RESOLUTION NO. 2518

A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, ORDERING THE SALE OF $1,525,000 PRINCIPAL AMOUNT OF TOWN OF PAYSON, ARIZONA, GENERAL OBLIGATION BONDS (PROJECT OF 2003), SERIES 2009.

BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, as follows:

Section 1. Town of Payson, Arizona (the "Town"), General Obligation Bonds, (Project of 2003) Series 2009 (the "*Bonds*"), in the principal amount of $1,525,000, are hereby ordered to be sold by an on-line bidding process pursuant to Title 35, Chapter 3, Article 3, Arizona Revised Statutes, as amended, and substantially in accordance with the Notice Inviting Bids for the Purchase of Bonds (the "*Notice*") on file with the Town Clerk. The proceeds from the sale of the Bonds will be used to purchase real property for anew fire station, to build and equip a new fire station and, if funds remain after such construction, for any other purpose authorized at the election that approved the issuance of the Bonds.

Section 2. The Town Manager (the "Manager") is hereby authorized and directed to finalize the terms of the Notice and to reject all bids or accept the lowest cost bid received for the purchase of the Bonds, subject to ratification by the Mayor and Council of the Town. No defect or error in such Notice shall affect or invalidate the sale of the Bonds. The Manager is hereby authorized to cause a preliminary official statement to be prepared in compliance with Section 240.15c2-12, General Rules and Regulations, Securities and Exchange Act of 1934 (the "*Rule*"), and is authorized to deem such preliminary official statement "final" for purposes of the Rule.

Section 3. All bids for the Bonds will be received through the online bidding process at the Thomson Financial PARITY® System. The Manager shall cause an official bid form to be created for the electronic bidding. The Town will assume no responsibility for the proper functioning of the PARITY® System, for any error contained in any bid submitted electronically, or failure of any bid to be transmitted, received or opened at the official time for receipt of bids.

Section 4. The Manager, Stone & Youngberg LLC, the Town's Financial Advisor, and Gust Rosenfeld PLC, the Town's Bond Attorney, are authorized and directed to draft and circulate a preliminary official statement. The Manger is authorized to approve the preliminary official statement and to cause the preliminary official statement, the completed Notice and a form of bid to be circulated among potential bidders for the Bonds. The Town Manager is further authorized and directed to engage the use of Thompson Financial's PARITY® System for on-line bidding on the Bonds. The Financial Advisor for the Town is hereby authorized to submit a bid on the Bonds.

PASSED AND ADOPTED on September 24, 2009.

_____
Mayor

ATTEST:

_____
Clerk

APPROVED AS TO FORM:

_____
Bond Counsel

CERTIFICATION

I, Silvia Smith, the duly appointed and acting Town Clerk of the Town of Payson, Arizona, do hereby certify that the above and foregoing Resolution No. _____ was duly passed by the Town Council of the Town of Payson, Arizona, at a regular meeting held on September 24, 2009, and the vote was ____ aye's and ___ nay's and that the Mayor and ___ Council Members were present thereat.

DATED: September 24, 2009.

_____
Town Clerk

$1,525,000*
TOWN OF PAYSON, ARIZONA
GENERAL OBLIGATION BONDS
(PROJECT OF 2003) SERIES 2009

NOTICE INVITING BIDS FOR THE PURCHASE OF BONDS
(Electronic Bidding Only)

NOTICE IS HEREBY GIVEN that unconditional bids will be received to and including the hour of 10:00 a.m., Pacific Daylight Time ("*PDT*"), on October __, 2009, by the Town of Payson, Arizona (the "*Town* "), for the purchase of all, but not less than all, of $1,525,000* aggregate principal amount of the Town's General Obligation Bonds, (Project of 2003) Series 2009 (the "*Bonds*"). A bid may be submitted only through the facilities of PARITY® ("*PARITY*"). The proceeds from the sale of the Bonds will be used to construct a new fire station. Submission of bids is further discussed below. The Town Manager or Stone & Youngberg LLC, the Financial Advisor to the Town (the "*Financial Advisor*") will announce the bids received at such time. The Mayor and Council will meet at the hour of ___:00 p.m. on October __, 2009, for the purpose of considering bids received and, if an acceptable bid is received, awarding the contract for the purchase of the Bonds.

The Town reserves the right to continue the date for receipt of bids. If the date for receipt of bids is continued, prior to 10:00 a.m. PDT on October __, 2009, or prior to 10:00 a.m. PDT on the day prior to the date to which receipt of bids has been continued, the Town will give notice of the continuance by PARITY at *www.i-Deal.com*.

