Detention Center was financed by the Corporation with its previously issued \$27,795,000 San Luis Facility Development Corporation Senior Lien Project Revenue Bonds (San Luis Regional Detention and Support Center Project), Series 2005 (the “Series 2005 Bonds”) and its \$20,165,000 San Luis Facility Development Corporation Senior Lien Project Revenue Bonds (San Luis Regional Detention and Support Center Expansion Project),

Series 2011 (the “Series 2011 Bonds”) under the Trust Indenture and the First Supplemental Indenture; and

WHEREAS, the Corporation refinanced the Series 2005 Bonds under the Third Supplemental Indenture by the issuance of its \$26,090,000 Senior Lien Taxable Refunding Revenue Bonds (San Luis Regional Detention and Support Center Project) Series 2014 (the “Series 2014 Bonds”); and

WHEREAS, the Corporation refunded the Series 2011 Bonds under the Fourth Supplemental Indenture by the issuance of its \$20,835,000 Senior Lien Taxable Refunding Revenue Bonds (San Luis Regional Detention and Support Center Project) Series 2014A (the “Series 2014A Bonds”); and

WHEREAS, the Corporation has now conditionally determined to redeem the Series 2014 Bonds and the Series 2014A Bonds with the proceeds of the sale of the Detention Center at such time as when such a sale is consummated; and

WHEREAS, the Corporation will ensure that the net proceeds from any such sale of the Detention Center will be in an amount sufficient to redeem in full the Series 2014 Bonds and the Series 2014A Bonds, and if such proceeds are not sufficient, then the Corporation will not redeem Series 2014 Bonds and the Series 2014A Bonds or complete the sale of the Detention Center; and

WHEREAS, following its receipt of a fully executed purchase and sale agreement or signed letter of intent or other agreement to sell the Detention Center deemed satisfactory by the Corporation, the Corporation intends to provide conditional notice to the Trustee of its intent to redeem the Series 2014 Bonds and the Series 2014A Bonds, which notice will be conditioned upon the receipt of sufficient proceeds from the sale of the Detention Center to redeem the Series 2014 Bonds and the Series 2014A Bonds in full; and

WHEREAS, the Corporation is authorized and empowered, among other things, to (a) sell the Detention Center at any time, (b) execute a letter of intent or other agreement and/or purchase and sale agreement with a buyer in connection with any such sale of the Detention Center, (c) amend its Articles of Organization to permit a sale of the Detention Center, (d) redeem the Series 2014 Bonds and the Series 2014A Bonds, (e) enter into any and all necessary documents and effectuate the transactions described herein, and (f) enact this Resolution and enter into the transactions described herein; and

WHEREAS, there have been placed on file with the Secretary-Treasurer of the Corporation and presented to this meeting a form of Conditional Notice of Redemption for the Series 2014 Bonds and the Series 2014A Bonds, which form will be dated, signed and delivered to the Trustee at such time as the Corporation has executed a Resolution No. 2017-02

purchase and sale agreement or signed letter of intent or other agreement to sell the Detention Center with a buyer approved by the Corporation; and

WHEREAS, there have been placed on file with the Secretary-Treasurer of the Corporation and presented to this meeting a form of Articles of Amendment, which amendment when filed with the Arizona Corporation Commission will amend the Corporation's existing filed Articles of Incorporation to permit a sale of the Detention Center.

WHEREAS, the Corporation desires to approve the sale of the Detention Center, conditioned upon the receipt of (a) a fully executed purchase and sale agreement or signed letter of intent or other agreement to sell the Detention Center in form approved by the Corporation's officers and legal advisors, and with a buyer approved by the Corporation's officers, and (b) sufficient proceeds of the sale to redeem in full the Series 2014 Bonds and the Series 2014A Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN LUIS FACILITY DEVELOPMENT CORPORATION, THAT:

Section 1. In addition to words and terms elsewhere defined in this Resolution, the capitalized words and terms used herein shall have the meanings given in the Indenture.

