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**CITY OF SAN LUIS
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2024-04950 RESOLUTION
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Requested By: SAN LUIS CITY CLERK'S OFFICE

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CAPTION HEADING:

RESOLUTION

Resolution No. 2304 - A resolution of the Mayor and City Council of the City of San Luis, Arizona, approving the sale, execution, and delivery of pledged excise tax revenue refunding obligations, series 2024; approving the form and authorizing the execution and delivery of necessary agreements, instruments, and documents; delegating authority to determine certain matters with respect to the foregoing; and declaring an emergency.



Resolution

OFFICE OF THE
MAYOR
CITY OF SAN LUIS

No. 2304

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SAN LUIS, ARIZONA,(1) APPROVING THE SALE AND EXECUTION AND DELIVERY OF PLEDGED EXCISE TAX REVENUE REFUNDING OBLIGATIONS, SERIES 2024, EVIDENCING A PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN A FOURTH EXCISE TAX PURCHASE AGREEMENT;(2) APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF NECESSARY AGREEMENTS, RESOLUTION; AND DOCUMENTS RELATED TO THE SALE AND EXECUTION AND DELIVERY OF SUCH OBLIGATIONS; (3) DELEGATING AUTHORITY TO THE MAYOR, THE MANAGER AND THE FINANCE DIRECTOR OF THE CITY TO DETERMINE CERTAIN MATTERS AND TERMS WITH RESPECT TO THE FOREGOING;(4) AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND (5) DECLARING AN EMERGENCY.

WHEREAS, the City Council of the City of San Luis, Arizona (the "City"), has determined to refinance all or a portion of the remaining payments due pursuant to the First Excise Tax Purchase Agreement, dated as of November 1, 2014 (the "First Purchase Agreement"), to U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), with respect to refinancing the costs of certain improvements to the water and wastewater system of the City and the cost of constructing a new City Complex and refunding certain obligations of the San Luis Civic Improvement Corporation (collectively, the "Refinanced Projects"), by entering into a Fourth Excise Tax Purchase Agreement, to be dated as of the first day of the month of the dated date of the hereinafter described Obligations (the "Purchase Agreement"), with a bank authorized to exercise corporate trust powers in the State of Arizona, appointed as provided hereby, as trustee (the "Trustee"), in its separate capacity as "Seller"; and

WHEREAS, the payments due from the City pursuant to the First Purchase Agreement secure certain payments due with respect to the City's Pledged Excise Tax Revenue Refunding Obligations, Tax-Exempt Series 2014A (the amount of such obligations to be prepaid as provided herein are referred to herein as the "Obligations Being Prepaid"); and

WHEREAS, in connection with the Purchase Agreement, the City Council hereby deems it necessary and desirable to provide for the sale, execution, and delivery of Pledged Excise Tax Revenue Refunding Obligations, Series 2024 (the "Obligations"), pursuant to a Fourth Excise Tax Trust Agreement, to be dated as of the first day of the month of the dated date of the Obligations established as provided herein (the "Trust Agreement"), between the Trustee and the City, evidencing proportionate interests of the owners of the Obligations in payments to be made by the City to the Trustee pursuant to the Purchase Agreement; and

WHEREAS, the payments represented by the Obligations will be secured by amounts received under the Purchase Agreement pursuant to which the City will pledge the revenues from the Excise Taxes and the State Shared Revenues (each as defined in the Trust Agreement); and

WHEREAS, the City Council will receive a proposal from Stifel, Nicolaus & Company, Incorporated, serving in the capacity of and designated as the underwriter (the "Underwriter") and not acting as a municipal advisor as defined in the Registration of Municipal Advisors Rule of the Securities and Exchange Commission, and has determined that the Obligations should be sold through negotiation to the Underwriter on such terms as may hereafter be approved by the hereinafter defined Authorized Representatives; and

WHEREAS, there have been presented to the City Council at the meeting at which this Resolution is being adopted the proposed forms of: (1) the Purchase Agreement; (2) the Trust Agreement; (3) a Continuing Disclosure Agreement, to be dated the date of delivery of the Obligations (the "Undertaking"), from the City necessary for purposes of compliance with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"); (4) an Obligation Purchase Agreement, to be dated the date of the sale of the Obligations (the "Purchase Contract"), by and between the City and the Underwriter, for the purchase of the Obligations; and (5) a Preliminary Official Statement, to be dated the date of the dissemination thereof (the "Preliminary Official Statement"), relating to the Obligations, which, as to be revised after the sale of the Obligations, shall constitute the Official Statement, to be dated the date of sale of the Obligations (the "Official Statement"), relating to the Obligations; and

WHEREAS, refinancing the costs of the Refinanced Projects pursuant to the Purchase Agreement is in furtherance of the purposes of the City and is in the public interest;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of San Luis, Arizona;

Section 1: (a) The execution and delivery of the Obligations by the Trustee is approved.

(b) The Mayor, the Manager and the Finance Director of the City or the designees of any of them (collectively, the "Authorized Representatives") are each authorized to determine on behalf of the City: (1) the entity to serve as Trustee; (2) the aggregate principal amount of the Obligations (but not to exceed \$22,590,000); (3) the date the Obligations are to be sold to the Underwriter; (4) the date the Obligations are to be dated; (5) the dates on which interest on the Obligations is to be payable and the interest rates per annum the Obligations are to bear; (6) the dates the Obligations are to become payable (but not later than July 1, 2038), the principal amounts to become payable on such dates and the provisions for prepayment thereof in advance of such dates; (7) the provisions for prepayment of the Obligations Being Prepaid (including the amounts and dates of prepayment); and (8) the terms upon which the Obligations are to be sold to the Underwriter (including determinations of price, original issue discount and premium and underwriting compensation); provided, however, that the foregoing determinations shall result in a present value savings, net of all costs, with respect to the prepayment of the Obligations Being Prepaid, of at least two and one-half percent (2.5%) of the principal amount of the Obligations Being Prepaid.

(c) The Authorized Representatives are further each authorized to determine on behalf of the City whether the purchase of an insurance policy securing payment of the Obligations would be advantageous to the City or the terms of the financing represented by the Obligations. The Authorized Representatives are each authorized to negotiate with and secure, with proceeds of the Obligations or otherwise, such an insurance policy, from one or more institutions, the claims-paying ability of which are then assigned one of the two highest rating categories by a nationally recognized credit rating agency. The Authorized Representatives are each authorized to execute and deliver any instruments or documents necessary in connection with the purchase of any such insurance policy, including those making provision for the repayment of amounts advanced by the institutions issuing such insurance policy.

(d) The form and other terms of the Obligations, including the provisions for the signatures, authentication, payment, registration, transfer, exchange, prepayment, and number shall be as set forth in the Trust Agreement and are approved.

Section 2: The Obligations are to be sold to the Underwriter pursuant to the terms of the Purchase Contract as such terms are to be determined as provided hereinabove.

Section 3: The forms, terms, and provisions of the Purchase Agreement, the Trust Agreement, the Purchase Contract, and the Undertaking, in substantially the forms of such documents (including the Obligations and other exhibits thereto) presented at the meeting of the City Council at which this Resolution is being adopted, are hereby approved, with such final provisions, insertions, deletions and changes as determined as provided hereinabove, and shall be approved by the Mayor of the City, any other

member of the City Council, and, in the case of the Purchase Contract, the Authorized Representatives, the execution of each such document being conclusive evidence of such approval. The Authorized Representatives are hereby authorized to enter into, if necessary, an Escrow Trust Agreement, to be dated as of the first day of the month of the dated date of the Obligations (the "Escrow Trust Agreement"), with the Trustee or another bank authorized to exercise corporate trust powers in the State of Arizona, as escrow trustee (the "Escrow Trustee"), for the establishment of an escrow to pay principal of and interest on the Obligations Being Prepaid and to prepay the Obligations Being Prepaid. The Mayor of the City or any other member of the City Council and, in the case of the Purchase Contract, the Authorized Representatives, or the Clerk of the City, where applicable, are hereby authorized and directed for and on behalf of the City, to execute and deliver, and attest or approve, the Purchase Agreement, the Trust Agreement, the Escrow Trust Agreement, the Purchase Contract and the Undertaking, in each case as necessary and as applicable, and to take all action to carry out and comply with the terms of such documents.

Section 4: The distribution of the Preliminary Official Statement by the Underwriter is approved, and the Official Statement in substantially the form of the Preliminary Official Statement, with such changes or revisions therein from the form of the Preliminary Official Statement as may be approved by the Authorized Representatives, is approved, and the Authorized Representatives are authorized, empowered and directed, in the name and on behalf of the City, to execute and deliver the same to the Underwriter and to execute and deliver instruments confirming that the Preliminary Official Statement is "deemed final" in accordance with the Rule.

Section 5: The Trustee (including in its capacity as Seller) and the Escrow Trustee are requested to take any and all action necessary in connection with the execution and delivery of the Purchase Agreement, the Trust Agreement and the Escrow Trust Agreement, the sale and execution and delivery of the Obligations and the prepayment of the Obligations Being Prepaid and are further authorized and directed to take such action as may be reasonable for the administration of the trusts so held by them.

Section 6: The covenants and agreements contained in the Purchase Agreement as to the pledge of and the lien on the revenues from the Excise Taxes and the State Shared Revenues and the restriction on the execution and delivery of further parity obligations secured by the revenues from the Excise Taxes and the State Shared Revenues are approved and confirmed.

Section 7: The Authorized Representatives and other officers of the City, on behalf of the City, are authorized and directed, without further order of the City Council, to do all such acts and things and to execute and deliver all such certificates, proceedings,

agreements and other documents as may be necessary or convenient to be executed and delivered on behalf of the City to evidence compliance with, or further the purposes of, all the terms and conditions of this Resolution and the consummation of the transactions contemplated hereby and as may be necessary to carry out the terms and intent of this Resolution.

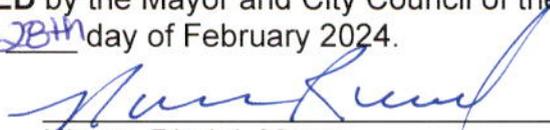
Section 8: All actions of the officers and agents of the City which conform to the purposes and intent of this Resolution and which further the sale, execution, and delivery of the Obligations and the prepayment of the Obligations Being Prepaid as contemplated by this Resolution, whether heretofore or hereafter taken, are ratified, confirmed, and approved.

Section 9: If any section, paragraph, clause, or phrase of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or phrase shall not affect any of the remaining provisions of this Resolution. All orders, resolutions, and ordinances or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as reviving any order, resolution, or ordinance, or any part thereof.

Section 10: The immediate operation of the provisions of this Resolution is necessary for the preservation of the public peace, health, and safety of the City for the reason that the Obligations authorized herein must be sold immediately to secure the best available economic terms therefor; an emergency is, therefore, declared to exist, and this Resolution is enacted as an emergency and shall be in full force and effect immediately upon its passage by the City Council, as required by law, and it is hereby exempt from the referendum provisions of the Constitution and laws of the State of Arizona. After any of the Obligations are delivered by the Trustee to the Underwriter and upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the Obligations and the interest and premium, if any, thereon shall have been fully paid, canceled, and discharged.

[Intentionally left blank. Signature and certification pages follow.]

PASSED, ADOPTED, and APPROVED by the Mayor and City Council of the City of San Luis, Yuma County, Arizona, this 28th day of February 2024.



Nieves Riedel, Mayor

ATTEST:



Sonia Cornelio, City Clerk

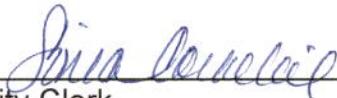
APPROVED AS TO FORM:



Kay Marion Macuil, City Attorney

CERTIFICATION

I hereby certify that the foregoing Resolution No. 2304 was duly passed and adopted by the City Council of the City of San Luis, Arizona, at a regular meeting held on the 28th day of February 2024. The vote was 6 ayes and 0 nays.



City Clerk

DRAFT
02/22/24
02/09/24
02/15/24

FOURTH EXCISE TAX PURCHASE AGREEMENT

by and between

as Seller

and

CITY OF SAN LUIS, ARIZONA,
as Purchaser

Dated as of _____, 2024

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FOURTH EXCISE TAX PURCHASE AGREEMENT

THIS FOURTH EXCISE TAX PURCHASE AGREEMENT, dated as of _____ 1, 2024 (this "Agreement"), by and between the CITY OF SAN LUIS, ARIZONA, a municipal corporation under the laws of the State of Arizona (the "City"), as purchaser hereunder, and _____, a national banking association (the "Trustee"), in its capacity as trustee under the Fourth Excise Tax Trust Agreement, dated as of even date herewith (the "Trust Agreement"), by and between the Trustee and the City, and in its separate capacity as seller hereunder,

WITNESSETH:

WHEREAS, the Mayor and Council of the City have determined that it will be beneficial to its citizens for the City to refinance the costs of the Refinanced Projects (as such term and all other undefined terms used herein are defined in the Trust Agreement); and

WHEREAS, for such purpose, the Mayor and Council of the City requested, and the Trustee sold and executed and delivered, respectively, the Obligations, and the Trustee has, as provided in the Trust Agreement caused a deposit to be made to the Costs of Issuance Fund and amounts to be transferred to the Escrow Trustee; and

WHEREAS, the City is a municipal corporation duly incorporated and validly existing under the laws of the State; the Constitution and the laws of the State authorize the City to enter into this Agreement and the transactions contemplated by this Agreement; the City has duly authorized and executed this Agreement; this Agreement is a lawful, valid and binding obligation of the City, enforceable against the City in accordance with its terms; all required procedures for execution and performance of this Agreement have been or will be complied with in a timely manner; the Payments will be paid when due out of funds which are legally available for such purposes; neither the execution and delivery of this Agreement or the Trust Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the City is now a party or by which the City is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the City; and the Refinanced Projects comply with all applicable environmental laws, rules and regulations (including, without limitation, all federal, state and local laws) and with Title III of the Americans with Disabilities Act and the regulations issued thereunder by the United States Department of Justice concerning accessibility of places of public accommodation and commercial facilities if and to the extent such Act and regulations apply to the Refinanced Projects; and

WHEREAS, the Trustee has full legal authority and is duly empowered to enter into this Agreement and has taken all actions necessary to the execution and delivery hereof;

NOW THEREFORE, PURSUANT TO LAW AND FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREINAFTER CONTAINED, IT IS HEREBY AGREED AS FOLLOWS:

Section 1. Term and Payments.

(a) In order to refinance the costs of the Refinanced Projects that have not been paid to date, the City hereby sells and conveys any interests it has in the Refinanced Projects to the Trustee, without recourse, representation or warranty, for the sum of \$10.00 and other valuable consideration had and received. For the amounts payable pursuant hereto (including the Payments), the Trustee in turn hereby sells and conveys back to the City, without recourse, representation or warranty, and the City hereby purchases and accepts, from the Trustee, any interests the Trustee has in the Refinanced Projects. (The City acknowledges that the right of the Trustee to sell the Refinanced Projects arises out of the deposit for the benefit of the City with the Escrow Trustee and that the City is receiving good and valuable consideration from both such sales.)

(b) As the purchase price, the City shall pay the Payments to the Trustee on the dates and in the amounts set forth in the Schedule hereto. (The Interest Portion is interest for purposes of the Code.)

The City shall also pay to the Trustee its fees and expenses in accordance with the provisions of the Trust Agreement and to the United States of America any amounts required by Section 11(b)(ii) hereof.

The City shall further also pay all amounts necessary for compliance with the Continuing Disclosure Agreement.

The City shall receive a credit against amounts so due, equal to any amounts held in the Payment Fund in excess of the amount then required to be in the Payment Fund. If the balance available in the Payment Fund after a Payment is insufficient to make the next required payments of principal and interest due on the Obligations on the next date for payment thereof, the City shall pay any such deficiency in sufficient time to prevent default in the payment of principal or interest on the Obligations falling due on such date.

(c) This Agreement shall be deemed and construed to be a "*net purchase agreement*," and the Payments shall be an absolute net return to the Trustee, free and clear of any expenses or charges whatsoever, except as otherwise specifically provided herein. The obligation of the City to pay the amounts described in paragraph (b) hereof (including the Payments) from the sources described herein and to comply with the other provisions hereof shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, abatement, counterclaim, or recoupment arising out of any breach by the Trustee of any obligation to the City or otherwise, or out of indebtedness or liability at any time owing to the City by the Trustee. Until such time as all of the payments described in paragraph (b) hereof (including the Payments) shall have been fully paid or provided for, the City (i) shall not suspend or discontinue the same, (ii) shall comply with the other provisions hereof, and (iii) shall not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Refinanced Projects or the taking by *eminent domain* of title to or temporary use of any or all of the Refinanced Projects, commercial frustration of purpose, abandonment of the Refinanced Projects

by the City, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Trust Agreement or this Agreement. Nothing contained in this Section shall be construed to release the Trustee from the performance of any of the agreements on its part herein or in the Trust Agreement contained and in the event the Trustee shall fail to perform any such agreements on its part, the City may institute such action against the Trustee as the City may deem necessary to compel performance so long as such action does not abrogate the obligations of the City contained in the second sentence of this paragraph.

(d) Any of the payments described in paragraph (b) hereof (including the Payments) due on a day which is not a Business Day may be made on the next Business Day and will be deemed to have been made on the date due.

(e) Amounts payable to the Trustee shall be paid by the means specified by the Trustee in writing to the City.

Section 2. Pledge; Limited Obligations.

(a) The revenues from the Excise Taxes and the State Shared Revenues have been pledged by the City to the payment of all amounts described in Subsection 1(b) hereof (including the Payments), and payment of such amounts shall be secured by a paramount and first lien on and pledge of the revenues from the Excise Taxes and the State Shared Revenues on parity with the pledge and lien hereby granted by the City for the payment and security of the Second Purchase Agreement, the Third Purchase Agreement and the other of the Parity Lien Obligations. All of the Payments are coequal as to the pledge of and lien on the revenues from the Excise Taxes and the State Shared Revenues and share ratably, without preference, priority or distinction, as to the source or method of payment from the revenues from the Excise Taxes and the State Shared Revenues or security therefor.

(b) The City shall remit to the Trustee from the revenues from the Excise Taxes and the State Shared Revenues all amounts due under this Agreement in the amounts and at the times and for the purposes as required herein. The obligation of the City to make payments of any amounts due under this Agreement, including amounts due after default or termination hereof, is limited to payment from the revenues from the Excise Taxes and the State Shared Revenues and shall under no circumstances constitute a general obligation or a pledge of the full faith and credit of the City, the State or any of its political subdivisions, or require the levy of, or be payable from the proceeds of, any *ad valorem* property taxes.

(c) The City may, at the sole option of the City, make payments due pursuant to Section 1 hereof from its other funds as permitted by law and as the City shall determine from time to time, but the Trustee acknowledges that it has no claim hereunder to such other funds. No part of the purchase price payable pursuant to this Agreement shall be payable out of any *ad valorem* property taxes imposed by the City or from bonds or other obligations, the payment of which the City's general taxing authority is pledged, unless (i) the same shall have been duly budgeted by the City according to law, (ii) such payment or payments shall be within

the budget limitations of the statutes of the State, and (iii) any such bonded indebtedness or other obligation is within the debt limitations of the Constitution of the State.

Section 3. Surplus and Deficiency of the Revenues from the Excise Taxes and the State Shared Revenues. Subject to the rights with respect to the revenues from the Excise Taxes and the State Shared Revenues with respect to the Second Purchase Agreement, the Third Purchase Agreement and the other of the Parity Lien Obligations, the revenues from the Excise Taxes and the State Shared Revenues in excess of amounts, if any, required to be deposited with or held by the Trustee for payments due under this Agreement shall constitute surplus revenues and may be used by the City for any lawful purpose for the benefit of the City, including the payment of obligations to which the revenues from the Excise Taxes and the State Shared Revenues may from time to time be pledged on a basis subordinate hereto. If at any time the moneys in the funds held for payment of amounts due under this Agreement are not sufficient to make the deposits and transfers required, any such deficiency shall be made up from the first moneys thereafter received and available for such transfers under the terms of this Agreement and, with respect to payment from the revenues from the Excise Taxes and the State Shared Revenues, *pro rata*, as applicable, with amounts due with respect to the Second Purchase Agreement, the Third Purchase Agreement, this Agreement and the other of the Parity Lien Obligations, and the transfer of any such sum or sums to said fund as may be necessary to make up any such deficiency shall be in addition to the then-current transfers required to be made pursuant hereto.

Section 4. Parity Lien Obligations. The City shall not encumber the revenues from the Excise Taxes and the State Shared Revenues on a basis prior or paramount to the lien and pledge provided for under Section 2(a) hereof. So long as any amounts due hereunder remain unpaid or unprovided for, the City shall not further encumber the revenues from the Excise Taxes and the State Shared Revenues on a basis equal to the pledge hereunder unless the revenues from the Excise Taxes plus the State Shared Revenues, when combined mathematically for such purpose only, in the most recently completed fiscal year of the City, shall have amounted to at least two (2) times the highest combined interest and principal requirements for any succeeding fiscal year of the City for the Second Purchase Agreement, the Third Purchase Agreement, this Agreement and the other of the Parity Lien Obligations secured or so proposed to be secured by such pledge of the revenues from the Excise Taxes and the State Shared Revenues on a parity of lien therewith. For purposes of this Section, any variable rate indebtedness shall be assumed to bear interest at the maximum permissible rate.

Section 5. City Control over Revenue Collection. To the extent permitted by applicable law, the revenues from the Excise Taxes shall be retained and maintained so that the amounts received from the revenues from the Excise Taxes and the State Shared Revenues, when combined mathematically for such purpose only, all within and for the most recently completed fiscal year of the City, shall have been equal to at least two (2) times the total of interest and principal requirements for the current fiscal year of the City for the Second Purchase Agreement, the Third Purchase Agreement, this Agreement and the other of the Parity Lien Obligations. If the revenues from the Excise Taxes and the State Shared Revenues for any such fiscal year shall not have been equal to at least one and one-quarter (1.25) times the total of the interest and principal requirements for the current fiscal year of the City for the Second Purchase Agreement,

the Third Purchase Agreement, this Agreement and the other of the Parity Lien Obligations or if at any time it appears that the revenues from the Excise Taxes and the State Shared Revenues will not be sufficient to meet such requirements, the City shall, to the extent permitted by applicable law, impose new exactions of the type of the Excise Taxes which will be part of the Excise Taxes or increase the rates for the Excise Taxes currently imposed fully sufficient at all times, after making allowance for contingencies and errors, in each fiscal year of the City in order that (i) the revenues from the Excise Taxes and the State Shared Revenues will be sufficient to meet all current requirements hereunder, and (ii) the revenues from the Excise Taxes and the State Shared Revenues will be reasonably calculated to attain the level as required by the first sentence of this subsection.

Section 6. Certain Matters with Respect to the Refinanced Projects.

(a) Except with respect to its power and authority to enter into this Agreement and to perform its covenants hereunder, the Trustee has made and makes no representation or warranty, express or implied, and assumes no obligation with respect to the title, merchantability, condition, quality or fitness of the Refinanced Projects for any particular purpose or the conformity of the Refinanced Projects to any plans, specifications, construction contract, purchase order, model or sample, or as to their design, construction, delivery, installation, construction oversight and operation or their suitability for use by the City. All such risks shall be borne by the City without in any way excusing the City from its obligations under this Agreement, and the Trustee shall not be liable to the City for any damages on account of such risks. Except with respect to any acts by the Trustee which are not undertaken at the request of the City or with the prior approval of the City, the City waives all claims against the Trustee related to or arising from the acquisition of the Refinanced Projects. The Trustee shall have no liability to the City for any failure of any contractor to perform any contract or other undertaking with respect to the Refinanced Projects in any respect. The Trustee shall have no obligation to obtain or ensure compliance with any required permits or approval procedures with respect to the Refinanced Projects. In the event of any defect in any item of the Refinanced Projects or other claim with respect to the Refinanced Projects, recourse of the City shall be against the contractors, manufacturers, suppliers, etc. of the Refinanced Projects and, where applicable, the person selling the property to the Trustee, and not against the Trustee. For such purpose, the Trustee hereby assigns and transfers to the City the right, title and interest of the Trustee in and to all representations, warranties, guarantees and service agreements relating to the Refinanced Projects made or entered into by the Trustee and by any contractor, manufacturers, suppliers, etc. of the Refinanced Projects. The Trustee further designates the City as its attorney-in-fact granting to the City the right to initiate and take all actions necessary to enforce any and all construction contracts and all such warranties and service agreements. The Trustee is entering into this Agreement solely as the Trustee, shall not be personally liable hereunder and shall be afforded the same rights, protections, immunities and indemnities acting hereunder as afforded to it as the Trustee under the Trust Agreement. Notwithstanding anything to the contrary herein, at no time shall the Trustee be listed in the chain of title to the Refinanced Projects.

(b) The Trustee hereby irrevocably appoints the City as its sole and exclusive agent to act for and on behalf of the Trustee in refinancing the costs of the Refinanced

Projects. As such agent, the City shall have full authority to do all things necessary to accomplish such purposes. The Trustee shall not be liable, responsible or accountable for the acts of the City as its agent hereunder, and the City hereby assumes all responsibility for the performance of such duties.

(c) The City, by keeping and performing the covenants and agreements herein contained, shall at all times during the term of this Agreement, peaceably and quietly, have, hold and enjoy the Refinanced Projects, without suit, trouble or hindrance from the Trustee. The City hereby grants and conveys to the Trustee, and all persons claiming by, through or under the Trustee, including its successors and assigns under the Trust Agreement and the Owners for whom it acts, a nonexclusive easement upon, in and to the Refinanced Projects for the purpose of permitting the Refinanced Projects to be maintained upon the premises.

(d) Notwithstanding any other terms or provisions of this Agreement, the interest of the Trustee in the Refinanced Projects is solely in its capacity as the Trustee for the purpose of facilitating the refinancing of the Refinanced Projects, and the Trustee shall not have the power, authority or obligation to assume any responsibility for the Refinanced Projects.

Section 7. Providing for Payment. The City may provide for the payment of any of the Payments in any one or more of the following ways:

(a) by paying the Payments as provided herein as and when the same become due and payable at their scheduled due dates pursuant to Section 1 hereof or on a date on which they can be prepaid;

(b) by depositing with a Depository Trustee, in trust for such purposes, money which, together with the amounts then on deposit with the Trustee and available for the Payments is fully sufficient to make, or cause to be made, the Payments at their scheduled due dates or on a date on which they can be prepaid; or

(c) by depositing with a Depository Trustee, in trust for such purpose, any Defeasance Obligations which are noncallable, in such amount as shall be certified to the Trustee and the City, by an independent firm of nationally recognized certified public accountants acceptable to the City, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit with the Trustee and available for the Payments, to make, or cause to be made, the Payments at their scheduled due date or on a date on which they can be prepaid.

Upon any partial payment of a Payment, each installment of interest which shall thereafter be payable as a part of the subsequent Payments shall be reduced, taking into account the interest rate or rates on the Obligations remaining Outstanding after the partial payment so that the interest remaining payable as a part of the subsequent Payments shall be sufficient to pay the interest on such Outstanding Obligations when due.

Section 8. Term of Agreement. This Agreement shall not terminate so long as any payments are due and owing pursuant to the Obligations. Subject to Section 7 hereof, upon full payment or provision for payment and in consideration of the timely payment of all of

the amounts described in Subsection 1(b) hereof (including the Payments), and provided that the City has performed all the covenants and agreements required by the City to be performed, this Agreement shall cease and expire. The obligations of the City under this Agreement, including, without limitation, its obligation to pay the Payments, shall survive any action brought as provided in the next Section hereof, and the City shall continue to pay the Payments and perform all other obligations provided in this Agreement; provided, however, that the City shall be credited with any amount received by the Trustee pursuant to actions brought under the next Section hereof.

Section 9. Default; Remedies Upon Default.

(a) (i) Upon (A) the nonpayment of the whole or any part of any of the amounts described in Subsection 1(b) hereof (including the Payments) at the time when the same are to be paid as provided herein or in the Trust Agreement, (B) the violation by the City of any other covenant or provision of this Agreement or the Trust Agreement, (C) the occurrence of an event of default with respect to the Second Purchase Agreement, the Third Purchase Agreement or the other of the Parity Lien Obligations, or (D) the insolvency or bankruptcy of the City as the same may be defined under any law of the United States of America or the State, or any voluntary or involuntary action of the City or others to take advantage of, or to impose, as the case may be, any law for the relief of debtors or creditors, including a petition for reorganization, and

(ii) if such default has not been cured (A) in the case of nonpayment of any of the amounts described in Subsection 1(b) hereof (including the Payments) as required hereunder or under the Trust Agreement on the due date or the nonpayment of principal or interest due with respect to the Second Purchase Agreement, the Third Purchase Agreement or the other of the Parity Lien Obligations on their due dates, (B) in the case of the breach of any other covenant or provision of the Trust Agreement or this Agreement not cured within sixty (60) days after notice in writing from the Trustee specifying such default, and (C) in the case of any other default under any of the Second Purchase Agreement, the Third Purchase Agreement or the other of the Parity Lien Obligations after any notice and passage of time provided for under the proceedings under which such obligations were issued then,

(iii) subject to the limitations of the Trust Agreement, the Trustee may take whatever action at law or in equity, including the remedy of specific performance, may appear necessary or desirable to collect the Payments and any other amounts payable by the City under the Trust Agreement or this Agreement then due (but not the Payments and such other amounts accruing), or to enforce performance and observance of any pledge, obligation, agreement or covenant of the City under the Trust Agreement or this Agreement, and with respect to the revenues from the Excise Taxes and the State Shared Revenues, without notice and without giving any bond or surety to the City or anyone claiming under the City, have a receiver appointed of the revenues from the Excise Taxes and the State Shared Revenues which are pledged to the payment of amounts due hereunder, with such powers as the court making such appointment shall confer (and the City does hereby irrevocably consent to such appointment); provided, however, that under no circumstances may the Payments be accelerated.

Each right, power and remedy of the Trustee provided for in this Agreement shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for herein, or, unless prohibited by the terms hereof, now or hereafter existing at law or in equity or by statute or otherwise, in any jurisdiction where such rights, powers and remedies are sought to be enforced, and the exercise or beginning of the exercise by the Trustee of any one or more of the rights, powers or remedies provided for herein or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by either party of any or all of such other rights, powers or remedies. The failure to insist upon strict performance of any of the covenants or agreements herein set forth shall not be considered or taken as a waiver or relinquishment for the future of the rights of the Trustee to insist upon a strict compliance by the Trustee with all the covenants and conditions hereof. The City shall, upon not less than 10 days' prior request by the Trustee, execute, acknowledge and deliver to the Trustee a statement in writing certifying that this Agreement is unmodified and in full force and effect (or, if this Agreement has been modified, that it is in full force and effect except as modified, and stating the modification), and the dates to which the amounts payable hereunder have been paid in advance, if any.

(b) The Trustee shall in no event be in default in the performance of any of its obligations hereunder unless and until the Trustee shall have failed to perform such obligation for thirty (30) days, or such additional time as is reasonably required to correct any such default, after written notice thereof by the City properly specifying wherein the Trustee has failed to perform any such obligation. No default by the Trustee shall relieve the City of its obligations to make the various payments required herein, so long as any of the Obligations remain Outstanding; however, the City may exercise any other remedy available at law or in equity to require the Trustee to remedy such default so long as such remedy does not interfere with or endanger the payments required to be made by the Trustee under the Trust Agreement.

Section 10. Assignment.

(a) Except as otherwise provided herein, the City shall not assign, transfer, pledge or hypothecate or otherwise dispose of this Agreement or any interest therein, and any assignment in contravention hereof shall be void.

(b) Subject to the terms of the Trust Agreement, all and every part of the right, title and interest of the City in and to this Agreement and all payments of any kind due or which become due to the Trustee hereunder are sold, pledged, assigned and transferred pursuant to the Trust Agreement.

Section 11. Federal Law Provisions.