The Bonds will be dated as of the date of initial delivery, and will bear interest from their date to the maturity of each of the Bonds at a rate or rates per annum of not to exceed twelve percent (12.0%). Interest on the Bonds is payable semiannually on January 1 and July 1 commencing _____ 1, 20__. The Bonds will mature on July 1 in the years and in the principal amounts as follows:

Maturity Date (July 1)	Principal Amount	Maturity Date (July 1)	Principal Amount

* Preliminary, subject to change

MODIFICATION OF MATURITY SCHEDULE. The Town reserves the right to modify the maturity amounts in each year, in $5,000 increments, as necessary to produce, as nearly as practicable, level annual debt service based on the interest rates bid. The maturity dates and total principal amount of the issue will not change. The winning bidder will be notified of the final maturity schedule within 24 hours of the receipt of bids.

Bidders may specify that the principal amount of Bonds scheduled to mature on and after July 1, 20__ be combined into term bonds maturing on or before July 1, 20__ and be subject to mandatory redemption in accordance with the schedule above. Serial maturities converted to a term bond, as specified, must bear the same rate of interest.

TIME FOR RECEIPT OF BIDS. Bids will be received to and including the hour of 10:00 a.m., PDT. The time maintained by PARITY shall constitute the official time.

ELECTRONIC BIDDING PROCEDURES: Bids must be submitted only through the facilities of PARITY. Bids must be submitted on the official bid form that resides on the PARITY system (the "*Official Bid Form*"), without alteration or interlineation. Subscription to the Thomson Financial Municipal Group's BIDCOMP Competitive Bidding System is required in order to submit a bid. The Town will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. The Town is using PARITY as a communications media, and not as the Town 's agent, to conduct electronic bidding for the Bonds.

All bids made through the facilities of PARITY shall be deemed irrevocable offers to purchase the Bonds on the terms provided in this Notice Inviting Bids for the Purchase of Bonds and shall be binding upon the entity making the bid as if made by a signed, sealed bid delivered to the Town . Neither the Town nor the Financial Advisor shall be responsible for any malfunction or mistake made by, or as result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice Inviting Bids for the Purchase of Bonds shall conflict with information provided by PARITY, as the approved provider of electronic bidding services, this Notice Inviting Bids for the Purchase of Bonds shall control. Further information about PARITY, including any fee charged, may be obtained from BIDCOMP/PARITY, 1359 Broadway, 2nd Floor, New York, New York 10018, Attn: Customer Support (212.849.5021).

Bidders are requested to state in their bids the true interest cost to the Town , as described under "AWARD AND DELIVERY" herein. All electronic bids shall be deemed to incorporate the provisions of this Notice Inviting Bids for the Purchase of Bonds in the Official Bid Form.

Only Financial Industry Regulatory Authority registered broker-dealers and dealer banks with DTC (as defined below) clearing arrangements will be eligible to submit proposals for the Bonds.

PURPOSE: The Bonds are being issued for the purpose of paying the costs of building a fire station and other fire related improvements and to pay the costs of issuance of the Bonds.

OPTIONAL REDEMPTION: Bonds maturing on or before July 1, 20___, are not subject to call for redemption prior to maturity. Bonds maturing on or after July 1, 20___ are subject to call for redemption prior to maturity, at the option of the Town , in whole or in part, on any date on or after July 1, 20__, by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus interest accrued to the date fixed for redemption, but without premium.

TERM BONDS AND MANDATORY REDEMPTION: As noted hereinabove, an entity submitting a proposal may specify that the principal amount of serial Bonds scheduled to mature in one or more of the years 20__ through 20__, inclusive, shall be combined into one or more term Bonds maturing in the years as specified, which are subject to mandatory redemption, by lot, selected by the Bond Registrar and Paying Agent annually until payment at maturity in the principal amounts shown in the maturity schedule above at par and accrued interest to the date fixed for redemption, without premium. If so specified, then serial Bonds converted into a single term Bond must bear the same rate of interest.

NOTICE OF REDEMPTION: So long as the Bonds are held under the Book-Entry-Only System, as defined below, notices of redemption will be sent only to DTC by mail, facsimile, wire or other generally accepted electronic means. If the Book-Entry-Only System is discontinued, notice of redemption of any Bond will be mailed to the registered owner of the Bond or Bonds being redeemed at the address shown on the bond register maintained by the registrar not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Failure to properly give notice of redemption shall not affect the redemption of any Bond for which notice was properly given.

BOND INSURANCE: A bidder may obtain municipal bond insurance at its option and expense.