Section 2. All actions (not inconsistent with the provisions of this Resolution) heretofore taken by or at the direction of the Corporation and its officers directed toward the sale of the Detention Center and the conditional redemption in full of the Series 2014 Bonds and the Series 2014A Bonds are hereby approved and ratified.

Section 3. It is hereby determined that: (i) the Corporation desires to sell the Detention Center for the purpose of redeeming in full the Series 2014 Bonds and the Series 2014A Bonds; and (ii) the Corporation is authorized by law and its governing documents and deems it necessary to sell the Detention Center for the purpose of redeeming in full the Series 2014 Bonds and the Series 2014A Bonds.

Section 4. The form of Conditional Notice of Redemption for the Series 2014 Bonds and the Series 2014A Bonds is hereby approved and authorized to be dated and executed by the President of the Corporation and provided to the Trustee at such time as the Corporation has executed a purchase and sale agreement or signed letter of intent or other agreement to sell the Detention Center in form approved by the Corporation's officers and legal advisors, and with a buyer approved by the Corporation.

Section 5. The sale by auction or otherwise of the Detention Center, conditioned upon the receipt of sufficient proceeds of the sale to redeem in full the Series 2014 Bonds and the Series 2014A Bonds is hereby authorized and approved, subject to the

negotiation of a letter of intent or other agreement and/or a purchase and sale agreement acceptable to the Corporation's officers and legal advisors.

Section 6. The President, the Vice President or the Secretary-Treasurer, or any of such officers, is hereby authorized, empowered and directed to date, execute and deliver the Conditional Notice of Redemption for the Series 2014 Bonds and the Series 2014A Bonds, to execute and deliver a letter of intent or other agreement and/or a purchase and sale agreement for the sale of the Detention Center and to execute and deliver any additional documents, certificates, consents or instruments as are necessary or desirable to effectuate the sale of the Detention Center and the redemption of the Series 2014 Bonds and the Series 2014A Bonds, including any agreement with a third party to market the Detention Center for sale and/or to host or conduct a sale auction of the Detention Center, all in forms acceptable to the Corporation's officers and legal advisors.

Section 7. The officers of the Corporation shall take all action necessary or reasonably required to carry out, give effect to and consummate the transactions contemplated by this Resolution, including without limitation, the execution and delivery of the closing and other documents required to be delivered in connection with the sale of the Detention Center and the redemption in full of the Series 2014 Bonds and the Series 2014A Bonds.

Section 8. The undersigned hereby acknowledges and confirms that the Board of Directors of the Corporation unanimously approved the Articles of Amendment presented at a meeting of the Board of Directors. The President, the Vice President or the Secretary-Treasurer, or any of such officers, is hereby authorized, empowered and directed to date, execute and file with the Arizona Corporation Commission the Articles of Amendment and to publish the same in accordance with Arizona Revised Statute Section 10-11006.

Section 9. Following any sale of the Detention Center, the Corporation shall remain in existence and shall not be dissolved until such time as any existing contracts with the United States Marshals Service or any other governmental entity related to the use of the Detention Center have expired by their terms or have been assigned to the buyer of the Detention Center or its property manager, unless such buyer shall agree in writing to the earlier dissolution of the Corporation.

Section 10. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 11. Any provisions of any articles of incorporation, bylaws, orders, procedural pamphlets and resolutions inconsistent herewith are hereby waived to the

extent only of such inconsistency. This waiver shall not be construed as reviving any bylaw, order or resolution or any part thereof.

Section 12. This Resolution shall be effective immediately.

[Signature page follows]

PASSED AND ADOPTED this ____ day of June, 2017

San Luis Facility Development Corporation

By _____
Jenny Torres, President

ATTEST:

APPROVED AS TO FORM:

Secretary-Treasurer,
San Luis Facility Development
Corporation

Kay Marion Macuil, Attorney
San Luis Facility Development
Corporation