(a) (i) As described in further detail in the Tax Certificate, no direction by the City for the making of any investment or other use of the proceeds of the Obligations or of the Refinanced Projects shall be made, permitted to be made or omitted from being made which would cause the Obligations to be "arbitrage bonds" as that term is defined in Section 148 (or any successor provision thereto) of the Code or "private activity bonds" as that term is defined in Section 141 (or any successor provision thereto) of the Code, and the requirements of such sections and related regulations of the Code shall be complied with

throughout the term of the Obligations. Particularly, the City shall be the owner of the Refinanced Projects for federal income tax purposes. The City shall not enter into any management or service contract with any entity other than a governmental entity for the operation of any portion of the Refinanced Projects unless the management or service contract complies with the requirements of such authority as may control at the time, or any lease or other arrangement with any entity other than a governmental entity that gives such entity special legal entitlements with respect to any portion of the Refinanced Projects. Also, the payment of principal and interest with respect to the Obligations shall not be guaranteed (in whole or in part) by the United States or any agency or instrumentality of the United States. The proceeds of the Obligations, or amounts treated as proceeds of the Obligations, shall not be invested (directly or indirectly) in federally insured deposits or accounts, except to the extent such proceeds may be so invested for an initial temporary period until needed for the purpose for which the Obligations are being executed and delivered, may be so used in making investments in a *bona fide* debt service fund or may be invested in obligations issued by the United States Treasury. The City shall comply with the procedures and covenants contained in any arbitrage rebate provision or separate agreement executed in connection with the execution and delivery of the Obligations (initially those in subsection (b) and the Tax Certificate) for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion. In consideration of the purchase and acceptance of the Obligations by the owners from time to time thereof and of retaining such exclusion and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, the City shall, and the appropriate officials of the City are hereby directed, to take all action required to retain such exclusion or to refrain from taking any action prohibited by the Code which would adversely affect in any respect such exclusion.

(ii) (A) The City shall take all necessary and desirable steps, as determined by the Mayor and Council of the City, to comply with the requirements hereunder in order to ensure that the Interest Portion is excluded from gross income for federal income tax purposes under the Code; provided, however, compliance with any such requirement shall not be required in the event the City receives a Special Counsel's Opinion that either compliance with such requirement is not required to maintain the exclusion from gross income of the Interest Portion or compliance with some other requirement will meet the requirements of the Code relating to such exclusion. In the event the City receives such a Special Counsel's Opinion, the parties agree to amend this Agreement to conform to the requirements set forth in such opinion.

(B) If for any reason any requirement hereunder is not complied with, the City shall take all necessary and desirable steps, as determined by the City, to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence and the City shall pay any required interest or penalty under hereinafter described Regulations Section 1.148-3(h) with respect to the Code.

(C) Written procedures have been established for the City to ensure that all nonqualified obligations are remediated according to the requirements

under the Code and related Regulations and to monitor the requirements of Section 148 of the Code relating to arbitrage, with which the City will comply.

(b) (i) Undefined terms used in this Subsection shall have the meanings given to them in the Code and the Regulations.

(ii) Unless an exception is available to the satisfaction of a City Representative, within 60 days after the end of each Bond Year, the City shall cause the Rebate Requirement to be calculated and shall pay to the United States of America:

(A) not later than 60 days after the end of the fifth Bond Year and every fifth Bond Year thereafter, an amount which, when added to the future value of all previous Rebate Payments with respect to the Obligations (determined as of such Computation Date), is equal to at least 90% of the sum of the Rebate Requirement (determined as of the last day of such Bond Year) plus the future value of all previous Rebate Payments with respect to the Obligations (determined as of the last day of such Bond Year); and

(B) not later than 60 days after the retirement of the last Obligation, an amount equal to 100% of the Rebate Requirement (determined as of the date of retirement of the last Obligation).

Each Rebate Payment required to be made under this Section shall be filed on or before the date such payment is due, with the Internal Revenue Service at the appropriate location and with required forms and other materials, currently by addressing it to IRS Service Center, Ogden, Utah 84201, and accompanying it with IRS Form 8038-T.

(iii) No Nonpurpose Investment shall be acquired for an amount in excess of its fair market value. No Nonpurpose Investment shall be sold or otherwise disposed of for an amount less than its fair market value.

(iv) For purposes of paragraph (iii), whether a Nonpurpose Investment has been purchased or sold or disposed of for its fair market value shall be determined as follows:

(A) The fair market value of a Nonpurpose Investment generally shall be the price at which a willing purchaser would purchase the Nonpurpose Investment from a willing seller in a bona fide arm's length transaction. Fair market value shall be determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding.

(B) Except as provided in Subsections (v) or (vi), a Nonpurpose Investment that is not of a type traded on an established securities market, within the meaning of Code Section 1273, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(C) If a United States Treasury obligation is acquired directly from or sold or disposed of directly to the United States Treasury, such acquisition or sale or disposition shall be treated as establishing the fair market value of the obligation.

(v) The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal is considered to be its fair market value if the yield on the certificate of deposit is not less than:

(A) the yield on reasonably comparable direct obligations of the United States; and

(B) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(vi) A guaranteed investment contract shall be considered acquired and disposed of for an amount equal to its fair market value if:

(A) A bona fide solicitation in writing for a specified guaranteed investment contract, including all material terms, is timely forwarded to all potential providers. The solicitation must include a statement that the submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the City or any other person (whether or not in connection with the Obligations), and that the bid is not being submitted solely as a courtesy to the City or any other person for purposes of satisfying the requirements in the Regulations that the City receive bids from at least one reasonably competitive provider and at least three providers that do not have a material financial interest in the Obligations.

(B) All potential providers have an equal opportunity to bid, with no potential provider having the opportunity to review other bids before providing a bid.

(C) At least three reasonably competitive providers (i.e., having an established industry reputation as a competitive provider of the type of investments being purchased) are solicited for bids. At least three bids must be received from providers that have no material financial interest in the Obligations (e.g., a lead underwriter within 15 days of the issue date of the Obligations or a financial advisor with respect to the investment) and at least one of such three bids must be from a reasonably competitive provider. If the City uses an agent to conduct the bidding, the agent may not bid.

(D) The highest-yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees) is purchased.

(E) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the reasonably expected deposit and drawdown schedule for the amounts to be invested.

(F) The terms for the guaranteed investment contract are commercially reasonable (i.e. have a legitimate business purpose other than to increase the purchase price or reduce the yield of the guaranteed investment contract).

(G) The provider of the investment contract certifies the administrative costs (as defined in Regulations Section 1.148-5(e)) that it pays (or expects to pay) to third parties in connection with the guaranteed investment contract.

(H) The City retains until three years after the last Outstanding Obligation is retired, (1) a copy of the guaranteed investment contract, (2) a receipt or other record of the amount actually paid for the guaranteed investment contract, including any administrative costs paid by the City and a copy of the provider's certification described in (G) above, (3) the name of the person and entity submitting each bid, the time and date of the bid, and the bid results and (4) the bid solicitation form and, if the terms of the guaranteed investment contract deviate from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose of the deviation.

(vii) Such experts and consultants shall be employed by the City to make, as necessary, any calculations in respect of rebates to be made to the United States of America in accordance with Section 148(f) of the Code with respect to the Obligations.

(c) The City shall comply with and carry out all of the provisions of the Continuing Disclosure Agreement, provided that such costs of compliance shall be payable solely from the revenues from the Excise Taxes and the State Shared Revenues. Notwithstanding any other provision of this Agreement, failure of the City to comply with the Continuing Disclosure Agreement shall not be considered an event of default; however, the Trustee may (and, at the request of the original purchaser of the Obligations or the owners of at least 25% aggregate principal amount in Outstanding Obligations and receipt of indemnity to its satisfaction, shall) take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Agreement.

(d) The Trustee has no duty or obligations under this Section 11 and has no duty to monitor compliance by the City with this Section 11.

Section 12. Covenant as to Conflict of Interest; Other Statutory Restrictions.

(a) To the extent applicable by provision of law, the Trustee acknowledges that this Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated herein and which provides that the City may within three (3) years after its execution cancel any contract (including this Agreement) without penalty or further obligation made by the City if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice is received by all other parties to the contract unless the notice specifies a later time. The

Trustee covenants not to employ as an employee, an agent or, with respect to the subject matter of this Agreement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Trustee within three years from the execution of this Agreement, unless a waiver of Section 38-511, Arizona Revised Statutes, is provided by the City. No basis exists for the City to cancel this Agreement pursuant to Section 38-511, Arizona Revised Statutes, as of the date hereof.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, the Trustee shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes. The breach by the Trustee of the foregoing shall be deemed a material breach of this Agreement and may result in the termination of the services of the Trustee by the City. The City retains the legal right to randomly inspect the papers and records of the Trustee to ensure that the Trustee is complying with the above-mentioned warranty. The Trustee shall keep such papers and records open for random inspection during normal business hours by the City. The Trustee shall cooperate with the random inspections by the City including granting the City entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

(c) To the extent applicable under Section 35-393 et seq., Arizona Revised Statutes, the Trustee hereby certifies it is not currently engaged in, and for the duration of this Agreement shall not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in Section 35-393, Arizona Revised Statutes. If the City determines that the Trustee's certification above is false or that it has breached such agreement, the City may remove the Trustee hereunder as provided by law.

(d) To the extent applicable under Section 35-394, Arizona Revised Statutes, the Trustee hereby certifies it does not currently, and for the duration of this Agreement shall not use: (i) the forced labor of ethnic Uyghurs in the People's Republic of China, (ii) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China, and (iii) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. The foregoing certification is made to the best knowledge of the Trustee without any current independent investigation or without any future independent investigation for the duration of this Agreement. If the Trustee becomes aware during the duration of this Agreement that it is not in compliance with such certification, the Trustee shall take such actions as provided by law, including providing the required notice to the City. If the City determines that the Trustee is not in compliance with the foregoing certification and has not taken remedial action, the City shall terminate the Trustee's role as the Trustee hereunder pursuant to Article VII of the Trust Agreement.

Section 13. Miscellaneous.

(a) No covenant or obligation herein to be performed by the City may be waived except by the written consent of the Trustee, and a waiver of any such covenant or obligation or a forbearance to invoke any remedy on any occasion shall not constitute or be treated as a waiver of such covenant or obligation as to any other occasion and shall not preclude

the Trustee from invoking such remedy at any later time prior to the cure by the City of the condition giving rise to such remedy.

(b) This Agreement shall be construed and governed in accordance with the laws of the State in effect from time to time.

(c) The recitals set forth at the beginning of this Agreement are incorporated in this Agreement by this reference. This Agreement constitutes the entire agreement between the parties and shall not be modified, waived, discharged, terminated, amended, supplemented, altered or changed in any respect except by a written document signed by both the Trustee and the City, subject to the restrictions with regard thereto provided by the Trust Agreement.

(d) Any term or provision of this Agreement found to be prohibited by law or unenforceable or which would cause this Agreement to be invalid, prohibited by law or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without, to the extent reasonably possible, causing the remainder of this Agreement to be invalid, prohibited by law or unenforceable.

(e) The captions set forth herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

(f) Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, successors, assigns and personal representatives, as the case may be. Any person or entity acquiring any interest in or to the right, title or interest of the Trustee herein shall be and have the rights of a third-party beneficiary hereunder.

(g) This Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

Trustee:

_____, as seller

By.....

Authorized Representative

City:

CITY OF SAN LUIS, ARIZONA

By.....

Mayor

ATTEST:

.....
City Clerk

APPROVED AS TO FORM:

.....
City Attorney

SCHEDULE

Payment Date	Principal	Interest	Total Payment
06/15/20__			
12/15/20__			
TOTAL			

FOURTH EXCISE TAX TRUST AGREEMENT

by and between

_____→
as Trustee

and

CITY OF SAN LUIS, ARIZONA

Dated as of _____ 1, 2024

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EXHIBIT – FORM OF OBLIGATIONS

* * *

FOURTH EXCISE TAX TRUST AGREEMENT

THIS FOURTH EXCISE TAX TRUST AGREEMENT, dated as of _____ 1, 2024 (together with any duly authorized, executed and delivered supplement hereto, this "Trust Agreement"), by and between _____, a national banking association authorized to exercise corporate trust powers in the State of Arizona, as trustee, or any successor thereto acting as trustee pursuant to this Trust Agreement and in its capacity as "Seller" pursuant to the hereinafter described Purchase Agreement (the "Trustee"), and the CITY OF SAN LUIS, ARIZONA, a municipal corporation under the laws of the State of Arizona (the "City"),

WITNESSETH:

WHEREAS, the Mayor and Council of the City have determined that it will be beneficial to the citizens of the City for the City to refinance the costs of the Refinanced Projects (as such term and all other terms not otherwise defined hereinabove are hereinafter defined); and

WHEREAS, for such purpose, the Mayor and the Council of the City requested that the Trustee execute and deliver the Obligations, and the Trustee has, as described in this Trust Agreement, caused a deposit to be made to the Costs of Issuance Fund and amounts to be transferred to the Escrow Trustee for the purposes of the Escrow Trust Agreement; and

WHEREAS, the City and the Trustee will enter into this Trust Agreement to facilitate the administration of the refinancing of the costs of the Refinanced Projects, and the Trustee has full legal authority and is duly empowered to enter into this Trust Agreement and has taken all actions necessary to authorize the execution and delivery hereof; and

WHEREAS, for the purpose of obtaining the moneys to provide for such deposit and transfer, rights pursuant to the Purchase Agreement have been assigned and transferred to the Trustee for purposes hereof, and in consideration of such assignment and the execution hereof, the Trustee has executed and delivered the Obligations, each evidencing a proportionate interest in certain rights pursuant to the Purchase Agreement;

NOW, THEREFORE, in consideration for the Obligations executed, delivered and Outstanding under this Trust Agreement; the acceptance by the Trustee of the trusts created herein; the purchase and acceptance of the Obligations by the Owners, and to secure the payment of principal and interest (to the extent provided herein) represented by the Obligations, the rights of the Owners of the Obligations and the performance and the observance of the covenants and conditions contained in the Obligations, the Purchase Agreement and herein, and the performance and the observance of all of the covenants and conditions contained therein, the City absolutely and irrevocably pledges and assigns to the Trustee, and the Trustee hereby declares an irrevocable trust and acknowledges its acceptance of, all right, title and interest in and to the following described trust estate, which shall be administered by the Trustee according to the provisions of this Trust Agreement and for the equal and proportionate benefit of the Owners of the Obligations:

A. All right, title and interest of the Trustee in, under and pursuant to the Purchase Agreement, specifically the Payments and any other amounts payable by the City under the Purchase Agreement and the present and continuing right to (i) make claim for, collect

or cause to be collected, receive or cause to be received all such revenues, receipts and other sums of money payable or receivable thereunder, (ii) bring actions and proceedings thereunder or for the enforcement of such rights, and (iii) do any and all other things which the Trustee is or may become entitled to do thereunder;

B. Amounts on deposit from time to time in the funds created pursuant hereto, subject to the provisions of this Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

C. Any and all other real or personal property of any kind from time to time hereafter by delivery or by writing of any kind specifically conveyed, pledged, assigned or transferred, as and for additional security hereunder for the Obligations, by the Trustee or by anyone on its behalf or with its written consent, in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof,

TO HAVE AND TO HOLD, all and singular, the trust estate, including all additional property which by the terms hereof has or may become subject to the encumbrance of this Trust Agreement, unto the Trustee and its successors and assigns, forever, subject, however, to the rights of the City, its successors and assigns, under the Purchase Agreement;

IN TRUST, however, for the equal and proportionate benefit and security of the Owners from time to time of the Obligations executed and delivered hereunder and Outstanding, none of the Obligations being entitled to priority or distinction one over the other in the application of the revenues from the Excise Taxes and the State Shared Revenues pledged by the Purchase Agreement to the Payments, regardless of the delivery of any of the Obligations prior to the delivery of any other of the Obligations, or regardless of the time or times principal represented by any Obligations is paid or is subject to prepayment with respect to principal represented thereby, all of the Obligations being co-equal as to the pledge of and lien on the revenues from the Excise Taxes and the State Shared Revenues pledged for the Payments thereof and sharing ratably, without preference, priority or distinction, as to the source or method of payment from the revenues from the Excise Taxes and the State Shared Revenues or security therefor, and conditioned, however, that if the City shall well and truly pay or cause to be paid fully and promptly when due all indebtedness, liabilities, obligations and sums at any time secured hereby, including interest and attorneys' fees, and shall promptly, faithfully and strictly keep, perform and observe or cause to be kept, performed and observed all of its covenants, warranties and agreements contained herein, this Trust Agreement shall be and become void and of no further force and effect; otherwise, the same shall remain in full force and effect, and upon the trust and subject to the covenants and conditions hereinafter set forth.

For such purposes, the City and the Trustee hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. In addition to the terms defined in the first paragraph hereof and unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Trust Agreement, have the meanings herein specified.

“Authorized Denominations” means \$5,000 of principal related to Obligations due on a specific payment date or integral multiples thereof.

“Bond Year” means each one-year period beginning on the day after the expiration of the preceding Bond Year. The first Bond Year shall begin on the date of issue of the Obligations and shall end on the date selected by the City, provided that the first Bond Year shall not exceed one calendar year. The last Bond Year shall end on the date of retirement of the last Obligation.

“Bond Yield” means the discount rate that produces a present value equal to the Issue Price of all unconditionally payable payments of principal, interest and fees for qualified guarantees within the meaning of Regulations Section 1.148-4(f) and amounts reasonably expected to be paid as fees for qualified guarantees in connection with the applicable series of Obligations as determined under Regulations Section 1.148-4(b), recomputed if required by Regulations Section 1.148-4(b)(4) or 4(h)(3). The present value of all such payments shall be computed as of the date of issue of the Obligations and using semiannual compounding on the basis of a 360-day year.

“Business Day” means any day of the week other than a Saturday, Sunday or a day which shall be in the State a legal holiday or a day on which the Trustee is authorized or obligated by law or executive order to close or a day on which the Federal Reserve is closed as modified by the effect of Section 9.6.

“City Representative” means the City Manager, the Finance Director or any other person authorized by the City Manager or the Mayor and Council of the City to act on behalf of the City with respect to this Trust Agreement.

“Closing Date” means _____, 2024.

“Code” means the Internal Revenue Code of 1986, as amended. References to the Code and sections thereof include applicable regulations and temporary regulations thereunder and any successor provisions to those sections, regulations or temporary regulations and any applicable regulations or temporary regulations issued pursuant to the Internal Revenue Code of 1954, as amended.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated the Closing Date, by and between the City and BLX Group LLC, as dissemination agent.

“Corporate Trust Office” means the office of the Trustee designated in Section 12.2 or any successor corporate trust office.

“Costs of Issuance Fund” means the fund of that name established pursuant to Article III and held by the Trustee.

“Defaulted Interest” has the meaning provided in Section 2.11(d).

“Defeasance Obligations” means, to the extent permitted by law, (1) cash, (2) non-callable direct obligations of the United States of America (“Treasuries”), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively, (5) securities eligible for “AAA” defeasance under then-existing criteria of S&P, or (6) any combination of the foregoing.

“Delivery Costs” means all items of expense directly or indirectly payable by or reimbursable to the City or the Trustee relating to the sale and execution and delivery of the Purchase Agreement, this Trust Agreement, the Escrow Trust Agreement and the Obligations, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, financing discounts, legal fees and charges, insurance fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Obligations and charges and fees in connection with the foregoing.

“Depository Trustee” means any bank or trust company, which may include the Trustee, designated by the City, with a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by federal or State authority.

“Designated Office” means the office designated as such by the Trustee in writing to the City.

“DTC” means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“electronically” or “electronic method” means, with respect to notice, one transmitted through a timesharing terminal, computer network (including email as a “pdf” (portable document format) or other replicating image attached to an email) or facsimile machine, if operative as between any two parties, or if not operative, by telephone (promptly confirmed in writing).

“Escrow Trust Agreement” means the Escrow Trust Agreement, dated as of _____ 1, 2024, by and between the City and the Escrow Trustee.

“Escrow Trustee” means _____, in its capacity as escrow trustee pursuant to the Escrow Trust Agreement.

“Event of Default” means an event of default under the Purchase Agreement as provided in Section 9 thereof.

“Excise Taxes” means the unrestricted transaction privilege (sales) taxes, business license and franchise fees, parks and recreation fees and permits and fines and forfeitures the City now imposes; provided that the Mayor and Council of the City may impose other transaction privilege taxes in the future, the uses of revenue from which will be restricted, at the discretion of such Council.

“Gross Proceeds” means:

(i) any amounts actually or constructively received by the City from the sale of the applicable series of the Obligations but excluding amounts used to pay accrued interest on the Obligations within one year of the date of issuance of the Obligations;

(ii) transferred proceeds of the applicable series of the Obligations under Regulations Section 1.148-9;

(iii) any amounts actually or constructively received from investing amounts described in (i), (ii) or this (iii) and

(iv) replacement proceeds of the applicable series of the Obligations within the meaning of Regulations Section 1.148-1(c). Replacement proceeds include amounts reasonably expected to be used directly or indirectly to pay debt service on the applicable series of the Obligations, pledged amounts where there is reasonable assurance that such amounts will be available to pay principal or interest on the applicable series of the Obligations in the event the City encounters financial difficulties and other replacement proceeds within the meaning of Regulations Section 1.148-1(c)(4). Whether an amount is Gross Proceeds is determined without regard to whether the amount is held in any fund or account established under this Trust Agreement.

“Independent Counsel” means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the City or the Trustee and which may include the counsel giving a Special Counsel’s Opinion.

“Interest Payment Date” means each January 1 and July 1, while the principal represented by the Obligations is Outstanding provided that, pursuant to Section 9.6, if any such day is not a Business Day, any payment due on such date may be made on the next Business Day, without additional interest and with the same force and effect as if made on the specified date for such payment.

“Interest Portion” means the amounts of each of the Payments in the column in the Schedule attached to the Purchase Agreement designated “Interest,” denominated as and comprising interest pursuant to the Purchase Agreement and received by the Owners of the Obligations.

“Investment Property” means any security, obligation (other than a tax-exempt bond within the meaning of Code Section 148(b)(3)(A)), annuity contract or investment-type property within the meaning of Regulations Section 1.148-1(b).

“Issue Price” means the issue price of the Obligations determined as provided in the Regulations and as indicated in the Tax Certificate.

“Market Value” means the indicated bid value of the investment or investments to be valued as shown in The Wall Street Journal or any publication having general acceptance as a source of valuation of the same or similar types of securities or any securities pricing service available to or used by the Trustee and generally accepted as a source of valuation.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

“Nonpurpose Investment” means any Investment Property acquired with Gross Proceeds and which is not acquired to carry out the governmental purposes of the Obligations.

“Notification” shall have the meaning provided in Section 10.3.

“Obligations” means the City of San Luis, Arizona Pledged Excise Tax Revenue Refunding Obligations, Series 2024.

“Obligations Being Prepaid” means all remaining outstanding amounts of the City of San Luis, Arizona Pledged Excise Tax Revenue Refunding Obligations, Tax-Exempt Series 2014A, which obligations refinanced a portion of the costs of the Refinanced Projects.

“Outstanding” refers to Obligations issued in accordance with this Trust Agreement, excluding: (i) Obligations which have been exchanged or replaced, or delivered to the Trustee for credit against a mandatory prepayment installment with respect to principal represented thereby; (ii) Obligations which have been paid; (iii) Obligations which have become due and for the payment of which moneys have been duly provided to the Trustee; and (iv) Obligations for which there have been irrevocably set aside with a Depository Trustee sufficient moneys or obligations permitted hereby and by the Purchase Agreement bearing interest at such rates and with such maturities as will provide sufficient funds to pay the principal, interest and premium, if any, represented by such Obligations, provided, however, that if principal represented by any such Obligations is to be prepaid, the City shall have taken all action necessary to prepay such Obligations and notice of such prepayment shall have been duly mailed in accordance with the proceedings under which such Obligations were issued or irrevocable instructions so to give such notice shall have been given to the Trustee.

“Owner” or any similar term, when used with respect to an Obligation means the person in whose name such Obligation shall be registered.

“Parity Lien Obligations” means any additional obligations which may hereafter be issued or incurred by the City (or any financing conduit acting on behalf of the City) having a lien upon and payable from the revenues from the Excise Taxes and the State Shared

Revenues on a parity with, and in compliance with the terms of, the Second Purchase Agreement, the Third Purchase Agreement and the Purchase Agreement.

“Payment Fund” means the fund of that name established pursuant to Article V and held by the Trustee.

“Payments” means the “Payments” required to be paid by the City pursuant to Section 1(b) of the Purchase Agreement and as set forth in the Schedule to the Purchase Agreement, subject to the provisions of Section 5.2(b).

“Permitted Investments” means any investment permitted by applicable law, including Section 35-323, Arizona Revised Statutes, as amended, or any successor provision thereto.

“Purchase Agreement” means the Fourth Excise Tax Purchase Agreement, dated as of _____ 1, 2024, by and between the Trustee, as seller, and the City, as purchaser.

“Rebate Payment” means any payment within the meaning of Regulations Section 1.148-3(d)(1) with respect to a Nonpurpose Investment.

“Rebate Requirement” means, for each Bond Year and for the applicable series of the Obligations, at any time the excess of the future value of all Receipts over the future value of all Rebate Payments. For purposes of calculating the Rebate Requirement the Bond Yield shall be used to determine the future value of Receipts and Rebate Payments in accordance with Regulations Section 1.148-3(c). The Rebate Requirement is zero for any Nonpurpose Investment meeting the requirements of a rebate exception under Section 148(f)(4) of the Code or Regulations Section 1.148-7.

“Receipt” means any receipt within the meaning of Regulations Section 1.148-3(d)(2) with respect to a Nonpurpose Investment.

“Refinanced Projects” means, collectively, refinancing the costs of certain improvements to the water and wastewater system of the City and the cost of constructing a new City Complex and refunding certain obligations of the San Luis Civic Improvement Corporation.

“Regular Record Date” means the close of business on the fifteenth day of the month preceding each Interest Payment Date.

“Regulations” means Sections 1.148-1 through 1.148-11 and Section 1.150-1 of the regulations of the United States Department of the Treasury promulgated under the Code, including and any amendments thereto or successor regulations.

“Responsible Officer” means, when used with respect to the Trustee, the president, any vice president, any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, any senior associate, any associate or any other officer of the Trustee within the Corporate Trust Office customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any

corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Trust Agreement.

"Second Purchase Agreement" means the Second Excise Tax Purchase Agreement, dated as of October 1, 2017, by and between U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as seller, and the City, as purchaser.

"Securities Depository" means a "clearing agency" (securities depository) registered under Section 17A of the Securities Exchange Act of 1934, as amended.

"Special Counsel's Opinion" means an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the City.

"Special Record Date" has the meaning provided in Section 2.11(d).

"S&P" means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, a limited liability company organized and existing under the laws of the State of New York, its successors and assigns, and, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City by notice to the Trustee.

"State" means the State of Arizona.

"State Shared Revenues" means any amounts of excise taxes, transaction privilege (sales) taxes and income taxes imposed by the State or any agency thereof and returned, allocated or apportioned to the City, except the City's share of any such taxes which by State law, rule or regulation must be expended for other purposes such as motor vehicle fuel taxes.

"Tax Certificate" means the Certificate Relating To Federal Tax Matters, executed and delivered by the City on the Closing Date.

"Third Purchase Agreement" means the Third Excise Tax Purchase Agreement, dated as of April 1, 2021, by and between UMB Bank, n.a., as seller, and the City, as purchaser.

Section 1.2. Interpretation.

(a) Any reference herein to the Mayor and Council of the City or any officer of the City shall include those succeeding to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

(b) Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender.

(c) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof. References to "Articles" and "Sections" are to those in this Trust Agreement.

Section 1.3. Obligations Not General Obligation of the City. The Obligations shall be payable solely out of the revenues and other security pledged hereby and shall not constitute an indebtedness or general obligation of the City within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the City or be a charge against the City's general credit or a charge against the general credit or the taxing powers of the State or any political subdivision thereof.

ARTICLE II
EXCISE TAX REVENUE OBLIGATIONS

Section 2.1. Authorization of the Obligations. The Trustee is hereby authorized and directed to execute and deliver to the original purchaser thereof, the Obligations in the principal amount of \$____,000, evidencing proportionate ownership interests in the Payments. In no event shall the Obligations be deemed liabilities, debts or obligations of the Trustee.

Section 2.2. Date; Interest Accrual. The Obligations shall be dated the Closing Date, and interest represented thereby shall be payable from such date or from the most recent Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Obligations.

Section 2.3. Payment Amounts and Dates and Interest Rates. The Obligations shall be in Authorized Denominations. The Obligations shall be payable on the dates and in the principal amounts, and interest represented thereby shall be computed at the rates, as shown below:

Payment Date (July 1)	Principal Amount	Interest Rates
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Section 2.4. Interest on Obligations. Interest represented by the Obligations shall be payable semiannually on January 1 and July 1 of each year commencing July 1, 2024, to and including the date of payment or prepayment of the amount of principal represented by the Obligations. Except for the initial period, said interest shall represent the portion of the Payments designated as interest and coming due during the six-month period preceding each Interest Payment Date with respect to the Obligations. The proportionate share of the portion of the Payments

designated as interest with respect to any Obligation shall be computed by multiplying the portion of Payments designated as principal remaining with respect to the Obligations (whether paid as a result of mandatory prepayment or payment) by the rate of interest applicable to such Obligation (on the basis of a 360-day year of twelve 30-day months), except that the first portion of the Payments designated as interest with respect to the Obligations shall be for interest from the Closing Date to July 1, 2024.

Section 2.5. Form. The Obligations shall be in fully registered, certificated form, substantially in the form set forth in the Exhibit hereto.

Section 2.6. Execution. The Obligations shall be executed by and in the name of the Trustee by the manual signature of an authorized representative of the Trustee. If any representative whose signature appears on any Obligation ceases to be such representative before the Closing Date, such signature shall nevertheless be as effective as if the representative had remained in office until the Closing Date. Any Obligation may be executed on behalf of the Trustee by such person as at the actual date of the execution of such Obligation shall be the proper authorized representative of the Trustee although at the nominal date of such Obligation such person shall not have been such authorized representative of the Trustee. No Obligation shall be valid or become obligatory for any purpose or shall be entitled to any security or benefit under this Trust Agreement unless and until executed and delivered by the Trustee. The execution by the Trustee of any Obligation shall be conclusive evidence that the Obligation so executed has been duly authorized and delivered hereunder and is entitled to the security and benefit of this Trust Agreement.

Section 2.7. Book-Entry Only System. The Trustee and the City may from time to time enter into, and discontinue, an agreement with a Securities Depository which is the Owner of the Obligations, to establish procedures with respect to the Obligations not inconsistent with the provisions of this Trust Agreement; provided, that, notwithstanding any other provisions of this Trust Agreement, any such agreement may provide that different provisions for notice to the Securities Depository may be set forth herein and that a legend shall appear on each Obligation so long as the Obligations are subject to such agreement. With respect to Obligations registered in the name of a Securities Depository (or its nominee), neither the Trustee nor the City shall have any obligation to any of its members or participants or to any person on behalf of whom an interest is held in the Obligations. It is hereby acknowledged that the City intends to enter into an agreement with DTC in connection with the execution and delivery of the Obligations, and while such agreement is in effect, the procedures established therein shall apply to the Obligations notwithstanding any other provisions of this Trust Agreement to the contrary. As long as DTC is the Securities Depository with respect to the Obligations, the Trustee shall be a "DTC Direct Participant." The Trustee shall not have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Obligations regarding accuracy of any records maintained by DTC or DTC participants, the payments by DTC or DTC participants of any amount in respect of principal, prepayment price or interest on the Obligations, any notice which is permitted or required to be given to or by Owners hereunder (except such notice as is required to be given by the City to the Trustee or to DTC), or any consent given or any other action taken by DTC as Owner. So long as the Obligations are registered in the name of DTC or its nominee, the City and the Trustee shall be entitled to request and to rely upon a certificate or other written representation from the beneficial owners of the Obligations or from DTC on behalf of such

beneficial owners stating the amount of their respective beneficial ownership interests in the Obligations and setting forth the consent, advice, direction, demand or vote of the beneficial owners as of a record date selected by the Trustee and DTC, to the same extent as if such consent, advice, direction, demand or vote were made by the Owners of the Obligations for purposes of this Trust Agreement and the City and the Trustee shall for such purposes treat the beneficial owners as the Owners. Along with any such certificate or representation, the City and the Trustee may request DTC to deliver, or cause to be delivered, to the City and the Trustee a list of all DTC participants with respect to the Obligations, together with the dollar amount of each DTC participant's interest in the Obligations and the current addresses of such DTC participants.