REGISTRATION AND TRANSFER: [_____] will serve as bond registrar and paying agent with respect to the Bonds (the "*Registrar*"). If the Book-Entry-Only System is discontinued, the Registrar will administer registration and transfer of the Bonds and the Bonds will be transferable only upon the bond register to be maintained by the Registrar upon surrender to the Registrar. The Registrar may be changed without notice to any owner or beneficial owner of the Bonds.

PAYMENT OF BONDS: So long as the Bonds are held under the Book-Entry-Only System, all payments of principal, interest and premium, if any, shall be paid to DTC (as defined below). If the Book-Entry-Only System is discontinued, interest on the Bonds shall be payable by check mailed on or prior to the interest payment date to the Owners of the Bonds at the addresses of such owners as they appear on the books of the Registrar on the record date (as described hereafter). Principal of, and premium, if any, on the Bonds shall be paid when due upon surrender of such Bonds at the designated corporate trust office of the Registrar (unless the Owner of the Bonds is eligible for payment by wire transfer). If the Book-Entry-Only System is discontinued, upon prior written request of an Owner of at least $1,000,000 in principal amount of Bonds outstanding or on any Bonds held by a securities depository made at least twenty (20) days prior to an interest payment date, all payments of interest and, if adequate provision for surrender is made, principal and premium, if any, shall be paid by wire transfer in immediately available funds to an account within the United States of America designated by such Owner of the Bonds. Payment of principal and interest as to Bonds held by securities repositories shall be paid by wire transfer.

RECORD DATE: The record date for determination of ownership for payment of interest shall be the fifteenth calendar day prior to an interest payment date. The Registrar shall pay interest to the Owners of record on the record date notwithstanding that transfers of ownership may occur on any Bond between the record date and the next interest payment date.

BOOK-ENTRY-ONLY SYSTEM: The Bonds will be initially issued to, and registered in the name of, Cede & Co., as nominee of The Depository Trust Company, New York, New York ("*DTC*"). DTC will act as the securities depository of the Bonds through a book-entry-only system (the "*Book-Entry-Only System*"). Under the Book-Entry-Only System, beneficial ownership interests in the Bonds will be available in book-entry form only through direct or indirect DTC participants.

Ownership interests in the Bonds may be purchased in principal amounts of $5,000 or integral multiples thereof.

Transfers of beneficial ownership interest in the Bonds will be accomplished by book entries made by DTC and the DTC Participants or Indirect DTC Participants who act on behalf of the Beneficial Owners. For every transfer and exchange of a beneficial interest in the Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the Bond Registrar and Paying Agent and the Town and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is not a successor securities depository), physical certificates representing the Bonds will be registered in the names of the Beneficial Owners and executed and delivered. In addition, the Town may determine to discontinue the Book-Entry-Only System of transfers through DTC (or a successor securities depository). In such event, physical certificates representing the Bonds will be registered in the names of the Beneficial Owners and executed and delivered. Upon registration of Bonds in the Beneficial Owner's name, the Beneficial Owners will become the owners of the Bonds (the "*Owners of the Bonds*") for all purposes, including the receipt of principal and interest payments and notices with respect to the Bonds. See "THE BONDS-Book-Entry-Only System" in the Official Statement.

SECURITY: Principal of and interest on the Bonds are secured by a continuing, direct ad valorem tax levied against all of the taxable property located within the boundaries of the Town without limit as to rate or amount.

INTEREST RATES: Bids for the purchase of the Bonds must state the rate or rates of interest to be paid and no bid at a price less than the par value of the Bonds, together with all accrued interest thereon at the date of delivery of the Bonds, will be considered. All Bonds of the same maturity must bear the same rate of interest. The highest rate bid shall not exceed the lowest rate by more than two percent (2.0%) per annum. Bids must be expressed in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent. Interest will be calculated on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

Any interest rate bid which would result in an interest payment amount having fractional cents will be deemed a waiver of the right to payment of such fractional cents. No fractional cents will be paid or accumulated for payment on any Bond.

MAXIMUM NET PREMIUM AND INFORMATION TO BE PROVIDED BY WINNING BIDDER: The Bonds may not be reoffered to produce a Net Premium (as hereinafter defined) associated with the Bonds in excess of the greater of $100,000 or two percent (2.0%) of the par value of the Bonds. **REOFFERING THE BONDS AT A NET PREMIUM IN EXCESS OF THE GREATER OF $100,000 OR TWO PERCENT (2.0%) OF THE FINAL PAR AMOUNT OF THE BONDS WILL CAUSE THE BONDS TO BE INVALID.** The term "Net Premium" means the difference between the par amount of the Bonds and the issue price of the Bonds determined pursuant to United States Treasury Regulations. The issue price of the Bonds is the aggregate of the issue price of each maturity of the Bonds. The issue price of each maturity of the Bonds is that initial offering price to the public (excluding bond houses, brokers and similar persons or organizations acting in the capacity of underwriters or wholesalers) at which a substantial amount of Bonds of that maturity (at least 10% of such maturity) are reasonably expected to be sold as of the date of the award. If the offering prices certified by the winning bidder cause the Net Premium to exceed the greater of $100,000 or two percent (2.0%) of the final par amount of the Bonds, the award will be cancelled, the Bonds will not be delivered to the winning bidder and the bidder's deposit (as described below) will be retained and forfeited as liquidated damages.

