



# La Paz County Board of Supervisors

1108 Joshua Avenue  
Parker, Arizona 85344

(928) 669-6115 TDD (928) 669-8400 Fax (928) 669-9709

[www.co.la-paz.az.us](http://www.co.la-paz.az.us)

D. L. Wilson - District 1 Ron Drake - County Administrator  
Duce Minor - District 2  
Holly Irwin - District 3

## RESOLUTION NO. 2018-15

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF LA PAZ COUNTY, ARIZONA, APPROVING THE PROCEEDINGS OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF LA PAZ, ARIZONA RELATIVE TO THE ISSUANCE OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF LA PAZ, ARIZONA TAX EXEMPT REVENUE BONDS (AMERICAN FIBER OPTICS, LLC) SERIES 2018A AND TAXABLE REVENUE BONDS (AMERICAN FIBER OPTICS, LLC) SERIES 2018B IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$23,500,000**

**WHEREAS**, The Industrial Development Authority of the County of La Paz, Arizona, an Arizona nonprofit corporation designated a political subdivision of the State of Arizona (the “*Issuer*”) pursuant to the Industrial Development Financing Act, Title 35, Chapter 5, Arizona Revised Statutes, as amended (the “*Act*”) is authorized to issue bonds and to use the proceeds thereof to provide money to make loans for the purpose of financing or refinancing the acquisition, construction, improvement or equipping of projects (as that term is defined in the Act), including facilities owned or operated by a nonprofit organization as described in Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended (the “*Code*”); and

**WHEREAS**, the Act provides that the Issuer may exercise its powers, including the power to issue bonds, to provide financing or refinancing of “projects” located within the State of Arizona or outside the State of Arizona, provided the Board of Directors of the Issuer has determined the exercise of such powers will provide a benefit within the State of Arizona; and

**WHEREAS**, American Fiber Optics, LLC, an Arizona limited liability company (the “*Borrower*”) whose sole member is Community Finance Corporation, an Arizona nonprofit corporation, has requested that the Issuer issue (i) its Tax Exempt Revenue Bonds (American Fiber Optics, LLC) Series 2018A (the “*Series 2018A Bonds*”), and (ii) its Taxable Revenue Bonds (American Fiber Optics, LLC) Series 2018B (the “*Series 2018B Bonds*” and, together with the Series 2018A Bonds, the “*Bonds*”) in an aggregate principal amount not to exceed \$23,500,000 and the loan of the proceeds of the Bonds to the Borrower for the purpose of (i) financing or refinancing the acquisition, construction and equipping of a fiber optic cable network and related facilities in the City of Dallas, Oregon (the “*Network*”); (ii) funding a reserve fund for the Bonds; (iii) paying capitalized interest on the Bonds; (iv) paying start-up and working capital costs and expenses for the initial period of operation of the Network; (v) funding an operating reserve fund and a major maintenance and repair fund for the Network; and (vi) paying the costs of issuing the Bonds (collectively, the “*Project*”); and

**WHEREAS**, the Issuer's Board of Directors has determined the financing or refinancing of the Project will provide a benefit within the State of Arizona; and

**WHEREAS**, on July 2, 2018, the Issuer resolved to issue the Bonds, such Resolution being conditioned upon, among other things, the granting of approval of the proceedings of the Issuer under which the Bonds are to be issued by the La Paz County, Arizona Board of Supervisors; and

**WHEREAS**, the Resolution authorizes, among other things, the issuance and sale of the Bonds, the execution and delivery of a Trust Indenture and a Loan Agreement, and such other documents as required for the issuance of the Bonds; and

**WHEREAS**, the terms, maturities, provisions for redemption, security, and sources of payment for the Bonds shall be set forth in the Trust Indenture and in the form of the Bonds; and

**WHEREAS**, copies of said documents have been made available to the La Paz County, Arizona Board of Supervisors, together with the aforementioned Resolution of the Issuer; and

**WHEREAS**, the La Paz County, Arizona Board of Supervisors have been informed that said documents have been reviewed by competent Issuer's counsel, Sallquist & Drummond, P.C., and said Issuer's counsel has determined that said documents adequately meet the requirements of the Act; and

**WHEREAS**, as a result of the issuance and sale of the Bonds, certain bond proceeds will be made available to the Issuer. The Issuer will use such bond proceeds in accordance with the Act, and may (a) contract with and employ others to provide for and to pay compensation for professional services and other services as the Issuer deems necessary for the financing of "projects" as defined in the Act, and (b) make payment of the principal of and premium, if any, and interest on its revenue bonds to the extent of funds derived under the Indenture or otherwise; and