Section 2.8. Application of Proceeds. The proceeds received by the Trustee from the sale of the Obligations (\$ _____) shall forthwith be applied by the Trustee as follows:

- (1) \$ _____ shall be deposited in the Costs of Issuance Fund; and
- (2) \$ _____ shall be held in a temporary fund and transferred on the Closing Date immediately, without requisition or other documentation, to the Escrow Trustee for the purposes of the Escrow Trust Agreement.

Section 2.9. Transfer and Exchange.

(a) Any Obligation may, in accordance with its terms, be transferred upon the registration books for the Obligations required to be kept pursuant to the provisions of Section 2.13 by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Obligation for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Obligation or Obligations shall be surrendered for transfer, the Trustee shall execute and deliver a new Obligation or Obligations in fully registered form of the same stated payment date and interest rate and for a like aggregate principal amount.

(b) Obligations may be exchanged at the Designated Office for a like aggregate principal amount of Obligations of Authorized Denominations of the same stated payment date and interest rate. In connection with any such exchange or transfer of Obligations, the Owner requesting such exchange or transfer shall, as a condition precedent to the exercise of the privilege of making such exchange or transfer, remit to the Trustee an amount sufficient to pay any tax or other governmental charge required to be paid, other than one imposed by the City (which will not be payable by the Trustee), or any fee or expense of the Trustee or the City with respect to such exchange or transfer.

(c) The Trustee may, but shall not be obligated to, exchange or register the transfer of an Obligation (i) if principal represented by the Obligation is to be prepaid, in whole or in part, or (ii) during a period of fifteen (15) days preceding the giving of a notice of prepayment. If an Obligation subject to prepayment is to be transferred after having been selected for prepayment, any notice of prepayment which has been given to the transferor shall be binding on the transferee and a copy of the notice of prepayment shall be delivered by the Trustee to the transferee along with the duly registered Obligation or Obligations.

(d) Prior to any transfer of the Obligations outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any of its usual, applicable tax reporting obligations. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.10. Obligations Mutilated, Lost, Destroyed or Stolen. If any Obligation shall become mutilated, the Trustee, at the expense of the Owner of said Obligation, shall execute and deliver a new Obligation of like tenor, stated payment date and amount in exchange and substitution for the Obligation so mutilated, but only upon surrender to the Trustee of the Obligation so mutilated. Any mutilated Obligation so surrendered to the Trustee shall be cancelled by it and redelivered to, or upon the order of, the Owner of such Obligation. If any Obligation shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and, if an indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner of such Obligation, shall execute and deliver a new Obligation of like tenor, stated payment date and amount and numbered as the Trustee shall determine in lieu of and in substitution for the Obligation so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each new Obligation delivered under this Section and of the expenses which may be incurred by the Trustee in carrying out the duties under this Section. Any Obligation issued under the provisions of this Section in lieu of any Obligation alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Trust Agreement with all other Obligations secured by this Trust Agreement. The Trustee shall not be required to treat both the original Obligation and any replacement Obligation as being Outstanding for the purpose of determining the principal amount of Obligations which may be executed and delivered hereunder or for the purpose of determining any percentage of Obligations Outstanding hereunder, but both the original and replacement Obligation shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Obligation for an Obligation which has been mutilated, lost, destroyed or stolen, and which has become due, the Trustee may make payment with respect to such Obligation upon receipt of the aforementioned indemnity.

Section 2.11. Payment.

(a) Payment of interest related to the Obligations on any Interest Payment Date shall be made to the persons appearing on the registration books for the Obligations maintained by the Trustee as the Owner thereof as of the Regular Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on the date due by first class mail to such Owners at the address thereof as it appears on such registration books, payable in lawful money of the United States of America.

(b) The principal and interest related to the Obligations shall be payable in lawful money of the United States of America upon surrender when due at the Designated Office.

(c) Interest and, if arrangements for surrender are made with the Trustee, principal payable to any Securities Depository or to any Owner of \$1,000,000 or more in principal amount of Obligations shall be paid by wire transfer in immediately available funds to an account

in the United States of America if the Owner makes a written request of the Trustee at least twenty (20) days before the Interest Payment Date specifying the account address. The notice may provide that it shall remain in effect for subsequent payments until otherwise requested in a subsequent written notice.

(d) Any interest related to any Obligation which is payable on, but is not punctually paid or duly provided for on, any Interest Payment Date ("Defaulted Interest") shall forthwith cease to be payable to the Owners on the relevant Regular Record Date solely by virtue of such Owners having been such Owners. Such Defaulted Interest at the same rate as the Obligations shall thereupon be paid, together with interest thereon at the same rate per annum as such Defaulted Interest, by the Trustee (out of funds provided to it by the City) to the persons in whose names such Obligations are registered at the close of business on a special record date for the payment of such portion of Defaulted Interest as may then be paid from the sources herein provided (the "Special Record Date"). When the Trustee has funds available to pay the Defaulted Interest and interest thereon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest and interest thereon which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment by the Trustee. The Trustee shall promptly cause notice of the proposed payment of such Defaulted Interest and interest thereon and the Special Record Date therefor to be mailed, first class postage prepaid, to each Owner of an Obligations at his address as it appears in the registration books by the Trustee for the Obligations not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and interest thereon and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest and interest thereon shall be paid to the persons in whose names the Obligations are registered on such Special Record Date.

Section 2.12. Execution of Documents and Proof of Ownership.

(a) Any request, direction, consent, revocation of consent or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by the Obligation Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Obligations. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of the Obligations shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(1) The fact and date of the execution by any Owner or the attorney or agent thereof of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(2) The fact of the ownership of the Obligations by any person and the amount, the payment date and the numbers of such Obligations and the date of his holding the same be proved on the registration books maintained pursuant to Section 2.13.

(b) Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any Obligation shall bind every future Owner of the same Obligation in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

Section 2.13. Obligation Register. The Trustee will keep or cause to be kept, at the Designated Office, sufficient books for the registration and transfer of the Obligations which shall at all times during regular business hours on any Business Day be open to inspection by the City and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the Obligations as hereinbefore provided.

Section 2.14. Payment of Unclaimed Amounts. In the event any check for payment of interest on an Obligation is returned to the Trustee unendorsed or is not presented for payment within two (2) years from its payment date or any Obligation is not presented for payment of principal at the payment or prepayment date, if funds sufficient to pay such interest or principal due upon such Obligation shall have been made available to the Trustee for the benefit of the Owner thereof, it shall be the duty of the Trustee to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Obligation who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to such Obligation or amounts due thereunder. The obligation of the Trustee to hold such funds shall continue for two years and six months (subject to applicable escheat laws) following the date on which such interest or principal payment became due, whether at payment or the date fixed for prepayment, at which time the Trustee shall surrender such unclaimed funds so held to the City, whereupon any claim of whatever nature by the Owner of such Obligation arising under such Obligation shall be made upon the City.

ARTICLE III COSTS OF ISSUANCE FUND

Section 3.1. Establishment and Application of Costs of Issuance Fund.

(a) The Trustee shall establish a special trust fund designated as the "City of San Luis, Arizona Series 2024 Costs of Issuance Fund" (herein referred to as the "Costs of Issuance Fund"), shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided in this Trust Agreement.

(b) Amounts in the Costs of Issuance Fund shall be disbursed for the payment of Delivery Costs. Disbursements from the Costs of Issuance Fund shall be made by the Trustee upon receipt of a requisition for disbursement (on which the Trustee is entitled to rely) executed or approved by the City Representative. Each such requisition shall set forth the amounts to be disbursed for payment, or reimbursement of previous payments, of Delivery Costs and the

person or persons to whom said amounts are to be disbursed. The Trustee has no duty or obligation to confirm that such disbursements constitute Delivery Costs.

(c) On the earlier of June 1, 2024, or when all Delivery Costs associated with the Obligations have been paid (as shown by a certificate of a City Representative, if requested by the Trustee), the Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the Payment Fund, and the Costs of Issuance Fund shall be closed.

ARTICLE IV
PREPAYMENT OF OBLIGATIONS

Section 4.1. Prepayment Provisions.

(a) The Obligations payable before or on July 1, 20__, are not subject to prepayment prior to their stated payment dates. The Obligations payable after July 1, 20__, are subject to prepayment in such order and from such payment dates as may be selected by the City and by lot within any payment date by such methods as may be selected by the Trustee from prepayments made at the option of the City pursuant to Section 7 of the Purchase Agreement, in whole or in part on any date, on or after July 1, 20__, at a prepayment price equal to the principal amount of Obligations or portions thereof to be prepaid, together with accrued interest to the date fixed for prepayment, but without premium.

(b) The Obligations payable on July 1, 20__, shall be prepaid on July 1 of the years indicated and in the amounts indicated at a price equal to the amount thereof plus interest accrued to the date of prepayment, but without premium:

Year Prepaid	Principal Amount Prepaid
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A remaining principal amount of \$____,000 of such Obligations shall be paid on July 1, 20__.

(c) The Obligations payable on July 1, 20__, shall be prepaid on July 1 of the years indicated and in the amounts indicated at a price equal to the amount thereof plus interest accrued to the date of prepayment, but without premium:

Year Prepaid	Principal Amount Prepaid
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A remaining principal amount of \$____,000 of such Obligations shall be paid on July 1, 20__.

(d) Whenever Obligations subject to mandatory prepayment are purchased, prepaid (other than pursuant to mandatory prepayment) or delivered by the City to the Trustee for cancellation, the principal amount of the Obligations represented thereby so retired shall satisfy and be credited against the mandatory prepayment requirements for such Obligations for such years as the City may direct in writing.

Section 4.2. Selection of Obligations for Prepayment. The Obligations shall be prepaid only in the principal amounts of \$5,000 each or integral multiples thereof. The City shall, at least forty-five (45) days prior to the prepayment date, notify the Trustee of such prepayment date and of the payment dates of the Obligations and the principal amount of the Obligations of any such payment date to be prepaid on such date. For the purposes of any prepayment of less than all of the Obligations payable on a single payment date, if the Obligations are not held in a book-entry-only system as described in Section 2.7, the particular Obligations or portions of Obligations of such payment date to be prepaid shall be selected by the Trustee by lot in accordance with its standard procedures not more than forty-five (45) nor less than thirty (30) days prior to the prepayment date by such selection methods as the Trustee shall in its sole discretion deem appropriate and fair; provided, however, that such selection methods shall provide for the selection of Obligations or portions thereof for prepayment in principal amounts of \$5,000 or integral multiples thereof such that any \$5,000 Obligation or \$5,000 portion of an Obligation of such payment date shall be as likely to be called for prepayment as any other such \$5,000 Obligation or \$5,000 portion thereof. The Trustee shall promptly notify the City in writing of the Obligations so selected for prepayment, and the City will provide the Trustee within thirty (30) days a recomputed payment schedule for the Purchase Agreement.

Section 4.3. Notice of Prepayment; Effect.

(a) The Trustee shall cause notice of any optional prepayment of Obligations hereunder to be mailed to the Owners of all of the Obligations to be prepaid at the addresses appearing in the register kept for such purpose pursuant to Section 2.13. Each such notice shall (1) be sent no more than sixty (60) nor less than thirty (30) calendar days prior to the prepayment date, (2) identify the Obligations to be prepaid (specifying the CUSIP numbers, if any, assigned to the Obligations), (3) specify with respect to the Obligations being prepaid their date of issue, their payment date, their prepayment date and their prepayment price, (4) set forth the name, address and telephone number of the person from whom information pertaining to the prepayment may be obtained, and (5) state that on the prepayment date the Obligations to be prepaid will be payable at the Designated Office, that from that date interest will cease to accrue and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Obligations. No defect affecting any Obligation, whether in the notice of prepayment or the delivery thereof (including any failure to mail such notice), shall affect the validity of the prepayment proceedings for any other Obligations.

(b) If at the time of mailing of notice of an optional prepayment of Obligations, there has not been deposited with the Trustee moneys or Defeasance Obligations sufficient to prepay all Obligations subject to such prepayment and the requirements of (e) below are not satisfied, then such notice shall state that the prepayment is conditional upon the deposit of moneys or Defeasance Obligations sufficient for the prepayment with the Trustee and satisfaction of such requirements not later than the opening of business on the prepayment date, and such notice will be of no effect and such Obligations shall not be prepaid unless such moneys or Defeasance Obligations are so deposited and such requirements in (e) below are met.

(c) Any notice of prepayment shall be mailed by first class mail, postage prepaid; provided that any notice of prepayment given to the Securities Depository or any Owner of \$1,000,000 or more in aggregate principal amount of Obligations also shall be transmitted

Electronically. A certificate of the Trustee shall conclusively establish the mailing or delivery of any such notice for all purposes.

(d) Notice having been mailed in the manner provided in (a) above, the Obligations and portions thereof called for prepayment shall become due and payable on the prepayment date, and upon presentation and surrender thereof at the place or places specified in that notice, shall be paid at the prepayment price, plus interest accrued to the prepayment date.

(e) If the money or Defeasance Obligations for the prepayment of all of the Obligations and portions thereof to be prepaid, together with interest accrued thereon to the prepayment date, is held by the Trustee on the prepayment date, so as to be available therefor on that date, then from and after the prepayment date those Obligations and portions thereof to be prepaid shall cease to bear interest and no longer shall be considered to be Outstanding hereunder. If those moneys shall not be so available on the prepayment date, those Obligations and portions thereof shall continue to bear interest, until they are paid, at the same rate as they would have borne had they not been called for prepayment.

(f) All moneys deposited in the Payment Fund and held by the Trustee for the prepayment of particular Obligations shall be held in trust for the account of the Owners thereof and shall be paid to them, respectively, upon presentation and surrender of those Obligations.

Section 4.4. Partial Prepayment of Obligation. Upon surrender of any Obligation prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the City, a new Obligation or Obligations of Authorized Denominations equal in aggregate principal amount to the unprepaid portion of the Obligation surrendered and of the same payment date.

ARTICLE V PAYMENT FUND

Section 5.1. Trustee's Rights in Purchase Agreement. The Trustee holds in trust hereunder all of its rights and duties in the Purchase Agreement, including but not limited to all of the rights to receive and collect all of the Payments and all other amounts required to be deposited in the Payment Fund pursuant to the Purchase Agreement or pursuant hereto. All of the Payments and such other amounts to which the Trustee may at any time be entitled shall be paid directly to the Trustee in trust, and all of the Payments collected or received by the Trustee shall be held by the Trustee in trust hereunder in the Payment Fund for the benefit of the Owners.

Section 5.2. Establishment and Application of Payment Fund.

(a) The Trustee shall establish a special trust fund designated as the "City of San Luis, Arizona Series 2024 Payment Fund" (herein referred to as the "Payment Fund"). So long as any Obligations are Outstanding, the City shall have no beneficial right or interest in the Payment Fund or the moneys deposited therein, except only as provided in this Trust Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

(b) Not less than thirty (30) Business Days prior to each Interest Payment Date, the Trustee shall notify the City of the amount required to be paid, after taking into

account amounts which will be transferred to the Payment Fund in accordance herewith, on or before such Interest Payment Date, so that a sufficient amount will then be on deposit for both principal and interest represented by the Obligations then due. All amounts received by the Trustee as Payments pursuant to the Purchase Agreement or as transfers pursuant hereto shall be deposited in the Payment Fund.

(c) All amounts in the Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and interest represented by the Obligations as the same shall become due and payable, in accordance with the provisions of Articles II and IV.

Section 5.3. Transfers of Investment Earnings to Payment Fund. Except as otherwise directed by the City, the Trustee shall, on or before the next Interest Payment Date occurring on July 1, transfer any income or profit on the investment of moneys in the funds hereunder to the Payment Fund.

Section 5.4. Surplus. Any surplus remaining in any of the funds created hereunder, after prepayment and payment or provision for prepayment and payment of all Obligations, including accrued interest, and payment of any applicable fees, expenses or indemnities to the Trustee, or provision for such prepayment and payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the City.

ARTICLE VI MONEYS IN FUNDS; INVESTMENT; CERTAIN TAX COVENANTS

Section 6.1. Held in Trust. The moneys and investments held by the Trustee under this Trust Agreement are irrevocably held in trust for the benefit of the Owners of the Obligations and for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the City or any Owner of the Obligations.

Section 6.2. Investments Authorized. Upon written order of the City Representative, moneys held by the Trustee hereunder shall be invested and reinvested by the Trustee, to the maximum extent practicable in Permitted Investments. The City Representative shall direct such investment in specific Permitted Investments. Such investments, if registrable, shall be registered in the name of the Trustee and shall be held by the Trustee. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as purchaser or agent in the making or disposing of any investment. In the absence of timely and specific written direction from the City Representative, the Trustee shall invest the funds in a money market fund which qualifies as a Permitted Investment. In no event shall the Trustee be liable for the selection of investments. The Trustee may conclusively rely upon such written direction from the City Representative as to both the suitability and legality of the directed investments and such written investment direction shall constitute a certification that such directed investment constitutes a

Permitted Investment. The City acknowledges that regulations of the Comptroller of the Currency grant the City the right to receive brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the City specifically waives compliance with 12 Code of Federal Regulations 12 and hereby notifies the Trustee that no brokerage confirmations need be sent relating to the security transactions as they occur. The Trustee also is specifically authorized to implement its automated cash investments system to assure that cash on hand is invested and to charge reasonable cash management fees, which may be deducted from income earned on investments. The Trustee may elect, but shall not be obligated, to credit the funds and accounts held by it with the moneys representing income or principal payments due on, or sales proceeds due in respect of, Permitted Investments in such funds and accounts, or to credit to Permitted Investments intended to be purchased with such moneys, in each case before actually receiving the requisite moneys from the payment source, or to otherwise advance funds for account transactions. The City acknowledges that the legal obligation to pay the purchase price of Permitted Investments arises immediately at the time of the purchase. Notwithstanding anything else in this Trust Agreement, (i) any such crediting of funds or assets shall be provisional in nature, and the Trustee shall be authorized to reverse any such transactions or advances of funds in the event that it does not receive good funds with respect thereto, and (ii) nothing in this Trust Agreement shall constitute a waiver of any of the Trustee's rights as a securities intermediary under Uniform Commercial Code Section 9-206, to the extent applicable under State law.

Section 6.3. Accounting. The Trustee shall furnish to the City, not less than semiannually, an accounting (which may be in the form of its customary statement) of all investments made by the Trustee. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 6.2.

Section 6.4. Allocation of Earnings. Any income, profit or loss on such investments shall be deposited in or charged to the respective funds from which such investments were made, and any interest on any deposit of funds shall be deposited in the fund from which such deposit was made, except as otherwise provided herein. At the direction of the City Representative, any such income, profit or interest shall be transferred and applied if necessary to pay amounts due pursuant to Section 148 of the Code.

Section 6.5. Valuation and Disposition of Investments. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued at Market Value. The City acknowledges that values shall be determined in accordance with the price provided by pricing services and sources relied upon by the Trustee and the Trustee does not have any duty to independently value any asset or an obligation other than the price provided by pricing services and sources relied upon by Trustee. The Trustee may sell or present for redemption, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

Section 6.6. Limitation of Investment Yield. In the event the City is of the opinion that it is necessary to restrict or limit the yield on the investment of any amounts paid to or held by the Trustee hereunder in order to avoid the Obligations, or any of them, being considered "arbitrage bonds" within the meaning of Section 148 of the Code, the City Representative may issue

to the Trustee a written certificate to such effect (along with appropriate instructions), in which event the Trustee will take such action as is instructed so to restrict or limit the yield on such investment in accordance with the specific instructions contained in such certificate.

Section 6.7. Other Tax Covenants. In consideration of the acceptance and execution of the Purchase Agreement by the Trustee and the purchase by the Owners of the Obligations, from time to time, and in consideration of retaining the exclusion of the Interest Portion for federal income tax purposes, the City shall, from time to time, neither take nor fail to take any action, which action or failure to act is within its power and authority and would result in the Interest Portion becoming subject to inclusion in gross income for federal income tax purposes under either laws existing on the date of execution of the Purchase Agreement or such laws as they may be modified or amended or tax laws later adopted. The City shall comply with such requirement(s) and will take any such action(s) as are necessary to prevent the Interest Portion from becoming subject to inclusion in gross income for federal income tax purposes. Such requirements may include but are not limited to making further specific covenants; making truthful certifications and representations and giving necessary assurances; complying with all representations, covenants and assurances contained in certificates or agreements required by any Special Counsel's Opinion; to pay to the United States of America any required amounts representing rebates of arbitrage profits relating to the Obligations; filing forms, statements and supporting documents as may be required under the federal tax laws; limiting the term of and yield on investments made with moneys held pursuant to this Trust Agreement and limiting the use of the proceeds of the Obligations and property financed or refinanced thereby.

ARTICLE VII THE TRUSTEE

Section 7.1. Appointment of Trustee. The City hereby authorizes and directs the Trustee to, and the Trustee shall, execute and deliver the Purchase Agreement, and receive all moneys required to be deposited with the Trustee hereunder and shall allocate, use and apply the same as provided in this Trust Agreement. The City shall maintain as the Trustee a bank or trust company with a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination by federal or State authority, so long as any of the Obligations are Outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to then for the purpose of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Section 7.2. Liability of Trustee; Standard of Care. Except with respect to its authority and power generally and authorization to execute this Trust Agreement, the recitals of facts, covenants and agreements herein, in the Purchase Agreement and in the Obligations shall be taken as statements, covenants and agreements of the City, and the Trustee assumes no responsibility for the correctness of the same, or makes any representations as to the validity hereof or sufficiency of this Trust Agreement, the Purchase Agreement or the Obligations or shall incur any responsibility in respect hereof or thereof, other than in connection with the duties or obligations herein or in the Obligations assigned to or imposed upon it. Prior to the occurrence of an Event of Default, or after the timely cure of an Event of Default, the Trustee shall perform only

such duties as are specifically set forth in this Trust Agreement and no implied obligations or covenants should be read into this Trust Agreement against the Trustee. After the occurrence of an Event of Default, the Trustee shall exercise such of the rights and powers vested in it, and use the same degree of care and skill in such exercise, as a prudent person would exercise under the circumstances in the conduct of its own affairs in exercising any rights or remedies or performing any of its duties hereunder.

Section 7.3. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its municipal corporate trust business, provided that such company shall be eligible under Section 7.1, shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 7.4. Protection and Rights of the Trustee.

(a) The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificates, statements, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Trust Agreement or the Purchase Agreement, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as an Owner of any Obligation or to take any action at his request unless such Obligation shall be deposited with the Trustee and satisfactory evidence of the ownership of such Obligation shall be furnished to the Trustee. The Trustee may consult with counsel with regard to legal questions, and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

(b) Whenever in the administration of its duties under this Trust Agreement or the Purchase Agreement, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by the certificate of the City Representative and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of this Trust Agreement or the Purchase Agreement upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

(c) The Trustee may become the Owner of the Obligations with the same rights it would have if it were not Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the City with the same rights it would have if it were not the Trustee and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of

Obligations, whether or not such committee shall represent the Owners of the majority in principal amount of the Obligations then Outstanding.

(d) The recitals, statements and representations by the City contained in this Trust Agreement, the Purchase Agreement or the Obligations shall be taken and construed as made by and on the part of the City and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.

(e) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Trustee shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under this Trust Agreement or for anything whatever in connection with the funds and accounts established hereunder, except only for its own willful misconduct or negligence.

(f) No provision in this Trust Agreement shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability (including, without limitation, any and all environmental liability) in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

(g) The Trustee shall not be accountable for the use or application by the City or any other party of any funds which the Trustee has released in accordance with the terms of this Trust Agreement. The Trustee undertakes to perform such duties and only such duties as are specifically set forth herein and no implied covenants or obligations shall be read into this Trust Agreement against the Trustee.

(h) The Trustee makes no representation or warranty, express or implied, as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City of the Refinanced Projects. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Purchase Agreement or this Trust Agreement for the Refinanced Projects.

(i) Notwithstanding any provision in this Trust Agreement or the Purchase Agreement to the contrary, the Trustee shall not be required to take notice or be deemed to have notice of an Event of Default, except an Event of Default under Section 9(a)(i)(A) of the Purchase Agreement, unless a Responsible Officer of the Trustee has actual notice thereof or is specifically notified in writing of such default by the City or the Owners of at least twenty-five percent (25%) in aggregate principal amount of all Obligations then Outstanding.

(j) The Trustee shall accept and act upon instructions or directions pursuant to this Trust Agreement sent by unsecured email as a "pdf" (portable document format) document or other replicating image attached to an email, facsimile transmission or other similar

unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee email or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City shall assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(k) The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics, pandemics, quarantine restrictions, acts of civil or military authority, recognized public emergencies, quarantine restrictions, hacking or cyber-attacks, or other use or infiltration of the Trustee's technological infrastructure exceeding authorized access, loss or malfunctions of utilities, communications or computer (software and hardware) services or other similar occurrences; provided, however, the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(l) The Trustee shall have no responsibility or liability with respect to any information, statements or recitals in any offering memorandum or other disclosure material prepared or distributed with respect to the execution and delivery of the Obligations.

(m) The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct. The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the Projects.

(n) Before taking any action under this Trust Agreement relating to an Event of Default or in connection with its duties under this Trust Agreement other than making payments of principal and interest represented by the Obligations as they become due, the Trustee may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, including, but not limited to, any liability arising directly or indirectly under any federal, state or local statute, rule, law or ordinance related to the protection of the environment or hazardous substances and except liability which is adjudicated, to have resulted from its negligence or willful default in connection with any action so taken.

(o) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Obligations then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Trust Agreement.

(p) In acting or omitting to act pursuant to the Purchase Agreement or any other documents executed in connection herewith or therewith, the Trustee shall be entitled to all of the rights, immunities and indemnities accorded to it under this Trust Agreement, including, but not limited to, this Article VII.

Section 7.5. Compensation of Trustee. The City shall from time to time, pursuant to a fee schedule agreed to between the City and the Trustee (which fee schedule may be amended in writing), pay to the Trustee reasonable compensation for its services, including but not limited to advances to, and reasonable fees and expenses of, independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder. In the event that it should become necessary for the Trustee to perform extraordinary services, the Trustee shall be entitled to reasonable additional compensation therefor and to reimbursement for reasonable and necessary extraordinary expenses in connection therewith; provided that if such extraordinary services or extraordinary expenses are occasioned by the negligence or willful misconduct of the Trustee it shall not be entitled to compensation or reimbursement therefor. The Trustee's right to compensation and indemnification shall survive the satisfaction and discharge of this Trust Agreement or the Trustee's resignation or removal hereunder and payment in full of the Obligations. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 7.6. Removal and Resignation of Trustee.

(a) The City (but only if no Event of Default has occurred and is continuing) or the Owners of a majority in aggregate principal amount of all Obligations Outstanding, at any time upon thirty (30) days' prior written notice, and for any reason, may remove the Trustee and any successor thereto, but any such successor shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by federal or State authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or the requirements of any supervising or examining authority above referred to, then, for the purposes of this Section, the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) The Trustee may at any time resign by giving written notice to the City. Upon receiving such notice of resignation, the City shall promptly appoint a successor trustee by an instrument in writing; provided, however, that in the event that the City does not appoint a successor trustee within thirty (30) days following receipt of such notice of resignation or its giving

notice of removal, the retiring Trustee may petition the appropriate court having jurisdiction to appoint a successor trustee. Any resignation or removal of the Trustee and appointment of a successor trustee shall become effective upon acceptance of appointment by the successor trustee. The Trustee and the City shall execute any documents reasonably required to effect the transfer of rights and obligations of the Trustee to the successor trustee subject, however, to the terms and conditions herein set forth, including, without limitation, the right of the predecessor Trustee to be paid and reimbursed in full for its reasonable charges and expenses (including reasonable fees and expenses of its counsel) and the indemnification under Sections 7.4 and 10.3. Upon such acceptance, the successor trustee shall mail notice thereof to the Owners of the Obligations at their respective addresses set forth on the registration books for the Obligations maintained pursuant to Section 2.13.

Section 7.7. Appointment of Agent. The Trustee may appoint an agent or agents to exercise any of the powers, rights or remedies granted to the Trustee under this Trust Agreement and to hold title to property or to take any other action which may be desirable or necessary.

Section 7.8. Commingling. The Trustee may commingle any of the funds held by it pursuant to this Trust Agreement in a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling by the Trustee.

Section 7.9. Records. The Trustee shall keep complete and accurate records of all moneys received and disbursed under this Trust Agreement, which shall be available for inspection by the City, or any of its agents, at any time, upon reasonable prior notice, during regular business hours. The Trustee shall provide the City Representative with semiannual reports of funds transactions and balances.

ARTICLE VIII MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 8.1. Amendments Permitted.

(a) This Trust Agreement and the rights and obligations of the Owners of the Obligations, and the Purchase Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental or amending agreement which shall become effective when the written consent of the Owners of a majority in aggregate principal amount of all Obligations then Outstanding, exclusive of Obligations disqualified as provided in Section 8.3, shall have been filed with the Trustee. No such modification or amendment shall (1) extend or have the effect of extending the final payment of principal represented by any Obligation or reducing the interest represented thereby or extending the time of payment of interest, or reducing the amount of principal thereof, without the express consent of the Owner of such Obligation, or (2) reduce or have the effect of reducing the percentage of Obligations required for the affirmative vote or written consent to an amendment or modification of this Trust Agreement or the Purchase Agreement, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto. Any such supplemental or amending agreement shall become effective as provided in Section 8.2.

(b) This Trust Agreement and the rights and obligations of the Owners of the Obligations, the Purchase Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental or amending agreement, without prior notice to or the consent of any such Owners, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein reserved to the Trustee (for its own behalf) or the City, (2) to secure additional revenues or provide additional security or reserves for payment of the Obligations, (3) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder, (4) to provide for the appointment of a successor trustee pursuant to the terms hereof, (5) to preserve the exclusion of interest represented by the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the City to continue to issue bonds or incur other obligations the interest on which is likewise exempt from federal and State income taxes, (6) to cure, correct or supplement any ambiguous or defective provision contained herein or therein, (7) to facilitate the incurrence of Parity Lien Obligations, (8) with respect to rating matters, or (9) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not materially, adversely affect the interests of the Owners of the Obligations as evidenced by a Special Counsel's Opinion delivered by the City to the Trustee. Any such supplemental or amending agreement shall become effective upon execution and delivery by the parties hereto or thereto as the case may be. The Trustee may rely upon a Special Counsel's Opinion as conclusive evidence that any such supplemental or amending agreement complies with this Section.

Section 8.2. Procedure for Amendment With Written Consent of Obligation Owners.

(a) This Trust Agreement and the Purchase Agreement may be amended by supplemental or amending agreement as provided in this Section in the event the consent of the Owners of the Obligations is required pursuant to Section 8.1. A copy of such supplemental or amending agreement, together with a request to the Owners of the Obligations for their consent thereto, shall be mailed by the Trustee to each Owner of an Obligation at the address thereof as set forth on the registration books for the Obligations maintained pursuant to Section 2.13, but failure to mail copies of such supplemental or amending agreement and request shall not affect the validity of the supplemental or amending agreement when assented to as provided in this Section.

(b) Such supplemental or amending agreement shall not become effective unless there shall be filed with the Trustee the written consent of the Owners of a majority in principal amount of all Obligations then Outstanding (exclusive of Obligations disqualified as provided in Section 8.3) and a notice shall have been mailed as hereinafter in this Section provided. The consent of an Owner of an Obligation shall be effective only if accompanied by proof of ownership of the Obligations for which such consent is given, which proof shall be such as is permitted by Section 2.12. Any such consent shall be binding upon the Owner of the Obligation giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

(c) After the Owners of the required percentage of Obligations shall have filed their consents to such supplemental or amending agreement, the Trustee shall mail a notice to the Owners of the Obligations in the manner hereinbefore provided in this Section for the mailing of such supplemental or amending agreement of the notice of adoption thereof, stating in substance that such supplemental or amending agreement has been consented to by the Owners of the required percentage of Obligations and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental or amending agreement shall become effective upon the mailing of such last-mentioned notice, and such supplemental or amending agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Obligations at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty (60) day period.