INFORMATION TO BE PROVIDED BY WINNING BIDDER: The winning bidder will be required to furnish to the Town , within twenty-four (24) hours after the award of the Bonds, a

certificate in a form acceptable to Bond Counsel stating that a bona fide public offering of the Bonds has been made and setting forth the offering prices at which a substantial amount of the Bonds of each maturity is reasonably expected to be sold to the public (excluding bond houses, brokers and similar persons or organizations acting in the capacity of underwriters or wholesalers) as of the date of the award.

FORM OF BID; GOOD FAITH DEPOSIT; FINANCIAL ADVISOR MAY SUBMIT BID: The prescribed form of bid for the Bonds will be available on the PARITY® system and all bids must be submitted on the Official Bid Form. Bids, regardless of method of submission, shall be accompanied by a deposit in the amount of two percent (2.0%) of the final par amount of the Bonds, in the form of a certified or cashier's check payable to the Town , a wire transfer to the Town , or Financial Surety Bond which guarantees such bidder's bid (the "*Deposit*") delivered to the Town prior to the time proposals will be opened. Each bidder shall be solely responsible for the timely delivery of their Deposit whether by check, wire transfer or Financial Surety Bond. Neither the Town nor the Financial Advisor has any liability for delays in the transmission of the Deposit.

Any Deposit made by **certified or cashier's check** should be made payable to the Town and delivered to _____, Treasurer, Town of Payson, 303 North Beeline Highway, Payson, Arizona 85541.

Any Deposit sent via **wire transfer** should be sent to the Town according to the following instructions: (Payson bank information) _____, _____, _____, ABA #_____ For credit to Town of Payson, Arizona General Obligation Bonds, (Project of 2003) Series 2009, Account #_____

Contemporaneously with such wire transfer, the bidder shall send an e-mail to _____ (_____), Grant Hamill (*ghamillS@syllc.com*) and Sandra Park (*spark@syllc.com*), including the following information; (i) indication that a wire transfer has been made, (ii) the amount of the wire transfer, (iii) the issue to which it applies, and (iv) the return wire instructions if such bidder is not awarded the Bonds.

Any Deposit made by the successful bidder by check or wire transfer will be retained by the Town following the award of the Bonds. Any Deposit made by check or wire transfer by an unsuccessful bidder will be returned to such bidder following Town action relative to an award of the Bonds.

If a **Financial Surety Bond** is used, it must be from an insurance company licensed to issue such a bond in the State of Arizona and pre-approved by the Town . Such Financial Surety Bond must be submitted to the Town prior to the opening of the bids. The Financial Surety Bond must identify each bidder whose Deposit is guaranteed by such Financial Surety Bond. If the Bonds are awarded to a bidder using a Financial Surety Bond, then the winning bidder is required to submit its Deposit to the Town in the form of a certified or cashier's check or wire transfer as instructed by the Financial Advisor not later than 1:00 p.m., PDT, on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the Town to satisfy the Deposit requirement.

The Deposit received from the winning bidder, the amount of which will be deducted at settlement, will be deposited by the Town and no interest will accrue to the winning bidder. In the event the winning bidder fails to comply with the accepted bid, said amount will be retained by the Town .

The Financial Advisor to the Town has reserved the right to bid on the Bonds and has been grated approval by the Town to submit a bid on the Bonds.

CUSIP NUMBERS: CUSIP numbers will be placed on the Bonds, but neither failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or

refusal by the winning bidder to accept delivery of and pay for the Bonds in accordance with the terms of the sale. No CUSIP number will be deemed to be part of any Bond or of the contract evidenced thereby.

RIGHT OF REJECTION: The Town reserves the right in its discretion to reject any and all bids received and to waive any irregularity or informality in the bids, except that the time for receiving bids shall be of the essence.

COST OF BOND FORMS: The Town shall bear the cost of preparing the Bonds and will furnish fully executed Bonds, registered in the name of the purchaser or nominees, to the winning bidder upon payment therefor.