**WHEREAS**, the principal of, premium, if any, and interest on the Bonds will not constitute an indebtedness or liability of the Issuer, La Paz County, Arizona, the State of Arizona, or any political subdivision of the State of Arizona, or a charge against their general credit or any taxing powers, but shall be payable solely from the sources provided for in the proceedings pursuant to which the Bonds are issued; and

**WHEREAS**, pursuant to Section 35-721(B) of the Act, the proceedings of the Issuer under which the Bonds are to be issued require the approval of the La Paz County, Arizona Board of Supervisors for the issuance of the Bonds; and

**WHEREAS**, it is intended that this Resolution shall constitute approval by the La Paz County, Arizona Board of Supervisors of the proceedings of the Issuer with respect to the issuance of the Bonds pursuant to Section 35-721(B) of the Act; and

**WHEREAS**, pursuant to the provisions of Section 147(f) of the Code, the Issuer has caused to be published a notice of a public hearing with respect to the issuance of the Series 2018A Bonds and the financing and refinancing of the Project, and is scheduled to hold such hearing after reasonable notice on July 13, 2018 (the “*TEFRA Hearing*”); and

**WHEREAS**, pursuant to the provisions of Section 147(f) of the Code and the law of the State of Arizona, the La Paz County, Arizona Board of Supervisors is the designated “applicable elected representative” authorized to approve, after the TEFRA Hearing and upon execution of the Certificate of Hearing Officer, the form of which is attached hereto as Exhibit A (the “Certificate of Hearing Officer”), the issuance of the Bonds by the Issuer to enable the Series 2018A Bonds to qualify as tax-exempt obligations under the Code;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Supervisors of La Paz County Arizona, as follows:

1. The proceedings of the Issuer with respect to the issuance by the Issuer of the Bonds in an aggregate principal amount of not to exceed \$23,500,000 is approved for all purposes under the Act and will lessen the burdens of government imposed upon La Paz County, Arizona; and

2. The appropriate officers of the La Paz County, Arizona Board of Supervisors are hereby authorized and directed to do all such things to execute and deliver all such documents on behalf of the La Paz County, Arizona Board of Supervisors as may be necessary or desirable to effectuate the intent of this Resolution and the Resolutions of the Issuer in connection with the Bonds; and

3. It is intended that this Resolution shall constitute approval by the La Paz County, Arizona Board of Supervisors with respect to the proceedings of Issuer related to the issuance of the Bonds pursuant to Section 35-721(B) of the Act and provisions of the Code; and

4. The Board of Supervisors of La Paz County, Arizona, solely for purposes of Section 147(f) of the Code, hereby approves the proceedings of the Issuer related to the issuance of the Series 2018A Bonds by the Issuer to finance or refinance the Project for the benefit of the Borrower upon execution of the Certificate of Hearing Officer.



**EXHIBIT A**

**CERTIFICATE OF HEARING OFFICER  
CONCERNING THE ISSUANCE OF CERTAIN REVENUE BONDS  
BY THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF THE COUNTY OF LA PAZ, ARIZONA  
FOR CERTAIN PROJECTS TO BE LOCATED  
WITHIN THE CITY OF DALLAS, OREGON  
FOR PURPOSES OF COMPLIANCE WITH  
SECTION 147(f) OF THE INTERNAL REVENUE CODE**

The undersigned, Randy Hartless, the appointed Hearing Officer for the purposes of the public hearing held by The Industrial Development Authority of the County of La Paz, Arizona (the "Issuer"), pursuant to and as required by Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), regarding the proposed issuance by the Issuer of its tax-exempt and/or taxable Revenue Bonds (American Fiber Optics, LLC), in one or more series, in an aggregate principal amount not to exceed \$23,500,000 (collectively, the "Bonds"), hereby certifies, as follows:

(1) A public hearing was held on July 13, 2018, beginning at 8:00 a.m., prevailing time, at 1309 9th Street, Parker, Arizona 85344, pursuant to proper notice given in accordance with Section 147(f) of the Code as to the time and place of the meeting. The meeting was open to the public. The time of the meeting and the room in which the meeting was held provided a reasonable opportunity for persons of differing views to appear and be heard.

(2) The Hearing Officer announced the commencement of a public hearing on behalf of the Issuer, and stated as follows:

Now is the time and place set for the public hearing to be conducted pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), on the plan for The Industrial Development Authority of the County of La Paz, Arizona to issue its tax-exempt and/or taxable Revenue Bonds (American Fiber Optics, LLC), in one or more series, in an aggregate principal amount not to exceed \$23,500,000 (collectively, the "Bonds"), pursuant to a plan of finance. The proceeds of the Bonds will be loaned to American Fiber Optics, LLC, an Arizona limited liability company, whose sole member is Community Finance Corporation, an Arizona nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Code, as borrower of the proceeds of the Bonds (together with its assignees and designees, the "Borrower").