Section 8.3. Disqualified Obligations. Obligations owned or held by or for the account of the City or by any person directly or indirectly controlled by, or under direct or indirect common control with the City (except any Obligations held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Obligations provided for in this Trust Agreement and shall not be entitled to vote upon, consent to, or take any other action provided for in this Trust Agreement; provided, however, that in determining whether the Trustee shall be protected in relying upon any such approval or consent of an Owner, only Obligations which a Responsible Officer of the Trustee actually knows to be owned or held by the City, or by any person directly or indirectly controlled by, or under direct or indirect common control with the City (except any Obligations held in any pension or retirement fund) shall be deemed not to be Outstanding unless all Obligations are so owned, in which case such Obligations shall be considered Outstanding for the purpose of such determination.

Section 8.4. Effect of Supplemental Trust Agreement. From and after the time any supplemental or amending agreement becomes effective pursuant to this Article VIII, this Trust Agreement or the Purchase Agreement, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Obligations Outstanding, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental or amending agreement shall be deemed to be part of the terms and conditions of this Trust Agreement or the Purchase Agreement, as the case may be, for any and all purposes. The Trustee may require each Owner, before his consent provided for in this Article VIII shall be deemed effective, to reveal whether the Obligations as to which such consent is given are disqualified as provided in Section 8.3.

Section 8.5. Endorsement or Replacement of Obligations Delivered After Amendments. The Trustee may determine that Obligations delivered after the effective date of any action taken as provided in this Article shall bear a notation, by endorsement or otherwise, in form approved by the Trustee, as to such action. In that case, upon demand of the Owner of any Obligation Outstanding at such effective date and presentation of his Obligation for the purpose at the office of the Trustee, a suitable notation shall be made on such Obligation. The Trustee may

determine that the delivery of substitute Obligations, so modified as in the opinion of the Trustee is necessary to conform to such Obligation Owners' action, which substitute Obligations shall thereupon be prepared, executed and delivered. In that case, upon demand of the Owner of any Obligation then Outstanding, such substitute Obligation shall be exchanged at the Designated Office of the Trustee, without cost to such Owner, for an Obligation of the same character then Outstanding, upon surrender of such Outstanding Obligation.

Section 8.6. Amendatory Endorsement of Obligations. The provisions of this Article shall not prevent any Obligation Owner from accepting any amendment or supplement as to the particular Obligations held thereby, provided that proper notation thereof is made on such Obligations.

ARTICLE IX COVENANTS, NOTICES

Section 9.1. Compliance With and Enforcement of Purchase Agreement. The City shall perform all obligations and duties imposed on it under the Purchase Agreement and shall not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be an Event of Default. The City, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting any such action will deliver the same, or a copy thereof, to the Trustee.

Section 9.2. Observance of Laws and Regulations. The City shall well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the City, including its right to exist and carry on business as a political subdivision, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 9.3. Recordation and Filing. The City shall file this Trust Agreement (or a memorandum thereof or a financing statement with respect thereto), and all such documents as may be required by law (and shall take all further actions which may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee and the Owners. The Trustee has no duty or obligation to determine the sufficiency of any such filings.

Section 9.4. Further Assurances. The Trustee (at the reasonable request of the City) and the City shall make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement and the Purchase Agreement and for the better assuring and confirming unto the Owners the rights and benefits provided herein.

Section 9.5. Notification to the City of Failure to Make Payments. The Trustee shall notify the City of any failure by the City to make any Payment or other payment required

under the Purchase Agreement to be made to the Trustee, in writing and within one (1) Business Day of any such failure. Such notice shall not be a prerequisite for the occurrence of an Event of Default.

Section 9.6. Business Days. Except as otherwise required herein, if this Trust Agreement or the Purchase Agreement requires any party to act on a specific day and such day is not a Business Day, such party need not perform such act until the next succeeding Business Day, and such act shall be deemed to have been performed on the day required.

ARTICLE X LIMITATION OF LIABILITY

Section 10.1. Limited Liability of the City. Except for the payment of Payments from the revenues from the Excise Taxes and the State Shared Revenues when due in accordance with the Purchase Agreement and the performance of the other covenants and agreements of the City contained in the Purchase Agreement and herein, the City shall have no pecuniary obligation or liability to any of the other parties or to the Owners with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Obligations or the distribution of Payments to the Owners by the Trustee.

Section 10.2. No Liability of the City for Trustee Performance. The City shall have no obligation or liability to any of the other parties or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

Section 10.3. Indemnification of the Trustee.

(a) To the extent permitted by law, the City shall indemnify and save the Trustee, in its capacity as Trustee, and its officers, directors, agents and employees, harmless for, from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of: (1) any breach or default on the part of the City in the performance of any of its obligations under this Trust Agreement and any other agreement made and entered into for purposes of the Projects or any interest therein; (2) any act of negligence of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Projects; (3) any act of negligence of any assignee of, or purchaser from, the City or of any of its or their agents, contractors, servants, employees or licensees with respect to the Projects; (4) the exercise and performance by the Trustee of its powers and duties hereunder, under the Purchase Agreement or the Obligations or in connection with any document or transaction contemplated herewith or therewith; or (5) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other offering circular utilized in connection with the sale of the Obligations, including the costs and expenses of defending itself against any claim of liability arising under this Trust Agreement or the Purchase Agreement. No indemnification will be made under this Section or elsewhere in this Trust Agreement for willful misconduct or negligence under this Trust Agreement by the Trustee, or by its officers, agents, employees, successors or assigns. As security for the payment of amounts due under Section 7.5 and this Section, the Trustee shall be secured under this Trust Agreement by a lien prior to that for the Obligations. The obligations of the City hereunder for indemnification

under this Section shall remain valid and binding notwithstanding, and shall survive, the payment or prepayment of principal represented by the Obligations or resignation or removal of the Trustee or the termination of this Trust Agreement.

(b) Promptly after determining that any event or condition which requires or may require indemnification by the City hereunder exists or may exist, or after receipt of notice of the commencement of any action in respect of which indemnity may be sought hereunder, the Trustee shall notify the City in writing of such circumstances or action (the "Notification"). Failure to give such notification shall not affect the right of the Trustee to receive the indemnification provided for herewith. Upon giving of the Notification, the Trustee shall cooperate fully with the City in order that the City may defend, compromise or settle any such matters or actions which may result in payment by the City hereunder. The City shall give the Trustee notice of its election within fifteen (15) days after receiving the Notification whether the City, at its sole cost and expense, shall represent and defend the Trustee in any claim or action which may result in a request for indemnification hereunder. If the City timely gives the notice that it will represent and defend the Trustee thereafter, the Trustee shall not settle or compromise or otherwise interfere with the defense or undertakings of the City hereunder; provided, however, the Trustee may retain its own counsel and still be indemnified against the cost of employing counsel and all other reasonable expenses despite an assumption of the defense by the City if the Trustee believes in good faith that there are defenses available to it which are adverse to or in conflict with those available to the City and which the Trustee believes in good faith cannot be effectively asserted by common counsel. The Trustee always has the right to employ separate legal counsel but, subject to the preceding sentence, the fees and expenses of its separate legal counsel must be paid by the Trustee unless the City and the Trustee have mutually agreed to the employment of the Trustee's separate legal counsel. The City shall not settle or compromise any claim or action against the Trustee without the written approval of the Trustee, except to the extent that the City shall pay all losses and the Trustee shall be fully released from such claim or action. If the City either fails to timely give its notice or notifies the Trustee that the City will not represent and defend the Trustee, the Trustee may defend, settle, compromise or admit liability as it shall determine in the reasonable exercise of its discretion, at the expense of the City. In the event the City is required to and does indemnify the Trustee as herein provided, the rights of the City shall be subrogated to the rights of the Trustee to recover such losses or damages from any other person or entity.

Section 10.4. Opinion of Counsel. Before being required to take any action, the Trustee may require an opinion of Independent Counsel, which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Trustee shall be absolutely protected in relying thereon.

ARTICLE XI EVENTS OF DEFAULT AND REMEDIES OF OBLIGATION OWNERS

Section 11.1. Trustee's Rights Held in Trust. As provided herein, the Trustee holds in trust hereunder all of the Trustee's rights (including in its capacity as Seller) in and to the Purchase Agreement, including without limitation all of the Trustee's rights to exercise such rights and remedies conferred on the Trustee pursuant to the Purchase Agreement as may be necessary or

convenient to enforce payment of the Payments and any other amounts required to be deposited in the Payment Fund and enforcement of the pledge of the revenues from the Excise Taxes and the State Shared Revenues for the payment of the Obligations.

Section 11.2. Remedies Upon Default; No Acceleration. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may, or upon request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding and receiving indemnity satisfactory to it shall, exercise one or more of the remedies granted pursuant to the Purchase Agreement; provided, however, that notwithstanding anything herein or in the Purchase Agreement to the contrary, there shall be no right under any circumstances to accelerate the payment dates of the Obligations or otherwise to declare any of the Payments not then past due or in default to be immediately due and payable.

Section 11.3. Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken pursuant to the provisions of this Article XI or Section 9 of the Purchase Agreement shall be applied by the Trustee in the order following, in the case of the Obligations, upon presentation of the several Obligations, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the fees, costs and expenses of the Trustee and then of the Obligation Owners in declaring such Event of Default and taking such action pursuant to the provisions of this Article XI or Section 9 of the Purchase Agreement, including reasonable compensation to its or their agents, attorneys and counsel; and

Second, to the payment of the whole amount then owing and unpaid with respect to the Obligations and, in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Obligations, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Section 11.4. Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of all Obligations then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of the Obligations by a suit in equity or action at law for the specific performance of any covenant or agreement contained herein.

Section 11.5. Non-waiver. Except as otherwise provided in this Article, the Obligation Owners have the right to institute suit to enforce and collect the Payments as provided in the Purchase Agreement. No delay or omission of the Trustee or of any Owner of any of the Obligations to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article to the Trustee or the Owners of the Obligations may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Obligation Owners.

Section 11.6. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Obligations, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, without the consent of the Owners of a majority in aggregate principal amount of the Obligations Outstanding.

Section 11.7. Limitation on Obligation Owners' Right to Sue.

(a) No Owner of any Obligation issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (1) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (2) the Owners of at least a majority in aggregate principal amount of all Obligations then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (3) said Owners shall have tendered to the Trustee indemnity satisfactory to it against the costs, expenses, and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

(b) Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Obligations of any remedy hereunder; it being understood and intended that no one or more Owners of Obligations shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the equal and proportionate benefit of all Owners of the Outstanding Obligations.

(c) The right of any Owner of any Obligation to receive payment of said Owner's proportionate interest in the Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Trust Agreement.

ARTICLE XII
MISCELLANEOUS

Section 12.1. Defeasance.

(a) If and when any Outstanding Obligation or portion thereof shall be paid and discharged in any one or more of the following ways:

(1) By paying or causing to be paid the principal and interest represented by such Obligations Outstanding, as and when the same become due and payable;

(2) By depositing with a Depository Trustee, in trust for such purpose, at or before the payment date therefor, money which, together with the amounts then on deposit in the Payment Fund is fully sufficient to pay or cause to be paid all principal and interest represented by such Obligations Outstanding; or

(3) By depositing with a Depository Trustee, in trust for such purpose, Defeasance Obligations which are noncallable in such amount as shall be certified to the Trustee and the City in a verification report by an independent firm of nationally recognized certified public accountants acceptable to the City, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit in the Payment Fund together with the interest to accrue thereon, to pay and discharge or cause to be paid and discharged all principal and interest represented by the Obligations at the payment or prepayment dates, which deposit may be made in accordance with the provisions of Section 7 of the Purchase Agreement;

notwithstanding that any Obligations shall not have been surrendered for payment, all obligations of the Trustee and the City with respect to such Outstanding Obligations shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from funds deposited pursuant to subsections (2) or (3) of this Section and paid to the Trustee by the Depository Trustee, to the Owners of the Obligations not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to subsections (2) or (3), the Obligations shall continue to represent direct and proportionate interests of the Owners thereof in such funds.

(b) Any funds held by the Trustee, at the time of one of the events described in paragraph (a) of this Section, which are not required for the payment to be made to the Owners or for the payment of any other amounts due and payable by the City hereunder or under the Purchase Agreement, shall be paid over to the City.

(c) Any Obligation or portion thereof in Authorized Denominations may be paid and discharged as provided in this Section; provided however, that if any such Obligation or portion thereof is to be prepaid, notice of such prepayment shall have been given in accordance with the provisions hereof or the City shall have submitted to the Trustee instructions expressed to be irrevocable as to the date upon which such Obligation or portion thereof is to be prepaid and as to the giving of notice of such prepayment; and provided further, that if any such Obligation or portion thereof will not be payable within sixty (60) days of the deposit referred to in paragraph (a), subsections (2) or (3) of this Section, the Trustee shall give notice of such deposit by first class mail to the Owners.

(d) No Obligation may be provided for as described in this Section if, as a result thereof, or of any other action in connection with which the provisions for payment of such Obligation is made, the interest payable on any Obligation is thereby made includable in gross income for federal income tax purposes. The Trustee, the Depository Trustee, and the City may rely upon a Special Counsel's Opinion to the effect that the provisions of this subsection will not be breached by so providing for the payment of any Obligations.

Section 12.2. Notices. All written notices to be given under this Trust Agreement shall be given by overnight delivery or courier or by mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective upon deposit in the United States of America mail, postage prepaid or, in the case of personal delivery, upon delivery to the address set forth below:

If to the City: City of San Luis, Arizona
 1090 East Union Street
 P.O. Box 1170
 San Luis, Arizona 85349
 Attention: Finance Director

If to the Trustee: _____

 Attention: Corporate Trust Services

Section 12.3. Incorporation of State Statutes.

(a) As required by the provisions of Section 38-511, Arizona Revised Statutes, notice is hereby given that the City may, within three years after its execution, cancel any contract, without penalty or further obligation, made by the City if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice is received by all other parties to the contract unless the notice specifies a later time. The Trustee covenants not to employ as an employee, an agent or, with respect to the subject matter of this Trust Agreement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Trust Agreement on behalf of the City within three years from the execution of this Trust Agreement, unless a waiver of Section 38-511, Arizona Revised Statutes, is provided by the City. No basis exists for the City to cancel this Trust Agreement pursuant to Section 38-511, Arizona Revised Statutes, as of the date hereof.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, the Trustee shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes. The breach by the Trustee of the foregoing shall be deemed a material breach of this Trust Agreement and may result in the termination of the services of the Trustee. The City retains the legal right to randomly inspect the papers and records of the Trustee to ensure that the Trustee is complying with the above-mentioned warranty. The Trustee shall keep such papers and records open for random inspection during normal business hours by the Trustee. The Trustee shall cooperate with the random inspections by the City including granting the City entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential.

(c) To the extent applicable under Section 35-393 et seq., Arizona Revised Statutes, the Trustee hereby certifies it is not currently engaged in, and for the duration of this Trust Agreement shall not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in Section 35-393, Arizona Revised Statutes. If the City determines that the Trustee's certification above is false or that it has breached such agreement, the City may impose remedies as provided by law.

(d) To the extent applicable under Section 35-394, Arizona Revised Statutes, the Trustee hereby certifies it does not currently, and for the duration of this Trust Agreement shall not use: (i) the forced labor of ethnic Uyghurs in the People's Republic of China, (ii) any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China, and (iii) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China. The foregoing certification is made to the best knowledge of the Trustee without any current independent investigation or without any future independent investigation for the duration of this Trust Agreement. If the Trustee becomes aware during the duration of this Trust Agreement that it is not in compliance with such certification, the Trustee shall provide the required notice to the City and resign as Trustee hereunder in accordance with the provisions of Article VII. If the City determines that the Trustee is not in compliance with the foregoing certification and has not taken remedial action, the City shall terminate the Trustee's role as the Trustee hereunder pursuant to Article VII.

Section 12.4. Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State.

Section 12.5. Binding Effect and Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Trust Agreement either the City or the Trustee is named or referred to, such reference shall be deemed to include successors or assigns thereof, and all the covenants and agreements in this Trust Agreement contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 12.6. Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same Trust Agreement.

Section 12.7. Destruction of Cancelled Obligations. Whenever in this Trust Agreement provision is made for the surrender to or cancellation by the Trustee and the delivery to the City of any Obligations, the Trustee may destroy such Obligations and deliver a certificate of such destruction to the City instead.

Section 12.8. Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement. All references herein to "Articles", "Sections", and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; and the words "herein", "hereof", "hereunder"

and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 12.9. Parties Interested Herein. Nothing in this Trust Agreement or the Obligations, expressed or implied, is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the City, the Trustee and the Owners, any legal or equitable right, remedy or claim under or by reason of this Trust Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, provisions and agreements in this Trust Agreement contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Trustee and the Owners of the Obligations.

Section 12.10. Waiver of Notice. Whenever in this Trust Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 12.11. Severability of Invalid Provisions. In case any one or more of the provisions contained in this Trust Agreement or in the Obligations shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Obligations pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Trust Agreement as of the day and year first above written.

_____, as Trustee

By.....
Authorized Representative

CITY OF SAN LUIS, ARIZONA

By.....
Mayor

ATTEST:

.....
City Clerk

APPROVED AS TO FORM:

.....
City Attorney

EXHIBIT

FORM OF OBLIGATIONS

Unless this Obligation is presented by an authorized representative of The Depository Trust Company of New York, a New York corporation ("DTC"), to the Trustee (or any successor registrar) for registration of transfer, exchange, or payment, and any Obligation issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.¹

Number: R-.....

Principal Amount: \$.....

CITY OF SAN LUIS, ARIZONA
PLEDGED EXCISE TAX REVENUE REFUNDING OBLIGATION, SERIES 2024

<u>Interest Rate</u>	<u>Payment Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
.....%	July 1, 20....	_____, 2024	79854W

REGISTERED OWNER: CEDE & CO.¹

PRINCIPAL AMOUNT: DOLLARS

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns, as the registered owner of this Pledged Excise Tax Revenue Refunding Obligation, Series 2024 (this "Obligation") is the owner of an undivided, participatory, proportionate interest in the right to receive certain "Payments" under and defined in that certain Fourth Excise Tax Purchase Agreement, dated as of _____ 1, 2024 (the "Purchase Agreement"), by and between (the "Trustee"), and the City of San Luis, Arizona, a municipal corporation under the laws of the State of Arizona (the "City"), which Payments and other rights and interests under the Purchase Agreement are held by the Trustee in trust under that certain Fourth Excise Tax Trust Agreement, dated as of _____ 1, 2024 (the "Trust Agreement"), by and between the City and the Trustee. The Trustee maintains a corporate trust office for payment and transfer of this Obligation (the "Designated Office").

The registered owner of this Obligation is entitled to receive, subject to the terms of the Purchase Agreement, on the payment date set forth above, the principal amount set forth above, representing a portion of the Payments due designated as principal coming due and to receive semiannually on January 1 and July 1 of each year commencing July 1, 2024 (the "Interest Payment Dates"), until payment in full of said portion of principal or prepayment prior thereto, the registered owner's proportionate share of the Payments designated as interest coming due during

¹ Included only while DTC is the Securities Depository.

the period commencing on the last date on which interest was paid and ending on the day prior to the Interest Payment Date or, if no interest has been paid, from the Dated Date specified above. Said interest is the result of the multiplication of said principal by the interest rate per annum set forth above. Interest shall be calculated on the basis of a 360-day year composed of twelve (12) months of thirty (30) days each.

Said amounts representing the registered owner's share of the Payments designated as interest are payable in lawful money of the United States of America by check mailed when due by first class mail by the Trustee to the registered owner in whose name this Obligation is registered at the close of business on the fifteenth (15th) day of the calendar month next preceding the Interest Payment Date at the address thereof as it appears on the registration books for the Obligations maintained by the Trustee. Said amounts representing the registered owner's share of the Payments designated as principal are payable when due upon surrender of this Obligation at the Designated Office. Principal and interest payable to a Securities Depository (as defined in the Trust Agreement) or any owner of \$1,000,000 or more in principal amount of the series of obligations of which this Obligation is a part (the "Obligations") may be paid by wire transfer in immediately available funds to an account in the United States of America if the owner makes a written request of the Trustee at least twenty (20) days before the date of payment specifying the account address. The notice may provide that it shall remain in effect for subsequent payments until otherwise requested in a subsequent written notice.

The Trustee has no obligation or liability to the registered owners of the Obligations for the payment of interest or principal represented by the Obligations. The Trustee's sole obligations are to administer, for the benefit of the registered owners of the Obligations, the various funds and accounts established pursuant to the Trust Agreement. (The recitals, statements, covenants and representations made in this Obligation shall be taken and construed as made by and on the part of the City, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.)

This Obligation has been executed and delivered by the Trustee pursuant to the terms of, and for the purposes described in, the Trust Agreement. The City is authorized to enter into the Purchase Agreement and the Trust Agreement under the laws of the State of Arizona and by a resolution of the Mayor and Council of the City adopted on February 28, 2024. Reference is hereby made to the Purchase Agreement and the Trust Agreement (copies of which are on file at the Designated Office) for further definitions, the terms, covenants and provisions pursuant to which the Obligations are delivered, the rights thereunder of the registered owners of the Obligations, the terms under which the Trust Agreement or the Purchase Agreement may be modified or supplemented, the rights, duties and immunities of the Trustee and the security for, and the rights and obligations of the City under the Purchase Agreement (including with respect to certain obligations secured and to be secured on a parity lien basis with the security for the Payments and to certain limitations on such security), to all of the provisions of which Purchase Agreement and Trust Agreement the registered owner of this Obligation, by acceptance hereof, assents and agrees. (To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement and the Purchase Agreement may be amended by the parties thereto with the written consent of the owners of a majority in aggregate principal amount of all Obligations then outstanding, and may be amended without such consent under certain circumstances but in no event such that the interests of the owners of the Obligations are adversely

affected, provided that no such amendment shall impair the right of any owner to receive in any case such owner's proportionate share of any Payment thereof in accordance with such owner's Obligation.)

The obligation of the City to make the Payments does not represent or constitute a general obligation of the City for which the City is obligated to levy or pledge any form of taxation nor does the obligation to make the Payments under the Purchase Agreement constitute an indebtedness of the City, the State of Arizona or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction or otherwise.

Neither the Trustee nor the registered owners of the Obligations shall have any right under any circumstances to accelerate the payment dates of the Obligations or otherwise declare any of the Payments not then past due or in default to be immediately due and payable. (This Obligation represents an interest in a limited obligation of the City (as described herein), and no member of the Mayor and Council, officer or agent, as such, past, present or future, of the City shall be personally liable for the payment hereof.)

The Obligations are executed and delivered only in fully registered form in denominations of \$5,000 of principal due on a specific payment date or integral multiples thereof. The Obligations shall not be transferable or exchangeable, except as provided in the Trust Agreement.

This Obligation may be exchanged for an Obligation or Obligations of like aggregate principal amount in authorized denominations having the same payment date and interest rate.

This Obligation is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the Designated Office, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement and upon surrender and cancellation of this Obligation. Upon such transfer a new Obligation or Obligations, of authorized denomination or denominations, for the same aggregate principal amount will be delivered to the transferee in exchange therefor. The City and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Obligation shall be overdue, and the City and the Trustee shall not be affected by any notice to the contrary.

The Trustee may require a registered owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes or governmental charges required by law in connection with the exchange or transfer.

The registered owner of this Obligation shall have no right to enforce the provisions of the Trust Agreement or the Purchase Agreement or to institute any action to enforce the covenants thereof, or to take any action with respect to a default thereunder or hereunder, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Trust Agreement.

The Obligations payable before or on July 1, 20__, are not subject to optional prepayment prior to their stated payment dates. Such Obligations payable after July 1, 20__, are subject to prepayment in such order and from such payment dates as may be selected by the City,

in whole or in part on any date on or after July 1, 20__, at a prepayment price equal to the principal amount of each Obligation to be prepaid, together with accrued interest to the date fixed for prepayment, but without premium.

The Obligations payable on July 1, 20__, shall be prepaid on July 1 of the years indicated and in the principal amounts indicated at a price equal to the amount thereof plus interest accrued to the date of prepayment, but without premium:

<u>Year Prepaid</u>	<u>Principal Amount Prepaid</u>
---------------------	---------------------------------

A remaining principal amount of \$____,000 of such Obligations shall be paid on July 1, 20__.

The Obligations payable on July 1, 20__, shall be prepaid on July 1 of the years indicated and in the principal amounts indicated at a price equal to the amount thereof plus interest accrued to the date of prepayment, but without premium:

<u>Year Prepaid</u>	<u>Principal Amount Prepaid</u>
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A remaining principal amount of \$____,000 of such Obligations shall be paid on July 1, 20__.

Whenever Obligations subject to mandatory prepayment are purchased, prepaid (other than pursuant to mandatory prepayment) or delivered by the City to the Trustee for cancellation, the principal amount of the Obligations represented thereby so retired shall satisfy and be credited against the mandatory prepayment requirements for such Obligations for such years as the City may direct.

If less than all of the outstanding Obligations of any payment date are to be prepaid, the Obligations (or portions hereof) to be prepaid will be selected by the Trustee by lot or in any customary manner as determined by the Trustee. Prepayment shall be in authorized denominations or any integral multiples thereof.

The Trustee shall give notice of any optional prepayment of this Obligation as provided above no more than 60 or less than 30 calendar days prior to the prepayment date to the registered owner at its address shown on the registration books maintained by the Trustee. A certificate of the Trustee shall conclusively establish the mailing of any such notice for all purposes.

If at the time of mailing of the notice of prepayment there has not been deposited with the Trustee moneys or eligible securities sufficient to prepay all Obligations subject to prepayment and other requirements set forth in the Trust Agreement are not met, such notice shall state that it is conditional, subject to the deposit of moneys sufficient for the prepayment and satisfaction of such conditions. If Obligations or portions thereof are subject to prepayment and if on the prepayment date moneys for the prepayment thereof are held by the Trustee and those other conditions are met, thereafter those Obligations or portions thereof to be prepaid shall cease to

bear interest, and shall cease to be secured by, and shall not be deemed to be outstanding under, the Trust Agreement.

The failure to receive any notice of prepayment, or any defect in such notice in respect of any Obligation, shall not affect the validity of prepayment of any Obligation.

The Trustee may, but shall not be obligated to, exchange or register the transfer of this Obligation (i) if this Obligation has been selected for prepayment, in whole or in part, or (ii) during a period of fifteen (15) days preceding the giving of a notice of prepayment. If this Obligation is transferred after having been selected for prepayment, any notice of prepayment which has been given to the transferor shall be binding on the transferee, and a copy of the notice of prepayment shall be delivered by the Trustee to the transferee along with the duly registered Obligation or Obligations.

It is hereby certified, recited and declared that all conditions, acts and things required by the Constitution and laws of the State of Arizona to happen, to be done, to exist and to be performed precedent to and in the execution and delivery of this Obligation have happened, have been done, do exist and have been performed in regular and due form and time as required by law.

This Obligation shall not be entitled to any security or benefit under the Trust Agreement until executed by the Trustee.

IN WITNESS WHEREOF, this Obligation has been executed and delivered by the Trustee, acting pursuant to the Trust Agreement.

Date of Execution:

....., as Trustee

By.....
Authorized Representative

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned (the "Transferor"), hereby sells, assigns and transfers unto (the "Transferee"), whose address is and whose social security number (or other federal tax identification number) is

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE

.....
.....

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints as attorney to register the transfer of the within certificate on the books kept for registration and registration of transfer thereof, with full power of substitution in the premises.

Date:

.....
NOTICE: No transfer will be registered and no new certificate will be issued in the name of the Transferee, unless that signature(s) to this assignment correspond(s) with the name as it appears on the face of the within certificate in every particular, without alteration or enlargement or any change whatever and name, address and the Social Security Number or federal employee identification number of the Transferee is supplied

The following abbreviations when used in the inscription on the face of the within certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT/TRANS MIN ACT - Custodian for
(Cust.) (Minor)

under Uniform Gifts/Transfers to Minors Act of
(State)

Additional abbreviations may also be used though not in list above.

\$(Par)
CITY OF SAN LUIS, ARIZONA
PLEDGED EXCISE TAX REVENUE REFUNDING OBLIGATIONS, SERIES 2024
OBLIGATION PURCHASE AGREEMENT

[Pricing Date]

Mayor and City Council
City of San Luis, Arizona
1090 E. Union St.
San Luis, Arizona 85349

Ladies and Gentlemen:

The undersigned Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) hereby offers to enter into this Obligation Purchase Agreement (this “Obligation Purchase Agreement”) with the City of San Luis, Arizona (the “Issuer”), a municipal corporation duly organized and validly existing under and pursuant to the laws of the State of Arizona (the “State” or “Arizona”), whereby the Underwriter will purchase and the Issuer will sell the Obligations (as defined herein). The Underwriter is making this offer subject to the acceptance by the Issuer at or before 11:59 P.M., Arizona Time, on the date hereof. If the Issuer accepts this Obligation Purchase Agreement, this Obligation Purchase Agreement shall be in full force and effect in accordance with its terms and shall bind both the Issuer and the Underwriter. The Underwriter may withdraw this Obligation Purchase Agreement upon written notice delivered by the Underwriter to the Issuer at any time before the Issuer accepts this Obligation Purchase Agreement.

1. PURCHASE AND SALE.

(a) Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to cause [_____] (the “Trustee”), to execute, sell and deliver to the Underwriter, all (but not less than all) of the \$(Par) aggregate principal amount of “City of San Luis, Arizona Pledged Excise Tax Revenue Refunding Obligations, Series 2024” (the “Obligations”), at the purchase price of \$_____, representing the aggregate principal amount of the Obligations, plus [net] original issue premium of \$_____, less an Underwriter’s discount of \$_____. [For convenience, the Underwriter shall transfer by the Closing (as defined herein), on behalf of the Issuer, \$_____ from the proceeds of the Obligations to the Insurer (as defined herein) as payment of the premium for the Policy (as defined herein).] The Underwriter intends to make an initial bona fide public offering of the Obligations at a price or prices (or at a yield or yields) described in the Schedule I attached hereto; provided, however, the Underwriter reserves the right to change such initial public offering prices (or yields) as the

Underwriter deems necessary or desirable, in its sole discretion, in connection with the marketing of the Obligations (but in all cases subject to the requirements of Section 4 hereof), and may offer and sell the Obligations to certain dealers, unit investment trusts and money market funds, certain of which may be sponsored or managed by the Underwriter at prices lower than the public offering prices (or yields greater than the yields) set forth therein (but in all cases subject to the requirements of Section 4 hereof).

(b) The Issuer acknowledges and agrees that with respect to the transaction contemplated hereby: (i) the Underwriter is not acting as a municipal advisor within the meaning of Section 15B of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); (ii) the primary role of the Underwriter, as underwriter, is to purchase securities, for resale to investors, in an arm’s length commercial transaction between the Issuer and the Underwriter and the Underwriter has financial and other interests that differ from those of the Issuer; (iii) the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer and has not assumed any advisory or fiduciary responsibility to the Issuer (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Issuer on other matters); (iv) the only obligations the Underwriter has to the Issuer expressly are set forth in this Obligation Purchase Agreement; and (v) the Issuer has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

2. DESCRIPTION AND PURPOSE OF THE OBLIGATIONS.

(a) The Obligations have been authorized pursuant to a resolution adopted by the Mayor and City Council of the Issuer on February 28, 2024 (the “Resolution”). The Obligations shall be dated the date of delivery and executed and delivered and secured under and pursuant to the Fourth Excise Tax Trust Agreement, to be dated as of [] 1, 2024 (the “Trust Agreement”), by and between the Issuer and the Trustee. The Obligations represent undivided proportionate interests in the payments (each a “Payment,” and collectively, the “Payments”) to be made by the Issuer pursuant to the Fourth Excise Tax Purchase Agreement, to be dated as of [] 1, 2024 (the “Purchase Agreement”), by and between the Issuer, as purchaser, and the Trustee, as seller, as the purchase price for the Projects. The Payments will be secured by Excise Taxes and State Shared Revenues (each as defined in the Trust Agreement) as described in the Purchase Agreement

(b) The proceeds of the sale of the Obligations will be used to (i) pay all remaining outstanding amounts of the Obligations Being Prepaid (as defined in the Trust Agreement), and (ii) pay certain costs of execution and delivery of the Obligations[, including the premium for the Policy].