AWARD AND DELIVERY: Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid results in the lowest true interest cost to the Town . The true interest cost will be determined by computing the aggregate amount of interest payable on the Bonds from their date to their respective maturity dates, deducting therefrom any premium. Delivery of the Bonds will be made to the winning bidder (the "*Purchaser*") upon payment in Federal or immediately available funds at the offices of Gust Rosenfeld P.L.C. Phoenix, Arizona ("*Bond Counsel*"), or, at the Purchaser's request and expense, at any other place mutually agreeable to both the Town and the Purchaser.

CANCELLATION: Bidders are to take notice that, pursuant to Arizona law, if, within three (3) years from the award of the contract to purchase the Bonds, any person who was significantly involved in initiating, negotiating, securing, drafting or creating the contract for the purchase of the Bonds on behalf of the Town becomes an employee or agent of the Purchaser in any capacity or a consultant to the Purchaser with respect to the contract for the purchase of the Bonds, the Town may cancel the contract without penalty or further obligation by the Town . In addition to such cancellation, the Town may recoup any fees or commissions paid or due to any person who was significantly involved in initiating, negotiating, securing, drafting or creating the contract for the purchase of the Bonds on behalf of the Town .

LEGAL OPINION: The Bonds are sold with the understanding that the Town will furnish the Purchaser with the approving opinion of Bond Counsel. Said attorneys have been retained by the Town as Bond Counsel and in such capacity are to render their opinion only upon the legality of the Bonds under Arizona law and on the exemption of the interest income on such Bonds from Federal and State of Arizona income taxes (see "Tax-Exempt Status" below). Fees of Bond Counsel for services rendered in connection with such approving opinion are expected to be paid from Bond proceeds. Except to the extent necessary to issue its approving opinion as to validity of the Bonds, Bond Counsel has not been requested to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials. In submitting a bid for the Bonds, the bidder agrees to the representation of the Town by Bond Counsel.

TAX-EXEMPT STATUS: In the opinion of Bond Counsel under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the Town , interest income on the Bonds is excluded from gross income for purposes of calculating federal income taxes and is exempt from Arizona income taxes.

Should changes in the law cause Bond Counsel's opinion to change prior to delivery of the Bonds to the Purchaser, the Purchaser will not be obligated to pick up and pay for the Bonds, and the Purchaser's Deposit will be returned.

[**QUALIFIED TAX-EXEMPT OBLIGATIONS**: The Bonds will be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "*Code*").]

PRELIMINARY OFFICIAL STATEMENT DEEMED FINAL, DELIVERY OF FINAL OFFICIAL STATEMENT: Acting through its Town Treasurer, the Town will deem the Preliminary Official Statement provided in connection with the sale of the Bonds to be final as of its date, as required by Section 240.15c(2)(12), General Rules and Regulations, Securities Exchange Commission Act, 1934, except for the omission of offering prices, selling compensation, delivery dates, terms to be specified in the winning bidder's bid, ratings, other terms depending on such matters and the identity of the Purchaser, all as may be necessary for the Town to complete a final official statement.

Within twenty-four (24) hours after the award of the Bonds, the Purchaser must provide the Town with all necessary offering price information, selling compensation information, all other terms of the sale which are depending on such matters and any Purchaser information, all as may be necessary for the Town to complete the final Official Statement.

Within seven (7) business days after the award of the Bonds, the Town will provide the Purchaser with up to fifty (50) copies of the final Official Statement at no cost. The final Official Statement will be in substantially the same form as the Preliminary Official Statement with such additions, deletions or revisions as the Town deems necessary.

The Town will deliver at closing an executed certificate stating that as of the date of delivery the information contained in the final Official Statement, including any supplement, relating to the Town and the Bonds is true and correct in all material respects and that such final Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

NO LITIGATION AND NON-ARBITRAGE: The Town will deliver a certificate to the effect that no litigation is pending affecting the issuance and sale of the Bonds. The Town will also deliver an arbitrage certificate covering its reasonable expectations concerning the Bonds.

CONTINUING DISCLOSURE: The Town will enter into an undertaking for the benefit of the owners and beneficial owners of the Bonds to provide both annual financial information (and audited financial statements when available) and material events disclosure to nationally recognized municipal securities information repositories and State of Arizona information depositories, if any.

ADDITIONAL INFORMATION: Copies of the Official Bid Form and Notice Inviting Bids for the Purchase of Bonds and the Official Statement will be furnished to any bidder upon request made to the Clerk of the Town of Payson, Arizona; or to Stone & Youngberg LLC, Suite 280, 2555 E. Camelback Road, Phoenix, Arizona 85016, telephone (602) 794-4000, Financial Advisor to the Town .

TOWN OF PAYSON, ARIZONA