The proceeds of the Bonds will be used to make a loan to the Borrower to: (a) finance or refinance the costs of the acquisition, construction and equipping of a fiber optic cable network and related facilities to be located in the City of Dallas, Oregon (the "Network" the aspects and location of which hereafter will be described in more detail); (b) fund a reserve fund for the Bonds; (c) pay capitalized interest on the Bonds; (d) pay start-up and working capital costs and expenses for the initial period of operation of the Network; (e) fund an operating reserve fund and a major maintenance and repair fund for the Network; and (f) pay the costs of issuing the Bonds (collectively, the "Project").

The "Network" will be owned by the Borrower and operated by MONMOUTH-INDEPENDENCE NETWORK, an existing governmental fiber optic network operator and entity formed under an intergovernmental agreement between the cities of Monmouth and

Independence, Oregon (“MINET”). The Network is intended to cover and be available to the residents and businesses making up the entire area consisting of but limited to the jurisdiction of the City of Dallas, Oregon (the “City”), which encompasses an area of approximately 4.81 square miles. The Network will consist of 65 miles of distribution fiber, with 36 miles of fiber intended to be buried and 29 miles of fiber intended to be placed on existing utility poles owned by PacifiCorp. The starting point of the Network is the headend office located at 988 South East Jefferson Street, in the City. The electronics at that headend provide a gigabit fiber connection to every customer on the Network. Every premise within the City can connect to the distribution fiber by use of a fiber drop wire along with electronics at each customer site. The Network will make an external connection to MINET at its headend office located at 405 Hogan Road North, in Monmouth, Oregon, to import the triple play services that are provided through a contractual arrangement with MINET.

The financing or refinancing of the Project with the proceeds of the Bonds pursuant to the plan of finance proposed by the Borrower is intended to lessen the governmental burdens on the City and MINET by providing financing for the Project on favorable terms. No portion of the tax-exempt proceeds of the Bonds will be used to finance assets of the Network outside of the jurisdiction of the City.

The principal of, premium (if any), and interest on the Bonds will not constitute an indebtedness or liability of the Issuer, the County of La Paz, Arizona, the State of Arizona or any political subdivision of the State of Arizona, or a charge against their general credit or taxing powers, but shall be payable solely from the sources provided for in the proceedings for the issuance of the Bonds. The Issuer has no taxing power. The principal of, premium (if any), and interest on the Bonds will not constitute an indebtedness, general obligation, or liability of the City, the State of Oregon, or any political subdivision of the State of Oregon, or a charge against their general credit or any taxing powers, but shall be payable solely from the sources provided for in the proceedings for the issuance of the Bonds.

Members of the public are invited to comment with respect to the proposed financing plan and the nature of the facilities to be financed. Is there anyone present who wishes to comment?

[The Hearing Officer notes that no one has appeared at this hearing to comment and no written comments were submitted to the Issuer by the date and time of this hearing. The public hearing is now concluded.]

(3) The Issuer had caused the publication of a notice at least fourteen (14) days prior to the hearing in the *Parker Pioneer*, a newspaper having general circulation in the City of Parker, in La Paz County, State of Arizona. The affidavit of the publisher of said newspaper is attached hereto, made a part hereof and marked as Schedule I. There were no persons other than those associated with the Issuer in attendance at the hearing.

[Signature Page Follows]

La Paz County Board of Supervisors  
Resolution No. 2018-15  
Page 7 of 8

Dated \_\_\_\_\_, 2018.

THE INDUSTRIAL DEVELOPMENT  
AUTHORITY OF THE COUNTY OF LA PAZ,  
ARIZONA

By: \_\_\_\_\_, acting in the capacity of Hearing  
Officer

[Signature Page to Certificate of Hearing Officer]

**SCHEDULE I**

**AFFIDAVIT OF PUBLICATION**

THE STATE OF ARIZONA            )  
COUNTY OF LA PAZ                )  
CITY OF PARKER                    )

BEFORE ME, a notary public in and for the above named County, on this day personally appeared the person whose name is subscribed below, who, having been duly sworn, says upon oath that he or she is a duly authorized officer or employee of the *Parker Pioneer*, which is a newspaper of general circulation in the City of Parker, in La Paz County, Arizona, devoting not less than 25% of its total column lineage to the carrying of items of general interest, published not less frequently than once each week, entered as second-class postal matter in the county where published, and having been published regularly and continuously for not less than 12 months prior to the making of any publication; and that a true and correct copy of the NOTICE OF PUBLIC HEARING, a clipping of which is attached to this Affidavit, was published in said Newspaper on June 27, 2018.

\_\_\_\_\_  
Authorized Officer or Employee

SUBSCRIBED AND SWORN TO BEFORE ME on the \_\_\_\_\_ day of \_\_\_\_\_ 2018.

(S E A L)

\_\_\_\_\_  
Notary Public