(c) The Obligations shall become payable in the years, bear interest, produce the yields or prices and be subject to prepayment at the times and in the amounts, all as set forth in the Schedule I attached hereto. The terms of the Obligations shall be otherwise as described in the Trust Agreement.

3. DELIVERY OF THE OFFICIAL STATEMENT AND OTHER DOCUMENTS.

(a) The Issuer has approved and delivered or caused to be delivered to the Underwriter copies of the Preliminary Official Statement dated [_____], 2024, which, including the cover page, the inside front cover page and all appendices thereto, is herein referred to as the “Preliminary Official Statement.” It is acknowledged by the Issuer that the Underwriter may deliver the Preliminary Official Statement and a final Official Statement (as defined herein) electronically over the internet and in printed paper form. The Issuer deems the Preliminary Official Statement final as of its date and as of the date hereof for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), except for any information which is permitted to be omitted therefrom in accordance with paragraph (b)(1) of Rule 15c2-12.

(b) Within seven (7) business days from the date hereof, and in any event not later than the Closing Date (as defined herein), the Issuer shall deliver to the Underwriter a final Official Statement relating to the Obligations dated the date hereof (such Official Statement, including the cover page, the inside front cover page and all appendices attached thereto, together with all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements and statements incorporated by reference therein or attached thereto, as have been approved by the Issuer, Special Counsel (as defined herein) and the Underwriter, is referred to herein as the “Official Statement”) and such additional conformed copies thereof as the Underwriter may reasonably request in sufficient quantities to comply with Rule 15c2-12, rules of the Municipal Securities Rulemaking Board (the “MSRB”) and to meet potential customer requests for copies of the Official Statement. The Underwriter agrees to file a copy of the Official Statement, including any amendments or supplements thereto prepared by the Issuer, with the MSRB on its Electronic Municipal Market Access system, if required by MSRB Rule G-32. The Official Statement shall be executed by and on behalf of the Issuer by an authorized officer of the Issuer. The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information previously permitted to have been omitted by Rule 15c2-12, the Issuer shall only make such other additions, deletions and revisions in the Official Statement which are approved by the Underwriter. The Issuer hereby agrees to deliver to the Underwriter an electronic copy of the Official Statement in a form that permits the Underwriter to satisfy its obligations under the rules and regulations of the MSRB and the U.S. Securities and Exchange Commission (the “SEC”) including in a word-searchable pdf format including any amendments thereto. The Issuer hereby ratifies, confirms and consents to and approves the use and distribution by the Underwriter before the date hereof of the Preliminary Official Statement and hereby authorizes and consents to the use by the Underwriter of the Official Statement in connection with the public offering and sale of the Obligations.

(c) In order to assist the Underwriter in complying with Rule 15c2-12, the Issuer will undertake, pursuant to the Continuing Disclosure Agreement, to be dated the Closing Date (the “Undertaking”), of the Issuer, to provide annual financial information and notices of the occurrence of specified events. A description of the Undertaking is set forth in, and a form of such Undertaking is attached as APPENDIX [F] - “FORM OF CONTINUING DISCLOSURE AGREEMENT” to, the Preliminary Official Statement and the Official Statement.

4. ESTABLISHMENT OF ISSUE PRICE.

(a) The Underwriter agrees to assist the Issuer in establishing the issue price of the Obligations and shall execute and deliver to the Issuer at Closing [(as defined herein)] an “issue price” or similar certificate, substantially in the form of Exhibit A attached hereto, together with the supporting pricing wires or equivalent communications, with such modifications as may be deemed appropriate or necessary, in the reasonable judgment of the Underwriter, the Issuer and Special Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Obligations. All actions to be taken by the Issuer under this Section to establish the issue price of the Obligations may be taken on behalf of the Issuer by the Issuer’s municipal advisor identified herein and any notice or report to be provided to the Issuer may be provided to the Issuer’s municipal advisor.

(b) [Except for the maturities set forth in Schedule II attached hereto,] the Issuer represents that it will treat the first price at which 10% of each maturity of the Obligations [(the “10% Test”)] is sold to the public as the issue price of that maturity. At or promptly after the execution of this Obligation Purchase Agreement, the Underwriter shall report to the Issuer the price or prices at which the Underwriter has sold to the public each maturity of Obligations. [If at that time the 10% Test has not been satisfied as to any maturity of the Obligations, the Underwriter agrees to promptly report to the Issuer the prices at which Obligations of that maturity have been sold by the Underwriter to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all Obligations of that maturity have been sold or (ii) the 10% Test has been satisfied as to the Obligations of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, the Issuer or Special Counsel.] For purposes of this Section, if Obligations mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Obligations.

(c) [The Underwriter confirms that the Underwriter has offered the Obligations to the public on or before the date of this Obligation Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule II attached hereto, except as otherwise set forth therein. Schedule II attached hereto also sets forth, as of the date of this Obligation Purchase Agreement, the maturities, if any, of the Obligations for which the 10% Test has not been satisfied and for which the Issuer and the Underwriter agrees that the restrictions set forth in the next sentence shall apply, which will allow the Issuer to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Obligations, the Underwriter will neither offer nor sell unsold Obligations of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriter has sold at least 10% of that maturity of the Obligations to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the Issuer promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Obligations to the public at a price that is no higher than the initial offering price to the public.]

(d) [The Underwriter confirms that:

- (i) any selling group agreement and each third-party distribution agreement relating to the initial sale of the Obligations to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:
 - (A) (i) to report the prices at which it sells to the public the unsold Obligations of each maturity allocated to it until either all Obligations of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% Test has been satisfied as to the Obligations of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter,
 - (B) to promptly notify the Underwriter of any sales of Obligations that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Obligations to the public (each such term being used as defined below), and
 - (C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.
- (ii) any selling group agreement relating to the initial sale of the Obligations to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Obligations to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Obligations of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Obligations of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% Test has been satisfied as

to the Obligations of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or dealer and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.]

(e) [The Issuer acknowledges that, in making the representations set forth in this Section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Obligations to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Obligations, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Obligations, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Obligations to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Obligations, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the third-party distribution agreement and the related pricing wires. The Issuer further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Obligations, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Obligations.]

(f) The Underwriter acknowledges that sales of any Obligations to any person that is a related party to an underwriter participating in the initial sale of the Obligations to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

- (i) “public” means any person other than an underwriter or a related party to an underwriter,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Obligations to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Obligations to the public), [and]
- (iii) a purchaser of any of the Obligations is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are

corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), [and

(iv) “sale date” means the date of execution of this Obligation Purchase Agreement by all parties.]

(g) Notwithstanding anything herein to the contrary, any reporting obligation with respect to maturities subject to the hold-the-offering-price rule will terminate at the end of the Holding Period (as defined in the form of Issue Price Certificate attached as Exhibit A hereto) even if such date is prior to the Closing Date.

5. ISSUER’S REPRESENTATIONS. The Issuer represents to and agrees with the Underwriter that:

(a) The Issuer is duly organized and validly existing, with full legal right, power and authority to cause the sale, execution and delivery of the Obligations to the Underwriter pursuant to the Resolution and the Trust Agreement, to pledge the Excise Taxes and the State Shared Revenues pursuant to the Purchase Agreement, to enter into an Escrow Trust Agreement (the “Escrow Trust Agreement”) with [] (the “Escrow Trustee”), dated as of [] 1, 2024 and to execute, deliver and perform its obligations, as the case may be, under this Obligation Purchase Agreement, the Purchase Agreement, the Trust Agreement, the Escrow Trust Agreement, the Undertaking (collectively, the “Issuer Documents”), and the Obligations, and to perform and consummate all obligations and transactions required or contemplated by each of the Issuer Documents and the Official Statement.

(b) The Resolution approving and authorizing the execution and delivery by the Issuer of the Issuer Documents and the offering, sale, execution and delivery of the Obligations upon the terms set forth herein and in the Official Statement, was duly adopted at a meeting of the Mayor and City Council of the Issuer called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout, and is in full force and effect and has not been amended or repealed.

(c) The Issuer Documents and the Obligations conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement, and the Obligations, when duly executed and authenticated in accordance with the Trust Agreement and delivered to the Underwriter as provided herein, will be validly issued and outstanding obligations of the Issuer, entitled to the benefits of the Purchase Agreement and the Trust Agreement and secured by a legally valid and binding pledge and lien on, and payable from, the Excise Taxes and

the State Shared Revenues as described in the Purchase Agreement, subject to applicable Creditors' Rights Laws (as defined herein).

(d) The Issuer has executed and delivered or will execute and deliver on or before the Closing Date, each of the Issuer Documents. Each of the Issuer Documents constitutes, or will constitute as of the Closing Date, a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, except as the enforceability of thereof may be limited by application of bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally from time to time in effect and from the application of general principles of equity and from public policy limitations on the exercise of any rights to indemnification and contribution (collectively, "Creditors' Rights Laws"). Each of the Issuer Documents has been executed and delivered or will be executed and delivered on or before the Closing Date, by each respective signatory and is currently in full force and effect or, as of the Closing Date, will be in full force and effect.

(e) The Issuer is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either, or of any other governmental agency, or any Material Judgment or Agreement (as defined herein), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any Material Judgment or Agreement; and the adoption of the Resolution, the sale and execution and delivery of the Obligations and the execution and delivery of the Issuer Documents and compliance with and performance of the Issuer's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any such constitutional provision, law, administrative regulation or any Material Judgment or Agreement, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer (except as described in or contemplated by the Issuer Documents and the Official Statement) or under the terms of any such law, administrative regulation or Material Judgment or Agreement. As used herein, the term "Material Judgment or Agreement" means any judgment or decree or any loan agreement, indenture, bond, note or resolution or any material agreement or other instrument to which the Issuer is a party or to which the Issuer or any of its property or assets is otherwise subject (including, without limitation, the Resolution and the Issuer Documents).

(f) All approvals, consents and orders of any governmental authority, board, agency, council, commission or other body having jurisdiction (including with respect to the requirements of Section 35-501(B), Arizona Revised Statutes) which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Issuer of its obligations hereunder and under the Issuer Documents have been obtained; provided, that the Issuer makes no representations as to any approvals, consents or other actions which may be necessary to qualify the Obligations for offer and sale under Blue Sky or other state securities laws or regulations.

(g) Any certificates executed by any officer of the Issuer and delivered to the Underwriter pursuant hereto or in connection herewith shall be deemed a representation and

warranty of the Issuer as to the accuracy of the statements therein made and as to the authority of the representative to deliver such certificates and make such representation.

(h) Between the date hereof and the time of the Closing and to the extent it may legally agree to do so pursuant to applicable law, the Issuer shall not, without the prior written consent of the Underwriter, offer or issue in any material amount any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, except in the course of normal business operations of the Issuer or except for such borrowings as may be described in or contemplated by the Official Statement.

(i) The financial statements of the Issuer as of June 30, [2022], fairly represent the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the Issuer as of the dates and for the periods therein set forth. Except as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the Issuer or in its operations since June 30, [2022], and there has been no occurrence, circumstance or combination thereof which is reasonably expected to result in any such materially adverse change.

(j) Except for information which is permitted to be omitted pursuant to Rule 15c2-12, the information contained in the Preliminary Official Statement (excluding therefrom any information regarding DTC [or the Insurer] and the information under the heading "UNDERWRITING," as to which no representations or warranties are made), as of its date and as of the date hereof was and is true and correct in all material respects and did not and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) The Official Statement is, as of its date and at all times after the date of the Official Statement (excluding therefrom any information regarding DTC [or the Insurer] and the information under the heading "UNDERWRITING," as to which no representations or warranties are made) up to and including the Closing Date will be, true and correct in all material respects and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended) at all times subsequent thereto up to and including that date that is 25 days from the "end of the underwriting period" as defined in Rule 15c2-12 (unless the Underwriter notifies the Issuer by the Closing Date of an unsold balance, in which case the "underwriting period" shall be deemed to end on the Closing Date), the Official Statement as so supplemented or amended will be true and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(m) If between the date of the Official Statement and the Closing any event shall occur which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer shall notify the Underwriter thereof, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer shall promptly (and in any event before the Closing) prepare and furnish (at the expense of the Issuer) a reasonable number of copies of an amendment of or supplement to the Official Statement in form and substance satisfactory to the Underwriter.

(n) Except as described in the Preliminary Official Statement and Official Statement, no litigation, proceeding or official investigation of any governmental or judicial body is pending against the Issuer or against any other party of which the Issuer has notice or, to the knowledge of the Issuer, threatened against the Issuer: (i) seeking to restrain or enjoin the sale or execution and delivery of any of the Obligations, or the levy, collection, pledge and/or payment, as applicable, of the Excise Taxes and the State Shared Revenues as described in the Purchase Agreement; (ii) in any way contesting or affecting any authority for the execution and delivery of the Obligations or the validity or binding effect of any of the Issuer Documents; (iii) which is in any way contesting the creation, existence, powers or jurisdiction of the Issuer or the validity or effect of the Resolution or any provision thereof or the application of the proceeds of the Obligations; (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto; or (v) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Issuer or the transactions contemplated by the Preliminary Official Statement and Official Statement or any of the Issuer Documents. The Issuer shall advise the Underwriter promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Obligations.

(o) Except as described in the Official Statement, during the last five years, the Issuer has not failed to materially comply with any previous undertaking relating to continuing disclosure of information pursuant to Rule 15c2-12.

(p) Except as described in the Official Statement, the Issuer, to the best of its knowledge, has never been and is not in default in the payment of principal of, premium, if any, or interest on, or otherwise is not nor has it been in default with respect to, any bonds, notes, or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest.

(q) The Issuer has not granted a lien on, made a pledge of or agreed to apply the Excise Taxes and the State Shared Revenues and other moneys payable pursuant to the Purchase Agreement except as provided or permitted in the Purchase Agreement or as described in the Official Statement.

All representations, warranties and agreements of the Issuer shall remain operative and in full force and effect, regardless of any investigations made by the Underwriter or on the Underwriter's behalf, and shall survive the delivery of the Obligations.

6. UNDERWRITER'S REPRESENTATIONS. The Underwriter represents to and agrees with the Issuer that the Underwriter and its parent company, wholly or majority-owned subsidiaries, and other affiliates, if any, are not currently engaged in, or for the duration of this Obligation Purchase Agreement will not engage in, a boycott of goods or services from the State of Israel; companies doing business in or with the State of Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel. The Underwriter understands that "boycott" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations, but does not include an action made for ordinary business purposes.

7. Closing.

The date of the payment for and delivery of the Obligations (such payment and delivery and the other actions contemplated hereby to take place at the time of such payment and delivery of the Obligations herein sometimes called the "Closing") shall be at 8:00 A.M., Arizona Time, on [Closing Date], or at such other time or date as the Underwriter and the Issuer may mutually agree upon as the date and time of the Closing (the "Closing Date"), the Issuer will cause to be delivered to the Underwriter, at the offices of Greenberg Traurig, LLP ("Special Counsel"), or at such other place as the Underwriter and the Issuer may mutually agree upon, the Obligations, through the facilities of The Depository Trust Company, New York, New York ("DTC"), duly executed and authenticated, and the other documents specified in Section 8. At the Closing, (i) upon satisfaction of the conditions herein specified, the Underwriter shall accept the delivery of the Obligations, and pay the purchase price therefor in federal funds payable to the order of the Trustee for the account of the Issuer, and (ii) the Issuer shall deliver or cause to be delivered the Obligations to the Underwriter through the facilities of DTC in definitive or temporary form, duly executed by the Issuer and in the authorized denominations as specified by the Underwriter at the Closing and the Issuer shall deliver the other documents hereinafter mentioned. The Obligations shall be made available to the Underwriter at least one (1) business day before the Closing Date for purposes of inspection.

8. CONDITIONS PRECEDENT.

The Underwriter has entered into this Obligation Purchase Agreement in reliance upon the representations and agreements of the Issuer contained herein and the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the Closing Date. The Underwriter's obligations under this Obligation Purchase Agreement are and shall be subject to the following additional conditions:

(a) The representations and agreements of the Issuer contained herein shall be true, complete and correct in all material respects on the date of acceptance hereof and on and as of the Closing Date.

(b) At the time of the Closing, the Official Statement, the Resolution, the Obligations and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter.

(c) The Issuer shall perform or have performed all of its obligations required under or specified in the Resolution, the Obligations, the Issuer Documents and the Official Statement to be performed at or prior to the Closing.

(d) The Issuer shall have delivered to the Underwriter the Official Statement by the time, and in the numbers, required by Section 3 of this Obligation Purchase Agreement.

(e) As of the date hereof and at the time of Closing, all necessary official action of the Issuer relating to the Obligations, the Issuer Documents and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

(f) After the date hereof, up to and including the time of the Closing, there shall not have occurred any change in or particularly affecting the Issuer, the Resolution, the Obligations, the Issuer Documents, the Excise Taxes or the State Shared Revenues as the foregoing matters are described in the Preliminary Official Statement and the Official Statement, which in the reasonable professional judgment of the Underwriter materially impairs the investment quality of the Obligations.

(g) At or prior to the Closing, the Underwriter shall receive the transcript of proceedings of the Issuer relating to the execution and delivery of the Obligations, including, but not limited to, the following documents (in each case with only such changes as the Underwriter shall approve):

- (i) The approving opinion of Special Counsel relating to the Obligations, dated the Closing Date, substantially in the form attached as Appendix [E] to the Official Statement, and, if not otherwise directly addressed to the Underwriter, a reliance letter with respect thereto addressed to the Underwriter;
- (ii) The supplemental opinion of Special Counsel, addressed to the Underwriter, dated the Closing Date, and substantially in the form of Exhibit B attached hereto;
- (iii) The opinion of counsel to the Issuer, addressed to the Underwriter and Special Counsel, dated the Closing Date, and substantially in the form of Exhibit C attached hereto;

- (iv) The opinion of Squire Patton Boggs (US) LLP, counsel to the Underwriter, dated the date of the Closing and addressed to the Underwriter, and covering such matters as the Underwriter may reasonably request;
- (v) A certificate, dated the Closing Date, signed by an authorized officer of the Issuer to the effect that: (a) the representations and agreements of the Issuer contained herein are true and correct in all material respects as of the date of the Closing; (b) the Obligations and the Issuer Documents have been duly authorized and executed and are in full force and effect; (c) except as described in the Preliminary Official Statement, as of its date and as of the date hereof, and the Official Statement, as of its date and as of the Closing Date, no litigation is pending or, to his or her knowledge, threatened (i) seeking to restrain or enjoin the execution and delivery of the Obligations, (ii) in any way contesting or affecting any authority for the execution and delivery of the Obligations, the validity of the Obligations, the Resolution or any Issuer Document or the levy, collection and pledge, as applicable, of the Excise Taxes and the State Shared Revenues imposed and levied or to be imposed and levied to pay all the Payments, or the imposition thereof, (iii) in any way contesting the creation, existence or powers of the Issuer or the application of the proceeds of the Obligations, or (iv) which, if adversely determined, could materially adversely affect the financial position or operating condition of the Issuer or the transactions contemplated by the Preliminary Official Statement, as of its date and as of the date hereof, and the Official Statement, as of its date and as of the Closing Date, or the Obligations or any Issuer Document; (d) no authority or proceedings for the execution and delivery of the Obligations has been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to issue the Obligations has been filed with or received by such authorized officer; (e) the Preliminary Official Statement, as of its date and as of the date hereof, and the Official Statement, as of its date and as of the Closing Date, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except no review has been made of any information in the Preliminary Official Statement or the Official Statement regarding DTC [or the Insurer] and the information under the heading "UNDERWRITING"; (f) the financial statements of the Issuer as of June 30, [2022], fairly represent the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the Issuer as of the dates

and for the periods therein set forth; (g) except as disclosed in the Preliminary Official Statement and the Official Statement, since June 30, [2022], no materially adverse change has occurred, or any development involving a prospective material change, in the financial position or results of operations of the Issuer and the Issuer has not incurred since June 30, [2022], any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Preliminary Official Statement and the Official Statement; and (h) the Issuer has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the Closing;

- (vi) A certificate, dated the Closing Date, signed by an authorized officer of the Trustee to the effect that: (a) the Trustee is a national banking association organized and existing under and by virtue of the laws of the United States, having the full power and being qualified to enter into and perform its duties under the Purchase Agreement and the Trust Agreement (together for purposes of this paragraph, the "Trustee Documents") and to authenticate, execute and deliver the Obligations to the Underwriter; (b) the Trustee is duly authorized to enter into the Trustee Documents and to authenticate, execute and deliver the Obligations to the Underwriter pursuant to the Trust Agreement; (c) when delivered to and paid for by the Underwriter at the Closing, the Obligations will have been duly authenticated, executed and delivered by the Trustee; (d) the execution and delivery of the Trustee Documents and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject (except that no representation, warranty or agreement is made with respect to any federal or state securities or Blue Sky laws or regulations), which conflict, breach or default would materially impair the ability of the Trustee to perform its obligations under the Trustee Documents, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Trustee Documents under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Trustee Documents; and (e) to the best knowledge of the Trustee, it has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before

or by any court, governmental agency, public board or body, nor is any such action or other proceeding threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoin the execution and delivery of the Obligations or the collection of revenues to be applied to pay the principal and interest with respect to the Obligations, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Trustee Documents, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Trustee Documents or the power and authority of the Trustee to enter into and perform its duties under the Trustee Documents and to authenticate, execute and deliver the Obligations to or upon the order of the Underwriter;

- (vii) Executed or certified copies of each of the Issuer Documents;
- (viii) A tax certificate of the Issuer, in form satisfactory to Special Counsel, executed by such officials of the Issuer as shall be satisfactory to the Underwriter;
- (ix) A certified copy of the Resolution;
- (x) Specimen Obligations;
- (xi) A counterpart original of the Official Statement manually executed on behalf of the Issuer by an authorized officer of the Issuer;
- (xii) [Evidence that _____ (the "Insurer") has issued its municipal bond insurance policy with respect to the Obligations (the "Policy") as well as appropriate opinions and certificates from the Insurer relating to the Policy];
- (xiii) Evidence satisfactory to the Underwriter that [_____] has issued a rating for the Obligations of ["_" based on issuance of the Policy, and that _____] has issued a[n "underlying"] rating for the Obligations of ["_" ([together,] the "Rating[s]")) and that the Rating[s] [is/are] then in effect;
- (xiv) Evidence that the Issuer has caused or will cause to be filed the Report of Bond and Security Issuance Pursuant to Section 35-501(B), Arizona Revised Statutes;

- (xv) Evidence that a Form 8038-G relating to the Obligations has been executed by the Issuer and will be filed with the Internal Revenue Service within the applicable time limit;
- (xvi) a verification report from [_____] (the "Verification Agent") with respect to the matters described in the Official Statement under the heading "VERIFICATION OF MATHEMATICAL COMPUTATIONS";
- (xvii) Such opinions of counsel as are required in connection with the prepayment of the Obligations Being Prepaid, pursuant to terms of the applicable controlling documents for the Obligations Being Prepaid;
- (xviii) A certificate of the Escrow Trustee in such form as counsel to the Underwriter or Special Counsel may reasonably request;
- (xix) A copy of the Issuer's executed Blanket Letter of Representation to DTC; and
- (xx) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter, counsel to the Underwriter or Special Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of the Issuer herein contained and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer.

9. TERMINATION.

If the Issuer shall be unable to satisfy the conditions of the Underwriter's obligations contained in this Obligation Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Obligation Purchase Agreement, this Obligation Purchase Agreement may be cancelled by the Underwriter at, or at any time before, the time of the Closing. Notice of such cancellation shall be given by the Underwriter to the Issuer in writing, or by telephone confirmed in writing. The performance by the Issuer of any and all conditions contained in this Obligation Purchase Agreement for the benefit of the Underwriter may be waived by the Underwriter.

(a) The Underwriter shall also have the right, before the time of Closing, to cancel its obligations to purchase the Obligations, by written notice (or by telephone confirmed in writing) by the Underwriter to the Issuer, if between the date hereof and the time of Closing, in the Underwriter's sole and reasonable judgment any of the following events shall occur:

- (i) the market price or marketability of the Obligations, or the ability of the Underwriter to enforce contracts for the sale of the Obligations, shall be materially adversely affected by any of the following events:
 - (A) legislation shall have been enacted by the Congress of the United States or the legislature of the State or shall have been favorably reported out of committee of either body or be pending in committee of either body, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision shall have been rendered by a court of the United States or the State or the Tax Court of the United States, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or state authority with appropriate jurisdiction, with respect to federal or state taxation upon interest received on obligations of the general character of the Obligations; or
 - (B) there shall have occurred (1) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war, or (2) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis; or
 - (C) a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or
 - (D) legislation shall have been enacted by the Congress of the United States or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to the Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be

made, to the effect that any obligations of the general character of the Obligations, the Resolution or the Issuer Documents, or any comparable securities of the Issuer, are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended (the "Securities Act") or Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") or otherwise, or would be in violation of any provision of the federal securities laws; or

- (E) except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the Issuer shall have occurred; or
- (F) any rating on [the Insurer or on] securities of the Issuer secured by a pledge of the Excise Taxes and the State Shared Revenues on a parity with the pledge of such amounts to be made for the Payments is reduced or withdrawn or placed on credit watch with negative outlook by any major credit rating agency; or

(b) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriter) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the Issuer refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Obligations or the ability of the Underwriter to enforce contracts for the sale of the Obligations; or

(c) a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and be in force; or

(d) a material disruption in securities settlement, payment or clearance services affecting the Obligations shall have occurred; or

(e) any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or State agency or the Congress of the United States, or by Executive Order;

(f) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the

offering, sale or execution and delivery of the Obligations, including the underlying obligations as contemplated by this Obligation Purchase Agreement or by the Official Statement, or any document relating to the offering, sale or execution and delivery of the Obligations, is or would be in violation of any provision of the federal securities laws at the Closing Date, including the Securities Act, the Exchange Act and the Trust Indenture Act; [or]

(g) [United States Treasury Certificate of Indebtedness, Notes or Bonds-State and Local Government Series or acceptable open market securities shall be unavailable for purchase and/or delivery in the amounts, maturities and prices or yields required pursuant to the Escrow Trust Agreement.]

Upon the occurrence of a Termination Event and the termination of this Obligation Purchase Agreement by the Underwriter, all obligations of the Issuer and the Underwriter under this Obligation Purchase Agreement shall terminate, without further liability.

10. AMENDMENTS TO OFFICIAL STATEMENT.

During the period commencing on the date of the Official Statement and ending twenty-five (25) days from the "end of the underwriting period" (as defined in Rule 15c2-12) the Issuer shall advise the Underwriter if any event relating to or affecting the Official Statement shall occur as a result of which it may be necessary or appropriate to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser or "potential customer" (as defined for purposes of Rule 15c2-12). If the Official Statement is supplemented or amended, at the time of each supplement or amendment thereto and at all times subsequent thereto up to and including that date that is 25 days from the end of the underwriting period, the Official Statement as supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and shall amend or supplement the Official Statement (in form and substance satisfactory to counsel to the Underwriter) so that the Official Statement will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The expenses of preparing such amendment or supplement shall be borne by the Issuer. For the purpose of this Section, the Issuer will furnish to the Underwriter such information with respect to itself as the Underwriter may from time to time reasonably request.

11. EXPENSES.

(a) Whether or not the Obligations are sold to the Underwriter, the Underwriter shall be under no obligation to pay any expenses incident to the performance of the Issuer's obligations hereunder. If the Obligations are delivered by the Issuer to the Underwriter, the Issuer shall pay, from the proceeds of the Obligations or from other funds of the Issuer, the following expenses: (i) the cost of preparing, duplicating or printing, mailing and delivering the Issuer Documents, including the cost of electronically distributing the Preliminary Official Statement and the Official Statement and any amendment or supplement of either; (ii) the cost of preparation and

printing of the definitive Obligations; (iii) the fees and expenses of the Issuer, the Trustee, the Verification Agent, Special Counsel, [counsel to the Underwriter,] the Escrow Trustee and any entity performing continuing disclosure compliance research or providing continuing disclosure compliance reports and any other experts, advisors or consultants retained by the Issuer; (iv) the charges of any rating agency with respect to the Obligations; (v) reimbursement to the Underwriter for payment of any fees and expenses reasonably incurred in connection with the initial offering, sale and delivery of the Obligations, including but not limited to industry fees (e.g., DTC, DAC, IPREO, CUSIP and Day Loan fees) only if the Issuer and Underwriter have previously discussed and approved the allocation of proceeds towards these fees, and meal and travel expenses of Issuer personnel, but not including entertainment expenses or those to be paid by the Underwriter pursuant to the last paragraph of this Section 11, and (vi) all other fees and expenses, not including entertainment expenses, reasonably incurred in connection with the preparation of the Issuer Documents and/or the initial offering, sale and delivery of the Obligations[, including the Policy]. The Issuer has authorized, and does hereby authorize, the Underwriter to pay certain of such expenses on behalf of the Issuer from proceeds of the Obligations at Closing as further described in the closing memorandum relating to the Obligations.

(b) If the Obligations are sold to the Underwriter by the Issuer, the Issuer shall pay out of the proceeds of the Obligations the discount of the Underwriter or the purchase price paid for the Obligations shall reflect such discount.

(c) Except as otherwise provided in this Section 11, the Underwriter shall pay the cost, if any, of qualifying the Obligations for sale in the various states chosen by the Underwriter, all advertising expenses in connection with the public offering of the Obligations and all other expenses incurred by it in connection with its public offering and distribution of the Obligations, not described above.

12. USE OF DOCUMENTS.

The Issuer hereby authorizes the Underwriter to use, in connection with the public offering and sale of the Obligations, this Obligation Purchase Agreement, the Preliminary Official Statement, the Official Statement and the Issuer Documents, and the information contained herein and therein.

13. QUALIFICATION OF SECURITIES.

The Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the Obligations for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and to provide for the continuance of such qualification; *provided, however*, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state.

14. NOTICES.

Any notice or other communication to be given to the Issuer under this Obligation Purchase Agreement may be given by delivering the same in writing to the City of San Luis, 1090 E. Union St. San Luis, Arizona 85349, Attention: Mayor and City Council, and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to the following address:

Stifel, Nicolaus & Company, Incorporated
Suite 300
2801 East Camelback Road
Phoenix, Arizona 85016
Attention: Mark Reader, Managing Director

15. BENEFIT.

This Obligation Purchase Agreement is made solely for the benefit of the Issuer and the Underwriter (including their successors or assigns), and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. Except as otherwise expressly provided herein, all of the agreements and representations of the Issuer contained in this Obligation Purchase Agreement and in any certificates delivered pursuant hereto shall remain operative and in full force and effect regardless of: (i) any investigation made by or on behalf of the Underwriter; (ii) delivery of and payment for the Obligations hereunder; or (iii) any termination of this Obligation Purchase Agreement, other than pursuant to Section 9 (and in all events the agreements of the Issuer pursuant to Section 11 hereof shall remain in full force and effect notwithstanding the termination of this Obligation Purchase Agreement under Section 9 hereof).

16. GOVERNING LAW. THIS OBLIGATION PURCHASE AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ARIZONA.

17. WAIVER OF JURY TRIAL. THE ISSUER HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS OBLIGATION PURCHASE AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

18. MISCELLANEOUS.

(a) This Obligation Purchase Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements, prior writings and representations with respect thereto.

(b) If any section, paragraph, subdivision, sentence, clause or phrase of this Obligation Purchase Agreement shall for any reason be held illegal or unenforceable, such decision shall not affect the validity of the remaining portions of this Obligation Purchase Agreement. The

parties to this Obligation Purchase Agreement declared they would have executed this Obligation Purchase Agreement and each and every other section, paragraph, subdivision, sentence, clause and phrase of this Obligation Purchase Agreement, irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Obligation Purchase Agreement may be held to be illegal, invalid, or unenforceable. If any provision of this Obligation Purchase Agreement contains any ambiguity which may be construed as either valid or invalid, the valid construction shall be adopted.

(c) This Obligation Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original hereof.

(d) To the extent applicable by provision of law, this Obligation Purchase Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated herein by this reference.

(e) The electronic signature of a party to this Obligation Purchase Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Obligation Purchase Agreement. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means, electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Underwriter; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format (pdf) or other replicating image attached to an electronic mail or internet message.

[Signature page follows.]

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

Mark Reader, Managing Director

ACCEPTED THIS _____ DAY OF
_____, 2024 at _____ P.M.

CITY OF SAN LUIS, ARIZONA

By _____

Printed Name: _____

Title: _____

ATTEST:

Sonia Cornelio, City Clerk

APPROVED AS TO FORM:

Kay Marion Macuil, City Attorney

[Signature Page to Obligation Purchase Agreement – City of San Luis, Arizona Pledged Excise
Tax Revenue Refunding Obligations, Series 2024]

SCHEDULE I

**\$(Par)
CITY OF SAN LUIS, ARIZONA
PLEGGED EXCISE TAX REVENUE REFUNDING OBLIGATIONS, SERIES 2024**

Payment Date (July 1)	Principal Amount	Interest Rate	Yield
	\$	%	%

* Yield calculated to first optional prepayment date: July 1, 20__.

Optional Prepayment. The Obligations maturing before or on July 1, 20__, are not subject to optional redemption prior to maturity. The Obligations maturing on or after July 1, 20__, are subject to redemption in such order and from such maturities as may be selected by the Issuer, in whole or in part on any date on or after July 1, 20__, at a redemption price equal to the principal amount of each Obligation to be redeemed, together with accrued interest to the date fixed for redemption but without premium.

Mandatory Prepayment. The Obligations maturing on July 1, 20__, will be prepaid on July 1 of the following years and in the following principal amounts at a price equal to the principal amount thereof plus interest accrued to the date fixed for prepayment, without premium:

Obligations Maturing July 1, 20__

Prepayment Date <u>(July 1)</u>	Principal <u>Amount</u>
	\$

(stated payment date)

[SCHEDULE II]

Maturities for which the 10% test has been met

Payment Date (July 1)	Principal Amount	Interest Rate	Yield
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Maturities for which the 10% has not been met

Payment Date (July 1)	Principal Amount	Interest Rate	Yield
--------------------------------------	-----------------------------	--------------------------	--------------

[*Yield calculated to July 1, 20__, the first optional redemption date.]

EXHIBIT A

FORM OF ISSUE PRICE CERTIFICATE

**§[Par]
CITY OF SAN LUIS, ARIZONA
PLEDGED EXCISE TAX REVENUE REFUNDING OBLIGATIONS, SERIES 2024**

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (“Stifel”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Obligations”).

1. **Obligation Purchase Agreement.** On [Pricing Date] (the “Sale Date”), Stifel and City of San Luis, Arizona (the “Issuer”) executed an Obligation Purchase Agreement (the “Purchase Contract”) in connection with the sale of the Obligations. Stifel has not modified the Purchase Contract since its execution on the Sale Date.

2. **Price.**

(a) As of the date of this Certificate, for each [Maturity] [of the _____ Maturities] of the Obligations, the first price or prices at which at least 10% of [each] such Maturity of the Obligations was sold to the Public [(the “10% Test”)] are the respective prices listed in Schedule A attached hereto.

(b) [To be used if not using Hold-the-Offering-Price Rule and 10% was not sold for all Maturities] [** With respect to each of the _____ Maturities of the Obligations:

- (i) As of the date of this Certificate, Stifel has not sold at least 10% of the Obligations of these Maturities at any price or prices.
- (ii) As of the date of this Certificate, Stifel reasonably expects that the first sale to the Public of Obligations of these Maturities will be at or below the respective price or prices listed on the attached Schedule A as the “Reasonably Expected Sale Prices for Undersold Maturities.”
- (iii) Stifel will provide actual sales information (substantially similar to the information contained on Schedule B) as to the price or prices at which the first 10% of each such Maturity (i.e., the Undersold Maturity or Maturities) is sold to the Public.
- (iv) On the date the 10% Test is satisfied with respect to all Maturities of the Obligations, Stifel will execute a supplemental certificate substantially in the form attached hereto as Schedule C with respect to any remaining Maturities for which the 10% Test has not been satisfied as of the Closing Date.**]

(b) **[To be used if using Hold-the-Offering-Price Rule] [Alternative 1 - All Maturities Use Hold-the-Offering-Price Rule:** Stifel offered the Obligations to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Obligations is attached to this certificate as Schedule B.] **[Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule:** Stifel offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Obligations is attached to this certificate as Schedule B.]

[Alternative 1 - All Maturities use Hold-the-Offering-Price Rule: As set forth in the Purchase Contract, Stifel has agreed in writing that, (i) for each Maturity of the Obligations, it would neither offer nor sell any of the Obligations of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the requirements for establishing issue price for the Obligations, including, but not limited to, its agreement to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Obligations at a price that is higher than the respective Initial Offering Price for that Maturity of the Obligations during the Holding Period. **[Alternative 2 - Select Maturities Use Hold-the-Offering-Price Rule:** As set forth in the Purchase Contract, Stifel has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Obligations of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the requirements for establishing issue price for the Obligations, including, but not limited to, its agreement to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Obligations during the Holding Period.]

3. Defined Terms.

(a) *[Hold-the-Offering-Price Maturities* means those Maturities of the Obligations listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

(b) *[Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which Stifel has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(c) *Issuer* means the City of San Luis, Arizona.

(d) *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates, are treated as separate Maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is [Pricing Date].

(g) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Obligations to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificate Relating to Federal Tax Matters of the Issuer dated [Closing Date] and with respect to compliance with the federal income tax rules affecting the Obligations, and by Special Counsel, in connection with rendering its opinion that the interest on the Obligations is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Obligations.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as underwriter

By: _____
Mark Reader

By: _____
[underwriter]

Dated: [Closing Date]

SCHEDULE A

Actual Sales Information as of Closing Date

<u>Payment Date</u> <u>(July 1)</u>	<u>Coupon</u>	<u>Date Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
--	----------------------	-------------------------	--------------------------	--------------------------

The aggregate issue price of all maturities of the Obligations is \$_____ (the "Issue Price").

****Reasonably Expected Sales Prices for Undersold Maturities as of Closing Date**

<u>Payment Date</u> <u>(July 1)</u>	<u>Coupon</u>	<u>Par Amount</u>	<u>Offering Price</u>
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**]

[*Yield calculated to July 1, 20__, the first optional redemption date.]

SCHEDULE B

[Actual Sales for Undersold Maturities as of the Closing Date

<u>Payment Date</u> <u>(July 1)</u>	<u>Date Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
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**]

[PRICING WIRE OR EQUIVALENT COMMUNICATION]

(Attached)

SCHEDULE C

SUPPLEMENTAL ISSUE PRICE CERTIFICATE

\$(Par)
CITY OF SAN LUIS, ARIZONA
PLEDGED EXCISE TAX REVENUE REFUNDING OBLIGATIONS, SERIES 2024

The undersigned, Stifel, Nicolaus & Company, Incorporated (“Stifel”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Obligations”).

1. Issue Price.

(a) Stifel sold at least 10% of the _____ Maturities of the Obligations to the Public at the price or prices shown on the Issue Price Certificate dated as of the Closing Date (the “10% Test”). With respect to each of the _____ Maturities of the Obligations, Stifel had not satisfied the 10% Test as of the Closing Date (the “Undersold Maturities”).

(b) As of the date of this Supplemental Certificate, Stifel has satisfied the 10% Test with respect to the Undersold Maturities. The first price or prices at which at least 10% of each such Undersold Maturity was sold to the Public are the respective prices listed on Exhibit A attached hereto.

2. Defined Terms.

(a) *Issuer* means the City of San Luis, Arizona.

(b) *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Obligations to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Certificate Relating to Federal Tax Matters of the Issuer dated [Closing Date] and with respect to compliance with the federal income tax rules affecting the Obligations, and by Special Counsel, in connection with rendering its opinion that the interest on the Obligations is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Obligations.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as underwriter

By: _____
[banker]

By: _____
[underwriter]

Dated: [Closing Date]

EXHIBIT A
TO
SUPPLEMENTAL ISSUE PRICE CERTIFICATE**

EXHIBIT B

FORM OF SUPPLEMENTAL OPINION OF SPECIAL COUNSEL

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

[Closing Date]

Stifel, Nicolaus & Company, Incorporated
Phoenix, Arizona

Re: Pledged Excise Tax Revenue Refunding Obligations, Series 2024, Representing Proportionate Interests of the Owners Thereof in Payments to be Made by the City of San Luis, Arizona to [_____], as Trustee, Dated the Date Hereof

Pursuant to an Obligation Purchase Agreement, dated [Pricing Date] (the "Purchase Contract"), between the City of San Luis, Arizona and Stifel, Nicolaus & Company, Incorporated, we have delivered to you our approving opinion of even date herewith (the "Approving Opinion") relating to the captioned Obligations. All terms used herein shall have the same meaning assigned in the Purchase Contract.

We hereby supplement the Approving Opinion and further advise you as follows:

1. The Issuer has all requisite power and authority pursuant to the Constitution and laws of the State (a) to execute and deliver, as applicable, the Issuer Documents, (b) to approve, execute and authorize the use and distribution of the Preliminary Official Statement and the Official Statement and (c) to carry out and consummate the transactions contemplated by the Official Statement, the Issuer Documents and the Obligations (including performing the applicable obligations pursuant thereto).

2. The Issuer has complied with all applicable provisions of law and has taken all actions required to be taken by it to the date hereof in connection with the transactions contemplated by the Official Statement, the Issuer Documents and the Obligations.

3. The Issuer Documents have been duly authorized, executed and delivered, as applicable, by the Issuer, are in full force and effect and, assuming due and valid authorization, execution and delivery by, and enforceability against, if any, the other party thereto, constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms. The foregoing is subject to applicable bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the enforcement of creditors' rights and the principles of equity in the event equitable remedies are sought.

4. Adoption of the Resolution, authorization, execution and delivery, as applicable, of, and the due performance by the Issuer of the Issuer Documents and the approval, execution and authorization of the use and distribution of, the Official Statement (including, as applicable,

the Preliminary Official Statement) by the Issuer under the circumstances contemplated thereby and each of such instruments, do not and will not conflict with, or constitute on the part of the Issuer a material breach of or default under, any federal or State constitutional or statutory provision.

5. No consent of any other party, and no consent, license, approval or authorization of, exemption by or registration with any governmental body, authority, bureau or agency (other than those that have been obtained or will be obtained prior to the delivery of the Obligations and other than approvals that may be required under "blue sky" laws of any jurisdiction) is required in connection with the adoption by the Mayor and City Council of the Issuer of the Resolution or the authorization, execution, delivery and performance, as applicable, by the Issuer of the Issuer Documents and the consummation of the transactions contemplated by the Official Statement.

6. The information contained (but not incorporated by reference) in the Preliminary Official Statement and the Official Statement in the tax caption on the cover thereof, under the headings "INTRODUCTORY STATEMENT," "THE OBLIGATIONS," "SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS," "PLAN OF REFUNDING," "TAX EXEMPTION" and "CONTINUING DISCLOSURE" (except as it relates to compliance with prior undertakings as to which we express no opinion) therein, and in Appendix D – "SUMMARY OF SELECT PROVISIONS OF THE PRINCIPAL DOCUMENTS," Appendix E – "PROPOSED FORM OF APPROVING LEGAL OPINION," and Appendix F – "PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT," thereto, insofar as such information purports to summarize certain provisions of the laws of the State and the United States of America, the Obligations, the Trust Agreement, the Purchase Agreement and the Undertaking fairly present the information purported to be shown; provided, however, that such information does not purport to summarize all the provisions of, and is qualified in its entirety by, the complete laws and documents that are summarized, and, based solely on our participation in the transaction as Special Counsel, nothing has come to our attention that would lead us to believe that the information and statements in the Preliminary Official Statement, as of its date and as of [Pricing Date], and the Official Statement, as of its date and as of the date hereof, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that we express no view as to the financial statements of the Issuer, any other financial forecast, technical or statistical data, and any information in the Preliminary Official Statement or the Official Statement regarding DTC [or the Insurer]. We have not undertaken to review or determine independently, and assume no responsibility for, the accuracy or completeness of the information in the Preliminary Official Statement or the Official Statement except to the extent indicated hereinabove.

7. It is not necessary in connection with the sale and execution of the Obligations to the public to register the Obligations pursuant to the Securities Act of 1933, as amended, or to qualify the Trust Agreement pursuant to the Trust Indenture Act of 1939, as amended.

You may rely upon the Approving Opinion as though it were specifically addressed to you.

This letter is provided pursuant to Section 8(g)(ii) of the Purchase Contract and is being given solely for the information of and assistance to the addressee of this letter in its capacity as

the underwriter of the Obligations. In giving this opinion to such underwriter, it is expressly understood that no attorney-client relationship is being created thereby. Without our express prior written permission, this opinion may not be relied upon by any person other than such underwriter and is not to be used, circulated, quoted, or otherwise referred to in connection with the offering of the Obligations, except that reference may be made to this opinion in any list of closing documents pertaining to the execution and delivery of the Obligations.

Respectfully submitted,

EXHIBIT C

FORM OF OPINION OF COUNSEL TO THE ISSUER

[LETTERHEAD OF CITY ATTORNEY]

[Closing Date]

Stifel, Nicolaus & Company, Incorporated
Phoenix, Arizona

Greenberg Traurig, LLP
Phoenix, Arizona

Re: Pledged Excise Tax Revenue Refunding Obligations, Series 2024, Representing Proportionate Interests of the Owners Thereof in Purchase Payments to be Made by the City of San Luis, Arizona to [_____], as Trustee, Dated the Date Hereof

I hold the office of City Attorney of the City of San Luis, Arizona (the "City"), and in that capacity render this opinion pursuant to the Obligation Purchase Agreement, dated [Pricing Date] (the "Purchase Contract"), with respect to the captioned Obligations. (The capitalized terms used in this opinion and not otherwise defined herein have the meaning ascribed to them in the Purchase Contract.)

I have examined the transcript of proceedings (the "Transcript") relating to the execution and delivery of the Obligations, including originals or copies, certified or otherwise identified to our satisfaction, of the included documents, resolutions, instruments, records, certificates and opinions, and have reviewed laws and information and have made investigations, as I have considered necessary or appropriate for the purpose of rendering this opinion. In such examination of the Transcript, I have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to me as copies. As to any facts material to this opinion, I have, when relevant facts were not independently established, relied upon the aforesaid proceedings and proofs.

Based upon such examination, I am of the opinion that, pursuant to the law existing on the date of this opinion:

1. The City is duly organized and validly incorporated as a municipal corporation in accordance with the Constitution and laws of the State of Arizona and has all requisite power and authority thereunder to enter into and perform its agreements in accordance with the Resolution and its covenants and agreements pursuant to the Issuer Documents.

2. The Resolution has been duly adopted and approved by the Mayor and Council of the City in conformance with the applicable open meeting and other laws and ordinances of the City and the State of Arizona.

3. The Issuer Documents have been duly authorized and validly executed and delivered by the City, and the distribution of the Preliminary Official Statement and the Official Statement has been duly authorized by the City.

4. The adoption and approval of the Resolution, the authorization, execution and delivery of the Issuer Documents and compliance with the respective provisions thereof under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement or other instrument to which the City is a party or of any existing law, administrative regulation, court order or consent decree to which the City, or any of its property, is subject.

5. There are no lawsuits or proceedings by or before any court, governmental agency, public board or body, pending or, to the best of my knowledge, threatened against the City (a) that in any way question (i) the validity and the proper authorization, approval and execution of any of the Issuer Documents, (ii) the validity and proper approval and adoption of the Resolution, (iii) the authority of the City or its officials to enter into any of the Issuer Documents, to make the Payments or to perform its obligations under such documents or the Resolution or the pledge of Excise Taxes and State Shared Revenues (each as defined in the Issuer Documents) and to carry out the transactions contemplated thereby, or (b) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Resolution, the Obligations, any of the Issuer Documents or the Official Statement, or would in any way adversely affect the validity or enforceability of the Obligations, the Resolution, any of the Issuer Documents or of any other instruments required or contemplated for use in consummating the transactions contemplated thereby or by the Official Statement, or that, individually or collectively, would have a material adverse effect on the financial condition of the City or impair the City's ability to comply with all of its duties under the Resolution, or (c) contesting in any way the completeness or accuracy of the Official Statement.

6. The statements in the Preliminary Official Statement and the Official Statement under the heading "LITIGATION" are true and correct in all material respects and do not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

CITY OF SAN LUIS, ARIZONA

By _____
Kay Marion Macuil, City Attorney

PRELIMINARY OFFICIAL STATEMENT DATED MARCH __, 2024

NEW ISSUE – BOOK-ENTRY-ONLY

RATING: See “RATING” herein.

INSURANCE: See “BOND INSURANCE AND RELATED RISK FACTORS” herein.

In the opinion of Greenberg Traurig, LLP, Special Counsel, assuming the accuracy of certain representations and certifications and the continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and court decisions, the portion of each installment payment made by the City pursuant to the Purchase Agreement and denominated as and comprising interest pursuant to the Purchase Agreement and received by the Owners of the Obligations (the “Interest Portion”) will be excludable from gross income for federal income tax purposes. Further, the Interest Portion will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the “Code”), on applicable corporations (as defined in Section 59(k) of the Code), the Interest Portion will not be excluded from the determination of adjusted financial statement income for tax years beginning after 2022. See “TAX EXEMPTION” herein for a description of certain other federal tax consequences of ownership of the Obligations. Special Counsel is further of the opinion that the Interest Portion will be exempt from income taxation under the laws of the State of Arizona so long as the Interest Portion is excludable from gross income for federal income tax purposes.

\$19,650,000*

CITY OF SAN LUIS, ARIZONA

PLEDGED EXCISE TAX REVENUE REFUNDING OBLIGATIONS, SERIES 2024

**DRAFT II
2-21-24**

Dated: Date of Initial Delivery

Due: July 1, as shown on the inside front cover page

The City of San Luis, Arizona (the “City”) Pledged Excise Tax Revenue Refunding Obligations, Series 2024 (the “Obligations”) will be executed and delivered to (i) refinance the costs of certain capital projects in and for the City as described under the heading “PLAN OF REFUNDING” and (ii) pay the costs and expenses relating to the execution and delivery of the Obligations.

Interest on the Obligations will be payable semiannually on each July 1 and January 1, commencing July 1, 2024*. The Obligations will be dated the date of delivery and will be issuable as fully registered obligations without coupons and will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Obligations. Beneficial interests in the Obligations will be available to purchasers in amounts of \$5,000 of principal due on a specific payment date and any integral multiple thereof only under the book-entry only system maintained by DTC through brokers and dealers who are, or act through, DTC Participants (as defined herein). Purchasers will not receive physical certificates. So long as any purchaser is the beneficial owner of an Obligation, such purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal and interest on such Obligation. See APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM” herein.

SEE PAYMENT SCHEDULE ON INSIDE FRONT COVER PAGE

The Obligations will be subject to prepayment prior to their stated payment dates as described under the heading “THE OBLIGATIONS – Prepayment Provisions” herein*.

The Obligations will represent undivided, proportionate interests in the installment payments (the “Payments”) to be made by the City pursuant to a Fourth Excise Tax Purchase Agreement, to be dated as of April 1, 2024* (the “Purchase Agreement”), between the City and [Trustee] (the “Trustee”). The Payments will be payable from and secured by a first lien on and pledge of revenues from Excise Taxes (as defined herein) and State Shared Revenues (as defined herein), in amounts sufficient to make such Payments. The Purchase Agreement provides that (a) the City may not further encumber revenues from Excise Taxes and State Shared Revenues on a basis prior to the pledge of revenues from Excise Taxes and State Shared Revenues under the Purchase Agreement, and (b) may not encumber revenues from Excise Taxes and State Shared Revenues on a basis equal to the pledge under the Purchase Agreement unless certain requirements of the Purchase Agreement are satisfied. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS” herein.

THE OBLIGATIONS WILL BE SPECIAL, LIMITED, REVENUE OBLIGATIONS OF THE CITY AND WILL BE PAYABLE SOLELY FROM THE SOURCES DESCRIBED HEREIN. THE OBLIGATIONS WILL NOT BE GENERAL OBLIGATIONS OF THE CITY, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF, AND THE FULL FAITH AND CREDIT OF THE CITY, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF WILL NOT BE PLEDGED FOR THE PAYMENT OF THE OBLIGATIONS.

The Obligations will be offered when, as and if executed and delivered and received by the underwriter identified below (the “Underwriter”), subject to the legal opinion of Greenberg Traurig, LLP, Special Counsel, as to validity and tax exemption. In addition, certain legal matters will be passed upon for the Underwriter by Squire Patton Boggs (US) LLP. It is expected that the Obligations will be available for delivery through the facilities of DTC on or about April 2, 2024*.

This cover page contains certain information with respect to the Obligations for convenience of reference only. It is not a summary of all material information with respect to the Obligations. Investors must read this entire Official Statement to obtain information essential to the making of an informed investment decision with respect to the Obligations.

* Subject to change.

STIFEL

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without any notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PAYMENT SCHEDULE*

\$19,650,000*

CITY OF SAN LUIS, ARIZONA PLEGGED EXCISE TAX REVENUE REFUNDING OBLIGATIONS, SERIES 2024

<u>Payment Date (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP®⁽¹⁾ No. 79854W</u>
2024	\$ 90,000	%	%	
2025	1,000,000			
2026	1,050,000			
2027	1,100,000			
2028	1,155,000			
2029	1,215,000			
2030	1,275,000			
2031	1,335,000			
2032	1,405,000			
2033	1,475,000			
2034	1,555,000			
2035	1,620,000			
2036	1,705,000			
2037	1,790,000			
2038	1,880,000			

* *Subject to change.*

⁽¹⁾ *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, Special Counsel, the Underwriter or their agents or counsel assumes responsibility for the accuracy of such numbers.*

CITY OF SAN LUIS, ARIZONA

CITY COUNCIL

Nieves Riedel, *Mayor*

Gloria Torres, *Vice Mayor*

Luis E. Cabrera., *Councilmember*

Maria Cecilia Cruz, *Councilmember*

Tadeo Azael De La Hoya, *Councilmember*

Matias Rosales, *Councilmember*

Javier Vargas, *Councilmember*

CITY ADMINISTRATION

Jenny Torres, *Acting City Manager*

Roula Encinas, *Acting Director of Finance*

Kay Marion Macuil, *City Attorney*

SPECIAL COUNSEL

Greenberg Traurig, LLP
Phoenix, Arizona

TRUSTEE AND ESCROW TRUSTEE

[Trustee]
Phoenix, Arizona

REGARDING THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the City of San Luis, Arizona (the "City") or Stifel, Nicolaus & Company, Incorporated (the "Underwriter") to give any information or to make any representations other than those contained in this Official Statement, which includes the cover page, inside front cover page and appendices hereto, and, if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the City's Pledged Excise Tax Revenue Refunding Obligations, Taxable Series 2024 (the "Obligations") by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement has been obtained from the City, the Arizona Department of Revenue and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information has not been independently confirmed or verified by the City or the Underwriter, is not guaranteed as to accuracy or completeness, and is not to be construed as the promise or guarantee of the City or the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement: "The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information."

The presentation of information, including tables of receipts from taxes and other sources, shows recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. All information, estimates and assumptions contained herein are based on past experience and on the latest information available and are believed to be reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are "forward looking statements" that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the City has been identified by source and has not been independently confirmed or verified by the City or the Underwriter and its accuracy cannot be guaranteed. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto will, under any circumstances, create any implication that there has been no change in the affairs of the City or any of the other parties or matters described herein since the date hereof.

The Obligations will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission (the "SEC") nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Obligations for sale.

None of the City, the Underwriter, counsel to the Underwriter or Special Counsel (as defined herein) are actuaries. None of them have performed any actuarial or other analysis of the City's share of unfunded liabilities of the Arizona State Retirement System, the Public Safety Personnel Retirement System or the Elected Officials Retirement Plan.

The City will undertake to provide continuing disclosure as described in this Official Statement under the heading "CONTINUING DISCLOSURE" and in APPENDIX F – "FORM OF CONTINUING DISCLOSURE AGREEMENT," all pursuant to Rule 15c2-12 of the SEC.

A wide variety of information, including financial information, concerning the City is available from publications and websites of the City and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of, or incorporated into, this Official Statement, except as expressly noted herein. References to website addresses presented herein are for information purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the SEC.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS, AND THE UNDERWRITER MAY

OVERALLOT OR ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICES OF THE OBLIGATIONS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET IN ORDER TO FACILITATE THEIR DISTRIBUTION. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The information in APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM” attached hereto has been furnished by The Depository Trust Company and no representation is made by the City or the Underwriter, or any of their counsel or agents, as to the accuracy or completeness of such information.

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OFFICIAL STATEMENT

\$19,650,000*

CITY OF SAN LUIS, ARIZONA

PLEGGED EXCISE TAX REVENUE REFUNDING OBLIGATIONS, SERIES 2024

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, the inside front cover page and the appendices hereto, provides certain information concerning the City of San Luis, Arizona (the "City") Pledged Excise Tax Revenue Refunding Obligations, Series 2024 (the "Obligations"), to be executed and delivered in the principal amount indicated above. The Obligations will be undivided, participating, proportionate interests in installment payments (the "Payments") to be made by the City pursuant to a Fourth Excise Tax Purchase Agreement, to be dated as of April 1, 2024* (the "Purchase Agreement"), between the City, as purchaser, and [Trustee], as trustee (the "Trustee"), in its separate capacity as seller.

The Obligations are being executed and delivered to (i) refinance the costs of certain capital projects in and for the City (the "Refinanced Projects") as described under the heading "PLAN OF REFUNDING" and (ii) pay the costs and expenses relating to the execution and delivery of the Obligations.

The Obligations will be executed and delivered pursuant to a Fourth Excise Tax Trust Agreement, to be dated as of April 1, 2024* (the "Trust Agreement"), between the City and the Trustee. Certain of the Trustee's interests under the Purchase Agreement, including, without limitation, the right to receive and collect the Payments and the right to force the City to make the Payments, will be held by the Trustee for the benefit of the registered owners of the Obligations. See APPENDIX D – "SUMMARY OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS" in addition to the information hereinbelow for descriptions of the terms of the Purchase Agreement and the Trust Agreement and the definition of terms not elsewhere defined herein. See APPENDIX A – "CITY OF SAN LUIS, ARIZONA – DEMOGRAPHIC AND ECONOMIC INFORMATION," APPENDIX B – "CITY OF SAN LUIS, ARIZONA – FINANCIAL DATA" and APPENDIX C – "CITY OF SAN LUIS, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023" for information about the City.

The Payments will be payable from and secured by a first lien on and pledge of revenues from Excise Taxes and State Shared Revenues (each as defined herein), on a parity with the pledge and lien granted by the City for the payment and security of (i) \$22,590,000 outstanding principal amount of the City's Pledged Excise Tax Revenue Refunding Obligations, Tax-Exempt Series 2014A (the "2014 Obligations"), the debt service with respect to which is secured by payments due pursuant to the First Excise Tax Purchase Agreement, dated as of November 1, 2014 (the "2014 Purchase Agreement"), by and between the City and U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), (ii) \$1,270,000 outstanding principal amount of the City's Pledged Excise Tax Revenue Refunding Obligations, Tax-Exempt Series 2017A and \$6,975,000 outstanding principal amount of the City's Pledged Excise Tax Revenue Refunding Obligations, Taxable Series 2017B (collectively, the "2017 Obligations"), the debt service with respect to which is secured by payments due pursuant to the Second Excise Tax Purchase Agreement, dated as of October 1, 2017 (the "2017 Purchase Agreement"), by and between the City and U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), (iii) the \$8,470,000 outstanding principal amount of the City's Pledged Excise Tax Revenue Obligations, Taxable Series 2021 (the "2021 Obligations"), the debt service with respect to which is secured by payments due pursuant to the Third Excise Tax Purchase Agreement, dated as of April 1, 2021 (the "2021 Purchase Agreement"), by and between the City and UMB Bank, n.a., and (iv) any Parity Lien Obligations (as defined herein) hereafter incurred.

"Excise Taxes" means the unrestricted transaction privilege (sales) taxes, business license and franchise fees, parks and recreation fees and permits and fines and forfeitures the City now imposes; provided that the Mayor and Council of the City may impose other transaction privilege taxes in the future, the uses of revenue from which may be restricted, at the discretion of such Council. "State Shared Revenues" means any amounts of excise taxes, transaction privilege (sales) taxes, income taxes and vehicle license taxes imposed by the State of Arizona (the "State" or "Arizona") or any agency thereof and returned, allocated or apportioned to the City, except the City's share of any such taxes which

* *Subject to change.*

by State law, rule or regulation must be expended for other purposes such as motor vehicle fuel taxes.

The definition of "State Shared Revenues" in the trust agreements pursuant to which the 2014 Obligations, the 2017 Obligations and the 2021 Obligations were executed and delivered will, upon execution and delivery of the Obligations, be treated as identical to the definition of "State Shared Revenues" provided in the Trust Agreement, the primary change being inclusion of "vehicle license taxes," and the pledge of State Shared Revenues to the 2014 Purchase Agreement, the 2017 Purchase Agreement and the 2021 Purchase Agreement will be expanded to include such additional revenues upon execution and delivery of the Obligations.

As described under the heading "PLAN OF REFUNDING" herein, \$21,535,000* principal amount of the 2014 Obligations will be prepaid with proceeds of the Obligations on the date of execution and delivery of the Obligations. *Accordingly, such payment obligations are not being treated as being an ongoing payment obligation of the City secured by revenues from Excise Taxes and State Shared Revenues for purposes of this Official Statement.*

The Purchase Agreement provides that (i) the City may not encumber revenues from Excise Taxes or State Shared Revenues on a basis prior to the pledge of revenues from Excise Taxes or State Shared Revenues under the Purchase Agreement, and (ii) may not encumber revenues from Excise Taxes or State Shared Revenues on a basis equal to the pledge under the Purchase Agreement ("Parity Lien Obligations") unless certain requirements of the Purchase Agreement are satisfied. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS – Parity Lien Obligations; No Prior Lien Obligations."

THE OBLIGATIONS AND THE OBLIGATION OF THE CITY TO MAKE THE PAYMENTS EACH CONSTITUTE A LIMITED OBLIGATION OF THE CITY, AND NEITHER CONSTITUTES A GENERAL OBLIGATION OF THE CITY WITHIN THE MEANING OF THE CONSTITUTION OR LAWS OF THE STATE. THE CITY'S OBLIGATION TO MAKE THE PAYMENTS IS NOT SUBJECT TO ANNUAL APPROPRIATION OR BUDGETING BY THE CITY NOR IS SUCH OBLIGATION SUBJECT TO ANY CONSTITUTIONAL OR STATUTORY LIMITATION ON EXPENDITURES.

Brief descriptions of the security for the Obligations and of matters related to the City are included in this Official Statement together with a summary of select provisions of the Purchase Agreement and the Trust Agreement. See APPENDIX D -- "SUMMARY OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS" herein. Such descriptions do not purport to be comprehensive or definitive. All references to the Purchase Agreement and the Trust Agreement are qualified in their entirety by reference to such documents, and references herein to the Obligations are qualified in their entirety by reference to the form thereof included in the Trust Agreement, copies of all of which are available for inspection at the designated corporate trust office of the Trustee.

Neither this Official Statement nor any statement that may have been made orally or in writing in connection herewith is to be considered as, or as part of, a contract with the original purchasers or subsequent owners or Beneficial Owners (as defined in APPENDIX G) of the Obligations.

References to provisions of federal or State law, whether codified or uncodified, are references to those current provisions. Those provisions may be amended, repealed or supplemented.

* *Subject to change.*

THE OBLIGATIONS

General Terms

The Obligations will be dated the date of their initial execution and delivery, and will bear interest payable semiannually on July 1 and January 1 of each year (each an "Interest Payment Date"), commencing on July 1, 2024*, until their payment date or prepayment dates, at the rates set forth on the inside front cover page of this Official Statement. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

As described in APPENDIX G – "BOOK-ENTRY-ONLY SYSTEM," the Obligations, when executed and delivered, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). So long as DTC, or its nominee Cede & Co., is the registered owner of all the Obligations, all payments on the Obligations and notices regarding the Obligations will be made directly to DTC.

Subject to the provisions summarized in APPENDIX G – "BOOK-ENTRY-ONLY SYSTEM," the principal of each Obligation will be payable at the designated office of the Trustee. Interest represented by the Obligations will be paid on each Interest Payment Date by check drawn on the Trustee mailed on or before the Interest Payment Date to the registered owners as shown on the records of the Trustee as of the fifteenth day of the month immediately preceding such Interest Payment Date or, if such date is not a business day, on the next succeeding business day (the "Regular Record Date") or the Trustee may agree with a registered Owner of \$1,000,000 or more in aggregate principal amount of the Obligations for another form of payment.

If the Trustee fails to make payments or provision for payment of interest on the Obligations when due on any Interest Payment Date, that interest shall cease to be payable to the registered Owner of such Obligations as of the applicable Regular Record Date, and when moneys become available for payment of that interest, the Trustee shall establish a special record date for the payment of that interest, which shall be at least ten days prior to the proposed interest payment date, and notice of such special record date shall be mailed to each registered Owner at least ten days prior to the special record date.

Each Obligation will accrue interest from the Interest Payment Date next preceding the date of its execution, unless: (i) executed on an Interest Payment Date or after a Regular Record Date but before the following Interest Payment Date, in which case interest accrues from such Interest Payment Date, (ii) executed on the date of initial delivery or prior to July 1, 2024, in which case interest accrues from its dated date, or (iii) payment of interest is in default, in which case interest is payable from the last date to which interest has been paid or, if none, its dated date.

Prepayment Provisions*

Optional Prepayment. The Obligations payable before or on July 1, 20__, will not be subject to prepayment prior to their stated payment dates. The Obligations payable on July 1, 20__, will be subject to prepayment by lot within such payment date by such methods as may be selected by the Trustee from prepayments made at the option of the City pursuant to the Purchase Agreement, in whole or in part on any date, on or after July 1, 20__, at a prepayment price equal to the principal amount of the Obligations or portions thereof to be prepaid, together with accrued interest to the date fixed for prepayment, but without premium.

Manner of Selection for Prepayment. The Obligations will be prepaid only in payment amounts of \$5,000 each or integral multiples thereof. The City will, at least 45 days prior to the prepayment date, notify the Trustee of such prepayment date and of the stated payment dates of the Obligations and the payment amount of the Obligations of any such stated payment date to be prepaid on such date. For the purposes of any prepayment of less than all of the Obligations of a single stated payment date, the particular Obligations or portions of the Obligations to be prepaid shall be selected through the procedures of DTC.

Notice of Prepayment. Prepayment notices will be sent only to DTC by electronic media, not more than 60 nor less than 30 days prior to the date set for prepayment. See APPENDIX G – "BOOK-ENTRY ONLY SYSTEM." Such

* *Subject to change.*

notice will state that if, on the specified prepayment date, moneys for prepayment of all the Obligations to be prepaid together with interest to the date of prepayment, is held by the Trustee, then, from and after said date of prepayment, interest with respect to the Obligations will cease to accrue and become payable and that if such moneys are not so held, the prepayment will not occur.

Notice of any prepayment will also be provided as set forth in APPENDIX F – “FORM OF CONTINUING DISCLOSURE AGREEMENT,” but no defect in said further notice or record nor any failure to give all or a portion of such further notice shall in any manner defeat the effectiveness of a prepayment if notice thereof is given as prescribed above.

[The Remainder of Page Intentionally Left Blank]

PLAN OF REFUNDING*

The proceeds from the sale of the Obligations remaining after payment of certain costs of sale and execution and delivery thereof will be placed in an irrevocable trust with [Trustee], as escrow trustee (the "Escrow Trustee"), pursuant to an Escrow Trust Agreement, to be dated as of April 1, 2024* (the "Escrow Trust Agreement"), between the City and the Escrow Trustee, to be used to pay the principal of and premium and interest on the following obligations being prepaid prior to payment as shown below (collectively, the "Obligations Being Refunded"). The Obligations Being Refunded were executed and delivered to finance or refinance the costs of the Refinanced Projects, consisting of improvements to the City's water and wastewater systems and construction of a new City complex as well as refinancing certain outstanding debt. Such proceeds of the Obligations will be used to acquire securities issued or guaranteed by the United States of America (the "Government Obligations"), the maturing principal of an interest income with respect to which are calculated to be sufficient, along with certain cash held pursuant to the Escrow Trust Agreement, to redeem the Obligations Being Refunded on the redemption date shown below, without premium. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein. Upon delivery of the Obligations and deposit of the proceeds thereof with the Escrow Trustee, the Obligations Being Refunded will no longer be outstanding under the trust agreements pursuant to which they were issued and will not be secured by revenues from Excise Taxes and State Shared Revenues.

Schedule of Bonds Being Refunded*

Issue Series	Payment Date (July 1)	Coupon	Principal Amount Outstanding	Principal Being Refunded*	Redemption Date*	CUSIP®(1) No. 79854W
2014A	2025	4.000 %	\$ 1,110,000	\$ 1,110,000	7/1/2024	AL4
	2026	5.000	1,155,000	1,155,000	7/1/2024	AM2
	2027	5.000	1,210,000	1,210,000	7/1/2024	AN0
	2028	5.000	1,270,000	1,270,000	7/1/2024	AP5
	2029	5.000	1,335,000	1,335,000	7/1/2024	AQ3
	2030	5.000	1,405,000	1,405,000	7/1/2024	AR1
	2031	5.000 ⁽²⁾	1,470,000	1,470,000	7/1/2024	AV2
	2032	5.000 ⁽²⁾	1,545,000	1,545,000	7/1/2024	AV2
	2033	5.000 ⁽²⁾	1,625,000	1,625,000	7/1/2024	AV2
	2034	5.000	1,710,000	1,710,000	7/1/2024	AV2
	2035	5.000 ⁽³⁾	1,785,000	1,785,000	7/1/2024	AZ3
	2036	5.000 ⁽³⁾	1,875,000	1,875,000	7/1/2024	AZ3
	2037	5.000 ⁽³⁾	1,970,000	1,970,000	7/1/2024	AZ3
	2038	5.000	2,070,000	2,070,000	7/1/2024	AZ3
			<u>\$21,535,000</u>	<u>\$ 21,535,000</u>		

* Subject to change.

⁽¹⁾ See footnote ⁽¹⁾ to the inside front cover page hereof.

⁽²⁾ Represents mandatory prepayments of a term bond with a final payment date of July 1, 2034.

⁽³⁾ Represents mandatory prepayments of a term bond with a final payment date of July 1, 2038.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore P.C. (the "Verification Agent"), a firm of independent certified public accountants, will deliver to the City, on or before the closing date of the Obligations, its verification report indicating that it has verified, in accordance with the Statement on Standards for Consulting Services established by the American Institute of Certified Public Accountants (the "AICPA"), the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Government Obligations, to pay when due, the maturing principal of, interest on and related call premium requirements, if any, of the Obligations Being Refunded.

The Verification Agent relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the City. In addition, the Verification Agent has relied on any information provided to it by the City's retained advisors, consultants or legal counsel. The Verification Agent was not engaged to perform audit or attest services under AICPA auditing or attestation standards or to provide any form of attest report or opinion under such standards in conjunction with this engagement.

SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS

General

The Obligations will be special, limited, revenue obligations, taking the form of undivided, participating, proportionate interests in the Payments. The obligation of the City to make the Payments will be limited to payment from revenues from Excise Taxes and State Shared Revenues and will in no circumstances constitute a general obligation or a pledge of the full faith and credit of the City or the State or any political subdivisions thereof, or require the levy of, or be payable from the proceeds of, any *ad valorem* property taxes.

Revenues from Excise Taxes and State Shared Revenues in excess of amounts, if any, required to be deposited with or held by the Trustee for payments due under the Purchase Agreement will constitute surplus revenues and may be used by the City for any lawful purpose. The City may also make the Payments from its other funds as permitted by law and as the City determines from time to time, and the Trustee will thereafter have no claim to such other funds.

Under the terms of the Trust Agreement, an irrevocable trust will be administered by the Trustee for the equal and proportionate benefit of the Owners of the Obligations, which trust includes: (1) all right, title and interest of the Trustee, as seller, in the Purchase Agreement and the right to (a) make claim for, collect or receive all amounts payable or receivable thereunder, (b) bring actions and proceedings thereunder or for the enforcement of such rights, and (c) do any and all other things which the Trustee is entitled to do thereunder; (2) amounts on deposit from time to time in the funds created pursuant to the Trust Agreement; and (3) any and all other property of any kind conveyed after the date of the Trust Agreement as additional security for the Obligations. See APPENDIX D – "SUMMARY OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS - THE TRUST AGREEMENT."

Pledge

Revenues from Excise Taxes and State Shared Revenues will be pledged on a first lien basis to the payment of the Payments. All of the Payments will be coequal as to the pledge of and lien on revenues from Excise Taxes and State Shared Revenues and share ratably, without preference, priority or distinction, as to the source or method of payment from revenues from Excise Taxes and State Shared Revenues or security therefor. If at any time the moneys held for payment are not sufficient to make the deposits and transfers required, any such deficiency will be made up from the first moneys thereafter received and available for such transfers under the terms of the Purchase Agreement and, with respect to payment from revenues from Excise Taxes and State Shared Revenues, *pro rata*, as applicable, with amounts due with respect to the 2014 Purchase Agreement, the 2017 Purchase Agreement, the 2021 Purchase Agreement and any Parity Lien Obligations. The Purchase Agreement will not terminate so long as any of the Payments are due and owing pursuant to the terms of the Obligations.

Payment of the Obligations will not be secured by the Refinanced Projects, and neither the Trustee nor the Owners of the Obligations have any claim or lien on the Refinanced Projects or any part thereof.

THE PAYMENTS WILL NOT CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE CITY AND THE CITY WILL NOT BE LIABLE TO MAKE THE PAYMENTS FROM AD VALOREM PROPERTY TAXES. PURSUANT TO THE TRUST AGREEMENT, THE OBLIGATIONS WILL BE SPECIAL, LIMITED, REVENUE OBLIGATIONS, PAYABLE SOLELY FROM THE PAYMENTS MADE PURSUANT TO THE PURCHASE AGREEMENT. THE OBLIGATIONS WILL NOT BE GENERAL OBLIGATIONS OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF AND WILL NOT REPRESENT OR CONSTITUTE A DEBT OR A DIRECT OR INDIRECT PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY, THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF.

Coverage Requirements

To the extent permitted by applicable law, revenues from Excise Taxes and State Shared Revenues will be retained and maintained so that the amounts received from revenues from Excise Taxes and State Shared Revenues within and for the most recently completed fiscal year of the City, will be equal to at least two (2) times the total of interest and principal requirements for the current fiscal year of the City for the 2014 Purchase Agreement, the 2017 Purchase Agreement, the 2021 Purchase Agreement, the Purchase Agreement and any Parity Lien Obligations. If revenues from Excise Taxes and State Shared Revenues for any such fiscal year shall not have been equal to at least one and one-quarter (1.25) times the total of interest and principal requirements for the current fiscal year of the City for the 2014 Purchase Agreement, the 2017 Purchase Agreement, the 2021 Purchase Agreement, the Purchase Agreement and any Parity Lien Obligations or if at any time it appears that revenues from Excise Taxes and State Shared Revenues will not be sufficient to meet such requirements, the City will, to the extent permitted by applicable law, impose new exactions of the type of Excise Taxes which will be part of the Excise Taxes, or increase the rates for the Excise Taxes currently imposed by the City to be fully sufficient at all times, after making allowances for contingencies and errors, in each fiscal year of the City in order that (i) revenues from Excise Taxes and State Shared Revenues will be sufficient to meet all such requirements and (ii) revenues from Excise Taxes and State Shared Revenues will be reasonably calculated to attain the level as required by the first sentence of this paragraph.

Parity Lien Obligations; No Prior Lien Obligations

So long as any amounts due under the Purchase Agreement remain unpaid or unprovided for, the City shall not further encumber revenues from Excise Taxes and State Shared Revenues on a basis equal to the pledge under the Purchase Agreement unless revenues from Excise Taxes plus State Shared Revenues, when combined mathematically for such purpose only, in the most recently completed fiscal year of the City, shall have amounted to at least two (2) times the highest combined interest and principal requirements for any succeeding fiscal year of the City for the 2014 Purchase Agreement, the 2017 Purchase Agreement, the 2021 Purchase Agreement, the Purchase Agreement and the other of the Parity Lien Obligations secured or so proposed to be secured by such pledge of revenues from Excise Taxes and State Shared Revenues on a parity of lien therewith.

The City shall not encumber revenues from Excise Taxes and State Shared Revenues on a basis prior or paramount to the lien and pledge provided for under the Purchase Agreement.

ESTIMATED DEBT SERVICE REQUIREMENTS AND PROJECTED COVERAGE

TABLE 1

Schedule of Estimated Annual Debt Service Requirements and Projected Coverage (a)*
City of San Luis, Arizona

Fiscal Year	Excise Tax Revenues and State Shared Revenues (b)	Outstanding Obligations (c)		The Obligations		Total Annual Debt Service Requirements	Projected Maximum Annual Debt Service Coverage (e)*
		Principal	Interest	Principal	Interest (d)		
2022/23	\$ 29,924,769						
2023/24		\$ 2,715,000	\$ 1,066,583	\$ 90,000	\$ 242,896 (f)	\$ 4,114,479	
2024/25		1,710,000	439,463	1,000,000	978,000	4,127,463	7.25x
2025/26		1,750,000	391,651	1,050,000	928,000	4,119,651	
2026/27		1,800,000	341,338	1,100,000	875,500	4,116,838	
2027/28		1,500,000	285,950	1,155,000	820,500	3,761,450	
2028/29		1,540,000	244,144	1,215,000	762,750	3,761,894	
2029/30		1,585,000	198,506	1,275,000	702,000	3,760,506	
2030/31		1,200,000	149,331	1,335,000	638,250	3,322,581	
2031/32		615,000	113,193	1,405,000	571,500	2,704,693	
2032/33		635,000	96,139	1,475,000	501,250	2,707,389	
2033/34		650,000	78,531	1,555,000	427,500	2,711,031	
2034/35		670,000	60,506	1,620,000	349,750	2,700,256	
2035/36		690,000	40,922	1,705,000	268,750	2,704,672	
2036/37		710,000	20,753	1,790,000	183,500	2,704,253	
2037/38		-	-	1,880,000	94,000	1,974,000	
		<u>\$ 17,770,000</u>		<u>\$ 19,650,000</u>			

(a) Prepared by Stifel, Nicolaus & Company, Incorporated (the "Underwriter").

(b) The amount of Excise Taxes and State Shared Revenues used to calculate the coverage requirements for existing and projected debt service is the [audited amount for fiscal year 2022/23]. See TABLE 5 – "Historical and Budgeted Excise Taxes and State Shared Revenues Collections."

(c) Net of the Obligations Being Refunded.

(d) Interest is estimated.

(e) Debt service coverage is based on revenues available for debt service (see footnote (b)) compared to the combined maximum annual debt service for the purchase agreements relating to the 2014 Obligations, the 2017 Obligations, the 2021 Obligations and the Purchase Agreement.

(f) The first interest payment on the Obligations will be due on July 1, 2024*. Thereafter, interest payments will be made semiannually on January 1 and July 1 until maturity or prior prepayment.

* Subject to change.

EXCISE TAXES AND STATE SHARED REVENUES

Revenues from Excise Taxes and State Shared Revenues will be pledged as security for the Payments due pursuant to the Purchase Agreement, which will be used to pay debt service on the Obligations. The major categories of such revenues are discussed more fully under this heading.

NO ASSURANCES CAN BE GIVEN THAT THE AMOUNT OF STATE SHARED SALES TAXES OR STATE SHARED INCOME TAXES DESCRIBED HEREINBELOW WILL NOT BE REDUCED OR ELIMINATED BY THE STATE LEGISLATURE IN THE FUTURE.

Excise Taxes

City Sales Taxes. The City collects a transaction privilege (sales) tax on a variety of categories of business activity. The City's unrestricted transaction privilege (sales) tax is levied by the City upon persons and entities on account of their business activities within the City. The amount of tax due is calculated by applying the tax rate against the gross proceeds of sales or gross income derived from the business activities shown in TABLE 2.

TABLE 2

City Transaction Privilege (Sales) Tax Rates by Category City of San Luis, Arizona

Category	Rate
Amusement	4.0%
Advertising	4.0
Contracting – Prime	4.0
Contracting – Speculative Builders	4.0
Contracting – Owner Builder	4.0
Job Printing	4.0
Manufactured Buildings	4.0
Timbering and Other Extraction	4.0
Severance – Metal Mining	0.1
Publication	4.0
Hotels	4.0
Residential Rental, Leasing & Licensing for Use	4.0
Commercial Rental, Leasing & Licensing for Use	4.0
Rental, Leasing & Licensing for Use of Tangible Personal Property	4.0
Restaurant and Bars	4.0
Retail Sales	4.0
Retail Sales (Single Item Portion over \$2,500)	1.5
Retail Sales Food for Home Consumption	4.0
Maintenance, Repair, Replacement or Alteration Amount	4.0
Communications	4.0
Transporting	4.0
Utilities	4.0
Use Tax Purchases	4.0
Use Tax Purchases (Single Item Portion over \$2,500)	1.5
Use Tax From Inventory	4.0

Source: Arizona Department of Revenue.

The following table shows the audited collections of the City’s unrestricted transaction privilege (sales) tax by industry classification for fiscal years 2018/19 through and including 2022/23 and budgeted collections for fiscal year 2023/24.

The City’s retail sales are impacted by Mexican citizens residing in or near the City’s sister city, San Luis, Sonora, Mexico. The buying power of such shoppers is tied to the relative value of the Mexican peso vis-à-vis the U.S. dollar. In the past, devaluations of the peso have reduced these shoppers’ buying power and have impacted the City’s transaction privilege (sales) tax collections.

TABLE 3

**Transaction Privilege (Sales) Tax Collections by Industry Classification (a)
City of San Luis Arizona**

Industry Classification	Actual					Budgeted
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 (b)
Retail sales	\$ 5,100,707	\$ 6,023,773	\$ 7,211,203	\$ 7,420,108	\$ 8,259,698	\$ 8,020,365
Contracting	2,039,455	2,056,745	2,140,305	1,714,833	2,266,111	2,200,448
Rentals	456,557	398,642	395,765	416,507	514,318	499,415
Communications/utilities	92,458	992,652	1,045,592	1,111,684	1,217,783	1,182,497
Restaurant/bar	604,790	652,531	734,546	838,501	1,067,278	1,036,353
Use	314,662	491,719	574,531	429,550	346,317	336,282
Other	1,112,100	44,469	26,645	23,222	33,614	32,640
Total (c)	\$ 9,720,729	\$ 10,660,531	\$ 12,128,587	\$ 11,954,405	\$ 13,705,119	\$ 13,308,000

(a) Due to the City’s participation in the Arizona Department of Revenue (“ADOR”) sales tax collection program and ADOR’s reporting of collections on a cash basis, the totals represented here may differ from the amounts shown for City Sales Tax in TABLE 5.

(b) Budgeted figures are “forward-looking” statements, subject to change upon audit and should be considered with an abundance of caution.

Licenses and Permits; Fines and Forfeitures. The City imposes and collects a business license tax on the right to engage in business within the City and the right to utilize certain City property, an occupational license tax on certain occupations and various permit fees for engaging in certain activities within the City, for the right to utilize certain City property and for parks and recreation. The City also imposes and collects fines and forfeitures for violation of State laws and City ordinances relating to, among other things, traffic and parking offenses.

State Shared Revenues

State Shared Sales Taxes. Pursuant to statutory formula, cities and towns in Arizona receive a portion of revenues from the State-levied transaction privilege (sales) tax. As TABLE 4 indicates, the rate of taxation on such tax varies among the different types of business activities taxed, with the most common rate being 5.0% of the amount or volume of business transacted.

Currently, the aggregate amount distributed to all Arizona cities and towns is equal to 25% of the “distribution share” of revenues attributable to each category of taxable activity. Each city’s or town’s allocation of the revenues available to all cities and towns is based on its population relative to the aggregate population of all cities and towns as shown by the latest census. State-levied transaction privilege (sales) taxes are collected by the State and are distributed monthly to cities and towns.

TABLE 4

**State Transaction Privilege (Sales) Tax Rates
Taxable Activities and Distribution base**

Taxable Activities	State Tax Rate	Distribution Base	0.60% Education Tax Rate (a)	Combined Tax Rate
Transporting	5.000%	20.00%	0.60%	5.600%
Utilities	5.000	20.00	0.60	5.600
Communications	5.000	20.00	0.60	5.600
Private rail car and pipelines	5.000	20.00	0.60	5.600
Publishing	5.000	20.00	0.60	5.600
Printing	5.000	20.00	0.60	5.600
Contracting	5.000	20.00	0.60	5.600
Owner builder sales	5.000	20.00	0.60	5.600
Amusements	5.000	40.00	0.60	5.600
Restaurant and bars	5.000	40.00	0.60	5.600
Personal property rentals	5.000	40.00	0.60	5.600
Retail	5.000	40.00	0.60	5.600
Hotel/motel	5.500	50.00	N/A	5.500
Mining – non-metal, oil/gas	3.125	32.00	N/A	3.125
Mining severance	2.500	80.00	N/A	2.500
Use and use inventory tax	5.000	N/A	0.60	5.600
Medical marijuana	5.000	40.00	0.60	5.600
Adult use marijuana	5.000	40.00	0.60	5.600
Maintenance, repair, replacement or alteration	5.000	40.00	0.60	5.600
Online lodging marketplace	5.500	50.00	N/A	5.500
Remote seller or marketplace	5.000	40.00	0.60	5.600
Jet fuel use tax	(b)	N/A	N/A	(b)

N/A = Not applicable.

- (a) Represents the State transaction privilege (sales) tax rate approved by voters of the State in November 2000 (the "Education Tax") on certain of the categories of business activity at six-tenths of one percent (0.6%). The Education Tax collections are dedicated exclusively to education and are not distributed to the City or pledged to the payment of debt service with respect to the Obligations. The effective dates for the original voter-approved Education Tax are June 1, 2001 through June 30, 2021. The Legislature extension of the Education Tax (enacted in 2018) is effective from July 1, 2021 through June 30, 2041.
- (b) Does not include \$0.0305 per gallon State tax on the retail sale of jet fuel, which tax is only levied on the first ten million gallons sold to each purchaser in each calendar year.

Source: Arizona Revised Statutes, Arizona Department of Revenue and the Arizona Secretary of State.

State Shared Income Taxes. Under current State law, Arizona cities and towns are preempted from imposing a local income tax. Cities and towns are, however, entitled by statutory formula to receive typically 18% (beginning with fiscal year 2023/24) of the net proceeds of the State's personal and corporate income tax collections for the fiscal year which is two fiscal years prior to the current fiscal year. Distribution of such funds is made monthly based on the proportion of each city's or town's population to the total population of all incorporated cities and towns in the State as determined by the latest census. Reduced economic activity or reductions in the statutory formula share could adversely affect the City's revenues.

Legislation Regarding Withholding of State Shared Revenues. Section 41-194.01, Arizona Revised Statutes, permits the State to withhold from a county, city or town ("Local Jurisdiction") State revenues that would otherwise be shared with Local Jurisdictions.

Under such statute, at the request of one or more members of the State Legislature, the State Attorney General must investigate any ordinance, regulation, order or other official action ("Local Action") adopted or taken by the governing body of a Local Jurisdiction that the legislator alleges violates State law or the State Constitution. The Attorney General must make a written report within 30 days after receipt of the request. The Local Jurisdiction then has 30 days to resolve the violation. If the Attorney General determines that the violation has not been resolved within 30 days, the Attorney General must notify the State Treasurer and the State Treasurer must withhold payment to the Local Jurisdiction of State shared excise taxes otherwise due to the Local Jurisdiction pursuant to Section 42-5029(L), Arizona Revised Statutes and all State shared income taxes otherwise due to the Local Jurisdiction pursuant to Section 43-206(F), Arizona Revised Statutes, until such time as the Attorney General determines that the violation has been resolved. However, the State Treasurer may not withhold any amount that the Local Jurisdiction certifies to the Attorney General and the State Treasurer as being necessary to make deposits or payments for debt service on bonds or other long-term obligations that were issued or incurred before the Local Action occurred.

The City is not aware of any Local Action by the City taken or currently under consideration that does or if taken would violate State law or the State Constitution. State Shared Revenues are pledged to payments due to the Purchase Agreement. The withholding of State Shared Revenues could have a material adverse effect on the payment of principal of and interest on the Obligations during any period of withholding.

Lack of City's Control Over State Shared Sales Tax or State Shared Income Tax Levels; Recent Legislative Changes. From time to time, bills are introduced in, and legislation enacted by, the Arizona Legislature to change the formulas used to allocate State Shared Sales Taxes and State Shared Income Taxes, including proposed adjustments that would reduce the distribution to cities and towns. The possibility of changes in this respect are more likely to be adverse to the City when the State is experiencing financial difficulties. The City cannot determine whether any such measures will become law or how they might affect State Shared Sales Taxes and State Shared Income Taxes, which comprise State Shared Revenues. In addition, initiative measures are circulated from time to time seeking to place on the ballot changes in Arizona law, which would repeal or modify State Shared Sales Taxes and State Shared Income Taxes (a major source of funds for state revenue sharing). The City cannot predict if any such initiative measures will ever actually be submitted to the electors, what form the measures might take or the outcome of any such election.

No assurances can be given that the amount of State Shared Sales Taxes and State Shared Income Taxes will not be reduced or eliminated by the State Legislature in the future. The State Legislature may from time to time eliminate State Shared Sales Taxes and State Shared Income Taxes or may change the amount and timing of payment of State Shared Sales Taxes and State Shared Income Taxes and is under no legal obligation to maintain the amount of State Shared Sales Taxes and State Shared Income Taxes payable to the City at any amount or level. For example, addressing State budgetary deficiencies, adjustments that reduce the distribution of State Shared Sales Taxes could be enacted. Likewise, legislative reductions in State sales or income taxes generally could result in reductions in the amounts distributed to local governments, including the City. Accordingly, the City is unable to covenant to maintain State Shared Sales Taxes or State Shared Income Taxes at any certain level.

As part of the State's fiscal year 2021/22 budget, on June 30, 2021 the then-Governor of the State signed Senate Bill 1828 (SB1828), which will consolidate the State's current four personal income tax rate categories into a single flat rate of 2.5% over a three-year period, beginning after December 31, 2021. Legislative reports produced at the time SB1828 was signed indicate that such a rate consolidation will result in an estimated \$1.3 billion or greater annual reduction in income tax receipts by the State, with a concurrent reduction in State Shared Income Taxes for Arizona cities and towns. In order to partially mitigate impacts of the expected loss in State Shared Income Taxes, SB1828 increased, beginning in fiscal year 2023/24, the percentage of Arizona State income taxes shared with cities and towns from 15% to 18%. The City cannot predict what effect the passage of SB1828 will have on its revenues from State Shared Income Taxes.

Vehicle License Tax Revenues. Article IX, Section 11 of the Arizona Constitution provides that from and after December 31, 1973, a vehicle license tax shall be imposed as provided by law on vehicles registered for operation upon the highways in Arizona, which vehicle license tax shall be in lieu of all ad valorem property taxes on any vehicle

subject to such license tax. The constitutional provision further provides that the Arizona Legislature shall provide for the distribution of the proceeds from such vehicle license tax to the State, counties, school districts, cities and towns, including distributions to the State General Fund.

Pursuant to statutory formula, cities and towns in Arizona, including the City, receive a distribution of revenues from the State vehicle license tax from the Arizona Department of Transportation (the "Department"), which is the State agency charged with collecting the tax. 20.45% of the vehicle license tax collected by the State with respect to alternative fuel vehicles, car rental surcharges, and private ambulances, fire-fighting vehicles and school buses and 24.60% of the vehicle license tax collected by the State with respect to all other eligible vehicles is distributed by the Department to the cities and towns in Arizona. Such amounts may be applied by the cities and towns in Arizona to any municipal purpose. The amounts and percentages distributed to the City are beyond any control of the City. Accordingly, the City is unable to covenant to maintain vehicle license tax revenues at any certain level.

From time to time bills are introduced in the State Legislature to make changes in the formula to allot such vehicle license tax revenues. The City cannot determine whether any such measures will become law or how such measures might affect the revenues that comprise vehicle license tax revenues.

In addition, initiative measures may be circulated from time to time seeking to place on the ballot changes in State Constitution or State law which repeal or modify the imposition, collection or distribution of vehicle license tax revenues. The City cannot predict if any such initiative measures will ever actually be submitted to the electors, what form the measures might take or the outcome of any such election.

Historical Excise Taxes and State Shared Revenues

The following table sets forth the City's audited Excise Taxes and State Shared Revenues collections for fiscal years 2018/19 through and including 2022/23, and budgeted collections for fiscal year 2023/24.

TABLE 5

Historical and Budgeted Excise Taxes and State Shared Revenues Collections (a) City of San Luis Arizona

Category	Actual					Budgeted
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 (b)
City Sales Tax (c)	\$ 9,720,729	\$ 10,660,531	\$ 12,128,587	\$ 11,954,405	\$ 13,705,119	\$ 13,308,000
State-shared Sales Taxes	3,272,469	3,470,421	4,125,822	4,992,164	5,518,598	5,620,074
State-shared Income Taxes (d)	3,929,206	4,330,742	4,970,262	4,631,128	7,082,128	10,011,445
Vehicle License Tax	1,407,377	1,466,398	1,838,257	1,808,742	2,079,728	2,157,755
Licenses and permits	843,768	1,053,843	1,018,301	735,928	773,211	726,330
Franchises	437,765	415,758	445,924	459,210	501,885	606,180
Fines and forfeitures and penalties	270,007	267,826	232,247	259,621	264,100	244,600
Total	\$ 19,881,321	\$ 21,665,519	\$ 24,759,400	\$ 24,841,198	\$ 29,924,769	\$ 32,674,384

- (a) *The Obligations will be secured by a first lien on and pledge of revenues from Excise Taxes and State Shared Revenues. See "SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS."*
- (b) *Figures for fiscal year 2023/24 are budgeted amounts, subject to change upon finalization and audit that should be considered with an abundance of caution.*
- (c) *Due to the City's participation in the ADOR sales tax collection program and ADOR's reporting of collections on a cash basis, the totals represented here may differ from the amounts shown for City Transaction Privilege (Sales) Tax Collections in TABLE 3. The City's retail sales are impacted by Mexican citizens residing in or near the City's sister city, San Luis, Sonora, Mexico. The buying power of such shoppers is tied to the relative*

value of the Mexican peso vis-à-vis the U.S. dollar. In the past, devaluations of the peso have reduced these shoppers' buying power and have impacted the City's transaction privilege (sales) tax collections.

- (d) *As part of the State's fiscal year 2021/22 budget, Senate Bill 1828 (SB1828) will consolidate the State's current four personal income tax rate categories into a single flat rate of 2.5% over a three-year period, beginning after December 31, 2021. Legislative reports indicate that such a rate consolidation will result in an estimated \$1.3 billion or greater annual reduction in income tax receipts by the State, with a concurrent reduction in State Shared Income Taxes for Arizona cities and towns. In order to partially mitigate impacts of the expected loss in State Shared Income Taxes, SB1828 increases, beginning in fiscal year 2023-24, the percentage of Arizona State income taxes shared with cities and towns from 15% to 18%. See "EXCISE TAXES AND STATE SHARED REVENUES – State Share Revenues" herein.*

LITIGATION

To the knowledge of the City, no litigation or administrative action or proceeding is pending, restraining or enjoining, or seeking to restrain or enjoin, the execution and delivery of the Obligations or the pledge of revenues from Excise Taxes and State Shared Revenues to the payment of the Payments, contesting or questioning the proceedings and authority under which the Obligations have been authorized and are to be sold, executed or delivered, or the validity of the Obligations. An authorized City representative will deliver a certificate to the same effect at the time of the original delivery of the Obligations.

BOND INSURANCE AND RELATED RISK FACTORS

The City intends to apply, or has applied, to bond insurance companies (each a "Bond Insurer") for a municipal bond insurance policy (the "Policy") for the Obligations to guarantee the scheduled payments of principal of and interest on the Obligations. A commitment to provide the Policy has not been issued, and representatives of the City have yet to determine whether, if such commitment is issued, the Policy will be purchased. If the Policy is purchased, the following are risk factors relating to bond insurance generally.

If the City ultimately determines to obtain the Policy for the Obligations, in the event of default of the payment of principal or interest with respect to any of the Obligations when all or some become due, any owner of the Obligations on which such principal or interest was not paid will have a claim under the Policy for such payments. In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Obligations will remain payable solely from the revenue sources as described under "SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS." In the event the Bond Insurer becomes obligated to make payments with respect to the Obligations, no assurance will be given that such event will not adversely affect the market price of the Obligations and the marketability (liquidity) of the Obligations.

The long-term ratings on the Obligations will be dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond Insurer's financial strength and claims paying ability will be predicated upon a number of factors which could change over time. No assurance will be given that the long-term rating of the Bond Insurer and of the rating on the Obligations insured by the Bond Insurer will not be subject to downgrade, and such event could adversely affect the market price of the Obligations and the marketability (liquidity) of the Obligations.

The obligations of the Bond Insurer will be general obligations of the Bond Insurer, and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law, state receivership or other similar laws related to insolvency of insurance companies.

None of the City, the Underwriter, or their respective attorneys, agents or consultants have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer will be given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay principal of and interest on the Obligations and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

LEGAL MATTERS

Legal matters incident to the authorization, sale and execution and delivery by the City of the Obligations and with regard to the tax-exempt status of the Obligations will be passed upon by Greenberg Traurig, LLP, Phoenix, Arizona, Special Counsel ("Special Counsel"). A signed copy of that opinion, dated and speaking only as of the date of delivery of the Obligations, will be delivered to the City. A draft of the form of that opinion is included as APPENDIX E hereto.

While Special Counsel has participated in the preparation of portions of this Official Statement, it has not been engaged to confirm or verify, and expresses and will express no opinion as to, the accuracy, completeness or fairness of any statements in this Official Statement, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the City or the Obligations that may be prepared or made available by the City or others to the bidders for or holders of the Obligations or others.

From time to time, there are legislative proposals (and interpretations of such proposals by courts of law and other entities and individuals) which, if enacted, could alter or amend the property tax system of the State and numerous matters, both financial and nonfinancial, impacting the operations of municipalities which could have a material impact on the City and could adversely affect the secondary market value of the Obligations. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Obligations) issued prior to enactment.

The legal opinion to be delivered concurrently with the delivery of the Obligations will express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX EXEMPTION

General

The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the City must continue to meet after the execution and delivery of the Obligations in order that the portion of each of the Payments made by the City pursuant to the Purchase Agreement and denominated as and comprising interest pursuant to the Purchase Agreement and received by the Owners of the Obligations (the "Interest Portion") be and remain excludable from gross income for federal income tax purposes. The City's failure to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactively to the date of execution and delivery of the Obligations. The City has covenanted in the Purchase Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion.

In the opinion of Special Counsel, assuming the accuracy of certain representations and certifications of the City and continuing compliance by the City with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, the Interest Portion will be excludable from gross income of the owners thereof for federal income tax purposes and will be exempt from Arizona income taxation so long as the Interest Portion is excludable from gross income for federal income tax purposes. The Interest Portion will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, but in the case of the alternative minimum tax imposed by Section 55(b)(2) of the Code on applicable corporations (as defined in Section 59(k) of the Code), the Interest Portion will not be excluded from the determination of adjusted financial statement income for tax years beginning after 2022. Special Counsel will express no opinion as to any other tax consequences regarding the Interest Portion or the Obligations. Prospective purchasers of the Obligations should consult with their own tax advisors as to the status of the Interest Portion under the tax laws of any state other than the State.

The above opinion on federal tax matters with respect to the Obligations will be based on and will assume the accuracy of certain representations and certifications of the City, and compliance with certain covenants of the City to be

contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Obligations will be and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. Special Counsel will not independently verify the accuracy of those certifications and representations. Special Counsel will express no opinion as to any other consequences regarding the Obligations.

Except as described above, Special Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the Interest Portion, or the ownership or disposition of the Obligations. Prospective purchasers of the Obligations should be aware that the ownership of the Obligations may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Obligations, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by the applicable statutory percentage of certain items, including the Interest Portion, (iii) the inclusion of the Interest Portion in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of the Interest Portion in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year, (v) the inclusion of the Interest Portion in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits, (vi) net gain realized upon the sale or other disposition of property such as the Obligations generally must be taken into account when computing the Medicare tax with respect to net investment income or undistributed net investment income, as applicable, imposed on certain high income individuals and specified trusts and estates, and (vii) receipt of certain investment income, including the Interest Portion, is considered when determining qualification limits for obtaining the earned income credit provided by Section 32(a) of the Code. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Obligations. Prospective purchasers of the Obligations should consult their own tax advisors as to the impact of these and any other tax consequences.

Special Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Special Counsel as of the date thereof. Special Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Special Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Special Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Special Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

Original Issue Discount and Original Issue Premium

Certain of the Obligations ("Discount Obligations") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Obligation determined under Code Section 1273 or 1274 (i.e., for obligations issued for money in a public offering, the initial offering price to the public (other than to bond houses and brokers) at which a substantial amount of the obligation of the same maturity is sold pursuant to that offering). For federal income tax purposes, OID accrues to the owner of a Discount Obligation over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Obligation (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Obligations, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Obligation.

Certain of the Obligations ("Premium Obligations") may be offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity (or earlier for certain Premium Obligations callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Obligation, based on the yield to maturity of that Premium Obligation (or, in the case of a Premium Obligation callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Obligation), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Obligation. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Obligation, the owner's tax basis in the Premium Obligation is reduced by the amount of bond premium that accrues

during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Obligation for an amount equal to or less than the amount paid by the owner for that Premium Obligation.

Owners of Discount Obligations and Premium Obligations should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount Obligations or Premium Obligations and as to other federal tax consequences, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress or in the State legislature that, if enacted into law, could alter or amend one or more of the federal tax matters, or State tax matters, respectively, described above including, without limitation, the excludability from gross income of the Interest Portion, adversely affect the market price or marketability of the Obligations, or otherwise prevent the holders from realizing the full current benefit of the status of the Interest Portion. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would affect the Obligations. Prospective purchasers of the Obligations should consult their tax advisors as to the impact of any proposed or pending legislation.

On August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 (H.R. 5376) into law. For tax years beginning after 2022, this legislation will impose a minimum tax of 15 percent on the adjusted financial statement income of applicable corporations as defined in Section 59(k) of the Code (which is primarily designed to impose a minimum tax on certain large corporations). For this purpose, adjusted financial statement income is not reduced for interest earned on tax-exempt obligations. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential consequences of owning the Obligations.

Information Reporting and Backup Withholding

Interest paid on tax-exempt Obligations such as the Obligations is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of the Interest Portion from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of the Obligations, under certain circumstances, to “backup withholding” at the rates set forth in the Code, with respect to payments on the Obligations and proceeds from the sale of the Obligations. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of the Obligations. This withholding generally applies if the owner of the Obligations (i) fails to furnish the payor such owner’s social security number or other taxpayer identification number (“TIN”), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner’s securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Obligations may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

RATING

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") has assigned the rating of "___" to the Obligations. An explanation of the significance of a rating assigned by S&P may be obtained at One California Street, 31st Floor, San Francisco, California 94111. Such rating, if assigned, may be revised or withdrawn entirely by S&P, if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price or marketability of the Obligations. The City will covenant in its continuing disclosure agreement with respect to the Obligations that it will file notice of any formal change in any rating relating to the Obligations. See "CONTINUING DISCLOSURE" and APPENDIX F – "FORM OF CONTINUING DISCLOSURE AGREEMENT" herein.

UNDERWRITING

The Obligations will be purchased by the Underwriter at an aggregate purchase price of \$_____, pursuant to an obligation purchase agreement (the "Obligation Purchase Contract") entered into by and between the City and the Underwriter. If the Obligations are sold to produce the yields shown on the inside front cover page hereof, the Underwriter's compensation will be \$_____. The Obligation Purchase Contract provides that the Underwriter will purchase all of the Obligations so offered if any are purchased. The Underwriter may offer and sell the Obligations to certain dealers (including dealers depositing bonds into unit investment trusts) and others at prices higher or yields lower than the public offering prices or yields stated on the inside front cover page hereof. The initial offering yields set forth on the inside front cover page may be changed, from time to time, by the Underwriter.

RELATIONSHIP AMONG PARTIES

Special Counsel and counsel to the Underwriter have and continue to represent the Underwriter with respect to financings other than for the City and will continue to do so if requested in the future. Special Counsel and counsel to the Underwriter have also previously acted as special counsel with respect to other obligations underwritten by the Underwriter and will continue to do so if requested in the future.

CONTINUING DISCLOSURE

The City will covenant for the benefit of the owners of the Obligations to provide certain financial information and operating data relating to the City by not later than February 1 in each year commencing February 1, 2025 (the "Annual Reports"), and to provide notices of the occurrence of certain enumerated events (the "Notices of Listed Events"). The Annual Reports, the Notices of Listed Events and any other document or information required to be filed by the City as such will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the MSRB's Electronic Municipal Market Access System, each as described in APPENDIX F – "FORM OF CONTINUING DISCLOSURE AGREEMENT." The specific nature of the information to be contained in the Annual Reports and the Notices of Listed Events is also set forth in APPENDIX F – "FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants will be made in order to assist the Underwriter in complying with the Securities and Exchange Commission's Rule 15c2-12(b)(5) (the "Rule"). A failure by the City to comply with these covenants must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Obligations in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Obligations and their market price.

The City previously entered into continuing disclosure undertakings with respect to the City's previously issued obligations, which require the annual filing of the City's audited financial statements and annual updates with respect to certain financial information and operating data related to the City. On January 26, 2024, the City filed a Notice of Failure to File Audited Financial Statements, due to the audit not being available by the filing date.

FINANCIAL STATEMENTS

The financial statements of the City for the period ended June 30, 2023, a copy of which are included in APPENDIX C – “CITY OF SAN LUIS, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023” of this Official Statement, includes the City’s financial statements for the fiscal year ended June 30, 2023 that were audited by Heinfeld, Meech & Co., P.C., a certified public accounting firm, to the extent indicated in its report thereon. **The City has not requested the consent of Heinfeld, Meech & Co., P.C. to include its report and [Heinfeld, Meech & Co., P.C.] has performed no procedures subsequent to rendering its report on the financial statements.** Representatives of the City are not aware of any facts that would make such audited financial statements misleading.

THE FINANCIAL STATEMENTS INCLUDED IN APPENDIX C OF THIS OFFICIAL STATEMENT ARE CURRENT AS OF THEIR DATE ONLY AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE CITY.

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CONCLUDING STATEMENT

The summaries or descriptions of provisions in the Purchase Agreement and the Trust Agreement contained herein and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such provisions and do not summarize all the pertinent provisions of such documents.

All projections, forecasts and other information in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Obligations.

The attached APPENDICES A through G are integral parts of this Official Statement and must be read together with all of the foregoing statements.

This Official Statement has been prepared at the direction of the City and has been approved by and executed for and on behalf of the City by its authorized representative indicated below.

CITY OF SAN LUIS, ARIZONA

By: _____
Mayor

**CITY OF SAN LUIS, ARIZONA –
DEMOGRAPHIC AND ECONOMIC INFORMATION**

The following information regarding the City is provided for background information only. No representation is made as to the relevance of the data to the repayment of the Obligations. The Obligations are payable solely from Payments to be paid by the City under the Purchase Agreement which are secured by a first lien pledge of revenues from Excise Taxes and State Shared Revenues as described under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS."

General

The City is located in the Southwest corner of Arizona, within Yuma County, Arizona (the "County") in the United States. The City is the border city to San Luis, Sonora, Mexico. The City was established in 1930 as a U.S. Port of entry into Mexico and was incorporated in 1979. The City is approximately 20 miles south of the City of Yuma, Arizona (population of approximately 101,018), the county seat for the County. The following table illustrates population statistics for the City, the County and the State.

POPULATION STATISTICS

	<u>City of San Luis</u>	<u>Yuma County</u>	<u>State of Arizona</u>
2023 Estimate (a)	38,149	214,264	7,525,113
2020 Census	35,257	203,881	7,151,502
2010 Census	27,909	175,045	6,392,017
2000 Census	15,322	160,026	5,130,632
1990 Census	4,212	106,895	3,665,339
1980 Census	1,964	76,205	2,716,546

(a) Estimate as of July 2023.

Source: Arizona Office of Economic Opportunity and the U.S. Census Bureau.

Municipal Government and Organization

Policy-making and legislative authority are vested in a governing council (Council) consisting of the Mayor and six Council Members, all elected on a non-partisan basis. The Mayor is elected at-large for a four-year term. Council members are elected for four-year terms, with three members elected every two years. The City Council is responsible for passing ordinances, adopting the budget, appointing committee, commission and board members and appointing the positions of City Manager, City Attorney and Magistrate. The City Manager is responsible for carrying out the policies and ordinances of the City Council as well as overseeing the day-to-day operations of the City.

The City provides police and fire protection, ambulance services, solid waste services, and water and sewer services. City recreational activities are served by two community centers, one swimming pool and five parks.

Economy

Below is a list of the major employers in the City.

MAJOR EMPLOYERS City of San Luis, Arizona

<u>Employer</u>	<u>Description</u>	<u>Approximate Number of Employees</u>
State of Arizona	Government	950
Advanced Call Center	Business Services	920
Walmart	Retail	380
Chicanos Por La Causa	Government, Social and Advocacy Services	370
City of San Luis	Government	243
Gadsden Elementary School District No. 32	Education	235
LaSalle Corrections	Correctional facilities	200
Yuma Union High School District No. 70	Education	110
San Luis International Freight Services	Transportation and Distribution	60
Comite Debien Estar Inc.	Construction	60

Source: Arizona COG/MPO Employer Database.

The table below illustrates the unemployment averages for the City. Due to the methodology used to calculate unemployment rates and large seasonal employment in the agriculture and tourism industries, the unemployment rates for the City have been consistently high. Such rates do not accurately reflect the actual unemployment within the City.

UNEMPLOYMENT RATE AVERAGES City of San Luis, Arizona

<u>Calendar Year</u>	<u>City of San Luis</u>
2023	22.2%
2022	20.3
2021	29.2
2020	31.5
2019	35.6

Source: Arizona Office of Unemployment and Population Statistics, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Tourism

Visitor attractions within a 30 minute drive of San Luis include the old Territorial Prison, Fort Yuma and the 16th century Fort Thomas Mission. Laguna, Imperial and Morelos Dams and the California sand dunes are also nearby. Fishing, water skiing and swimming at lakes along the Colorado River attract residents of the area and tourists alike. Located across the border is San Luis, Sonora, Mexico with a population of approximately 200,000. This area has curio shops, night clubs and various other attractions for tourists. The City is also the gateway to the beach tourist destinations in Mexico of El Golfo and Puerto Peñasco (also known as Rocky Point) on the northeast portion of the Sea of Cortes. The roads from the San Luis border crossing are more direct than the California crossing at Andrade for the California visitors.

Transportation

The City is served by Yuma County Area Transit's Yuma-San Luis line, which is operated by the Yuma County Intergovernmental Transportation Authority. The bus, or Y CAT, has a total of eight stops in the City and then it continues to Yuma, going through Gadsden and Somerton along the way.

U.S. Route 95 connects the City to Yuma, as does Arizona State Route 195. The San Luis Port of Entry and the San Luis II Port of Entry for trucks and commercial vehicles connect the City to San Luis Río Colorado, Sonora, Mexico.

Several taxi companies operate within the City boundaries. Taxis are operated by individuals under company concession.

Education

The City is served by Gadsden Elementary School District No. 32, Yuma Union High School District No. 70, Harvest Preparatory Academy, Arizona Western College and Arizona State University. The elementary schools are: Gadsden Elementary, Rio Colorado Elementary, Arizona Desert Elementary, Ed Pastor Elementary, Cesar Chavez Elementary, and Desert View Elementary, San Luis Middle School and Southwest Jr. High. The High School is San Luis High School.

**CITY OF SAN LUIS, ARIZONA –
FINANCIAL DATA**

The following information regarding the City is provided for background information only. No representation is made as to the relevance of the data to the repayment of the Obligations. The Obligations are payable solely from Payments to be paid by the City under the Purchase Agreement which are secured by a first lien pledge of revenues from Excise Taxes and State Shared Revenues as described under the heading "SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS."

**Current Year Statistics (For Fiscal Year 2023/24)
City of San Luis, Arizona**

General Obligation Bonds Outstanding	None
Excise Tax Revenue Obligations Outstanding and to be Outstanding	\$ 37,420,000*(a)
Water and Wastewater Revenue-Secured Obligations Outstanding	5,475,000

* Subject to change.

(a) Includes the Obligations and is net of the Obligations Being Refunded.

STATEMENTS OF BONDED INDEBTEDNESS

**General Obligation Bonds Outstanding
City of San Luis, Arizona**

Total General Obligation Bonds Outstanding	<u>None</u>
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**Excise Tax Revenue Obligations Outstanding and to be Outstanding
City of San Luis, Arizona**

Issue Series	Original Amount	Purpose	Final Maturity Date (July 1)	Balance Outstanding	Less: Ob ligations Being Refunded *	Balance Outstanding and to be Outstanding*
Tax-Exempt 2014A	\$28,795,000	Advance refunding	2038	\$22,590,000	\$21,535,000	\$1,055,000
Tax-Exempt 2017A	2,825,000	Advance refunding	2027	1,270,000	-	1,270,000
Taxable 2017B	11,715,000	Advance refunding	2031	6,975,000	-	6,975,000
Taxable 2021	9,215,000	Pension management	2037	8,470,000	-	8,470,000
Total Excise Tax Revenue and State Shared Revenue Debt Outstanding						\$ 17,770,000
Plus: The Obligations						<u>19,650,000*</u>
Total Excise Tax Revenue and State Shared Revenue Debt Outstanding and to be Outstanding						<u>\$ 37,420,000*</u>

* Subject to change.

**Total Water and Wastewater Revenue-Secured Obligations Outstanding
City of San Luis, Arizona**

<u>Issue Series</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity Date (July 1)</u>	<u>Balance Outstanding</u>
2013	\$6,580,000	Water and wastewater improvements	2033	\$ 5,475,000
Total Water and Wastewater Revenue-Secured Obligations Outstanding				\$ 5,475,000

**Other Obligations
City of San Luis, Arizona**

The City has the following capital payment obligations outstanding.

<u>Item</u>	<u>Annual Payment Amount</u>	<u>Date of Maturity</u>
Equipment	\$47,785.84	December 1, 2024
Vehicle enterprise fleet management	4,615.82	March 31, 2025
Vehicle enterprise fleet management	3,284.14	April 30, 2025
Land for park	111,807.00	December 1, 2025

RETIREMENT SYSTEM

Retirement Benefits

The City contributes to the retirement plans described below and as referenced in [Section IV - Note C] in APPENDIX C – “CITY OF SAN LUIS, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023.” Benefits are established by State statute and generally provide retirement, death, long-term disability, survivor and health insurance premium benefits. Both the City and each covered employee contribute to the plans.

Each of the plans has reported increases in its unfunded liabilities. The increases in unfunded liabilities is expected to result in increased future annual contributions by the City and its employees; however the specific impact on the City’s and its employees’ future contributions cannot be determined at this time.

[Section IV - Note C] in APPENDIX C – “CITY OF SAN LUIS, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023” is information about the plans based on GASB’s Statements No.s 67 and 68. Please refer to APPENDIX C for more specific information about the plans. In the case of any difference between what is here versus what is in APPENDIX C, the latter supersedes the former.

The Arizona State Retirement System (“ASRS”). ASRS is a multiple-employer defined benefit pension plan, a multiple-employer defined benefit health insurance premium benefit plan, and a multiple-employer defined benefit long-term disability plan for approximately 600,000 Arizona public employees including qualified employees of the State, municipal governments, counties and K-12 education agencies. As of June 30, 2023, the unfunded liability for ASRS was \$18.45 billion with a funding ratio of 73.1% and an assumed earning rate of 7.0%. As of June 30, 2023, the City reported a liability of [\$9,009,794] for its proportionate share of the net pension liability under ASRS. Pursuant to State statute, the contribution rate for the employer (the City) and active members of ASRS are equal. For fiscal year 2024/25, the actuarially determined contribution rate for the City and active members of ASRS is 12.27% (12.12% for retirement and health insurance and 0.15% for long-term disability).

The table below shows recent actuarially determined contribution rates that the active ASRS members and the City are/were required to contribute, the plan’s funded status and the pension contributions under ASRS for the next, current and past three fiscal years.

Fiscal year ended	Retirement and Health Insurance Premiums	Long-term Disability	Total Contribution Rate	Funded Status	Pension Contributions
June 30, 2025	12.12%	0.15%	12.27%	unavailable	unavailable
June 30, 2024	12.14	0.15	12.29	unavailable	unavailable
June 30, 2023	12.03	0.14	12.17	73.1%	\$
June 30, 2022	12.22	0.19	12.41	72.7	941,261
June 30, 2021	12.04	0.18	12.22	71.5	921,866

The Public Safety Personnel Retirement System (“PSPRS”). PSPRS is an agent multiple-employer defined benefit pension plan and an agent multiple employer defined benefit health insurance premium benefit plan that covers public safety personnel who are regularly assigned to hazardous duties for which the Arizona State Legislature establishes active plan members’ contribution rates and member benefits. This is not a “pooled” system – a separate account exists for the police and fire employees of each participating political subdivision. In total, there are 258 individual plans in PSPRS. Each plan has its own financial condition, funding status, etc. which varies greatly across the system.

A 2016 amendment to the State constitution (“Prop 124”) created an exception to the prohibition in the Constitution against diminishing or impairing public retirement system benefits by allowing for certain adjustments to PSPRS and preserved the State’s legislative ability to modify public retirement benefits. Prop 124 allowed for, among other things, the replacement of permanent benefit increases then required by law with COLA (defined below) provisions tied to the regional consumer price indexes.

PSPRS active membership is comprised of three separate “tiers” based on date of hire which are shown in the following table.

<u>“Tier 1” Members</u>	<u>“Tier 2” Members</u>	<u>“Tier 3” Members</u>
Hired into PSPRS position before January 1, 2012	Hired into PSPRS position on or after January 1, 2012 and before July 1, 2017	Hired into PSPRS position on or after July 1, 2017

The different tiers have different types of plans. Tier 1 members have a defined benefit plan, Tier 2 members have a defined benefit or defined benefit hybrid plan and Tier 3 members have a defined contribution, defined benefit or defined benefit hybrid plan. (The hybrid plan is a pension with an additional defined contribution tax-deferred retirement savings account for Tier 2 and Tier 3 members who do not contribute to Social Security). For Tier 1 and Tier 2 members, the type of plan is determined automatically. For Tier 3 members the type of plan is an irrevocable career choice with a default to a defined benefit plan after 90 days. The actuarially determined employer contribution rate varies among the different tiers and the different types of plans as shown in the tables below.

As of June 30, 2023, the unfunded liability for Tiers 1 and 2 of PSPRS was \$7.4 billion with a funding ratio of 66.3%. When calculating, an assumed earning rate of 7.2% was used and an assumed rate of 1.75% was used for increases in the cost of living allowance (“COLA”).

The following tables show the actuarially determined annual contribution rates, funded status and total audited contribution amounts for PSPRS.

Police

	Fiscal Year Ended				
	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021
Contribution Rates*					
Tier 1 Defined Benefit Employer	14.41%	9.43%	8.07%	25.55%	26.32%
Tier 1 Defined Benefit Employee	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 2 Defined Benefit Employer (a)	14.41%	9.43%	8.07%	25.55%	26.32%
Tier 2 Defined Benefit Employee (a)(b)	11.65%	11.65%	11.65%	11.65%	11.65%
Tier 3 Defined Benefit Employer (a)(c)	13.65%	9.56%	9.94%	25.36%	24.04%
Tier 3 Defined Benefit Employee (a)	8.89%	9.56%	9.94%	9.94%	9.94%
Tier 3 Defined Contribution Employer (c)	15.49%	10.60%	10.85%	25.30%	24.51%
Tier 3 Defined Contribution Employee	10.73%	10.60%	10.85%	9.88%	10.41%
Pension Funded Status	N/A	N/A	91.6%	100.4%	108.6%
Health Funded Status	N/A	N/A	190.0%	177.1%	183.6%
Total City (Employer) Pension and Health Contribution	N/A	N/A	\$	\$316,368	\$6,368,494 (c)

Fire

	Fiscal Year Ended				
	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021
Contribution Rates*					
Tier 1 Defined Benefit Employer	13.26%	13.13%	12.10%	21.29%	19.48%
Tier 1 Defined Benefit Employee	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 2 Defined Benefit Employer (a)	13.26%	13.13%	12.10%	21.29%	19.48%
Tier 2 Defined Benefit Employee (a)(b)	11.65%	11.65%	11.65%	11.65%	11.65%
Tier 3 Defined Benefit Employer (a)(c)	9.60%	9.56%	9.94%	16.82%	14.17%
Tier 3 Defined Benefit Employee (a)	8.89%	9.56%	9.94%	9.94%	9.94%
Tier 3 Defined Contribution Employer (c)	11.44%	10.60%	10.85%	16.76%	14.64%
Tier 3 Defined Contribution Employee	10.73%	10.60%	10.85%	9.88%	10.41%
Pension Funded Status	N/A	N/A	98.6%	105.1%	111.4%
Health Funded Status	N/A	N/A	136.6%	127.0%	136.7%
Total City (Employer) Pension and Health Contribution	N/A	N/A	\$	\$381,729	\$3,082,714 (c)

* Sum of the Pension and Health insurance premium benefit contribution rates.

- (a) Does not include additional contribution percentage of 3% associated with defined benefit ("DB") members additionally participating in the defined contribution ("DC") plan. Employer rate is 4% for Tier 2 members for a period of time depending on the individual's membership date.
- (b) Tier 2 employees contribute a maximum of 11.65%, but statutory requirements dictate only 7.65% is applied toward employer costs.
- (c) During fiscal year 2021, the City issued \$9,215,000 principal amount of Pledged Excise Tax Revenue Obligations to fund a prepayment to PSPRS related to its then PSPRS unfunded pension liability.

The amortization of unfunded liabilities for Tier 1 and Tier 2 is applied to the payroll for employees in all tiers, including Tier 3, on a level percent basis.

The Elected Officials Retirement Plan. EORP is a multiple-employer defined benefit pension plan and a multiple-employer defined benefit health insurance premium plan that covers elected officials and judges of certain state and local governments. (EORP is governed by the same Board of Trustees that manages PSPRS.) As of January 1, 2014 EORP is closed to new members. Pursuant to Arizona statute, the annual contribution for active members of EORP is 13% of the members' annual covered payroll. Additionally, the amount of the members' contribution that exceeds 7% is not used to reduce the actuarially determined employer contribution. As of June 30, 2023, the City reported a liability of [\$746,991] for its proportionate share of the net pension liability under EORP.

Participating EORP employers are required to annually contribute at an actuarially determined employer contribution rate. The basis for the employer rate is the covered payroll for all eligible elected officials and eligible judges employed by the employer. The actuarially determined statutory employer contribution rate for 2023/24 is 76.51% (76.66% for EODCRS with the employer disability program). This amount is distributed to EORP, the Elected Officials Defined Contribution Retirement System ("EODCRS") and ASRS, depending on the retirement program in which each eligible employee participates. As a percent of covered payroll, the employer contribution, by statute, for EODCRS participating members is 6.00%; the employer contribution for ASRS participating members is 12.29% for fiscal year 2023/24; all remaining employer contributions, up to the actuarially determined contribution rate of the covered payroll of all elected officials and eligible judges, are remitted to EORP. EORP is additionally funded each year with designated state and municipal court fees and a \$5,000,000 appropriation from the State general fund.

Statutory Changes and Court Decisions Regarding the PSPRS and EORP

PSPRS, CORP and EORP are all operated under the umbrella of the Public Safety Personnel Retirement System and the Public Safety Personnel Retirement System Board of Trustees. Since 2011 there have been various modifications designed to mitigate increasing unfunded liabilities in the programs. Some of these modifications were enacted by the Arizona Legislature; some changes resulted from successful court challenges to those statutory changes; and other changes were implemented by voter approved amendments to the State Constitution. Substantively, the modifications have included changes to contribution rates, retirement criteria, funding horizons, retirement benefits and post-retirement benefit increase calculations.

Potential Future State Legislation Affecting ASRS and PSPRS

Bills are frequently introduced at sessions of the State Legislature that, if enacted, could impact the administration of the ASRS and PSPRS and the eligibility, timing and payment of benefits from such plans. The City is unable to determine whether any such bills will be enacted into legislation or in what form such legislation may be enacted and what the impact of any such legislation may be.

Other Post-Employment Retirement Benefits

During the year ended June 30, 2018, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). The City is required to report the actuarially accrued cost of post-employment benefits, other than pension benefits ("OPEB"), such as health and life insurance for current and future retirees. GASB 75 addresses reporting by governments that provide OPEB by measuring and recognizing net assets or liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to OPEB provided through defined benefit OPEB plan.

Governmental Accounting Standards Board:

The Governmental Accounting Standards Board adopted Governmental Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"), which, beginning with fiscal years starting after June 15, 2014, requires cost-sharing employers to report their "proportionate share" of the plan's net pension liability in their government-wide financial statements. GASB 68 also requires that the cost-sharing employer's pension expense component include its proportionate share of the system's pension expense, the net effect of annual changes in the employer's proportionate share and the annual differences between the employer's actual

contributions and its proportionate share. The pension liability was measured as of June 30, 2022. See Section IV – Note C in APPENDIX C – “CITY OF SAN LUIS, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023.” for further discussion of the City and its pension liability.

New Reporting Requirements - Governmental Accounting Standards Board Statement No. 67, Financial Reporting for Pension Plans, An Amendment of GASB Statement No. 25, is designed to improve financial reporting by state and local governmental pension plans. This statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

GENERAL FUND

Below are the City general fund revenues, expenditures and changes in fund balance for the audited fiscal years 2018/19 through and including 2022/23, and budgeted fiscal year 2023/24. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS” for a description of the source of payment for the Obligations. This information is not intended to indicate that the Obligations will be payable from any source other than as described under such heading or to indicate future or continuing trends of the financial affairs of the City.

General Fund City of San Luis, Arizona

	Audited				Unaudited Actual	Budgeted
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 (a)
FUND BALANCE AT BEGINNING OF YEAR	\$ 11,939,597	\$ 15,322,684	\$ 20,149,660	\$ 28,454,426	\$ 29,528,364	\$ 29,528,364
REVENUES						
Taxes	\$ 10,158,495	\$ 11,076,289	\$ 12,574,511	\$ 12,413,615	\$ 14,207,004	\$ 13,914,180
Licences and permits	843,768	1,053,843	1,026,519	739,854	778,429	726,830
Intergovernmental	8,609,052	9,267,561	10,936,079	11,432,094	14,680,454	17,789,274
Fines and forfeitures	270,007	267,826	232,247	259,621	264,100	244,600
Charges for services	101,775	55,592	12,303	70,020	74,622	55,740
Rents	1,358,079	1,476,480	23,232	187,744	666,545	188,500
Investment earnings	178,783	158,959	14,206	44,556	695,344	250,000
Other	304,536	92,639	255,587	119,304	130,801	62,000
TOTAL REVENUES	\$ 21,824,495	\$ 23,449,189	\$ 25,074,684	\$ 25,266,808	\$ 31,497,299	\$ 33,231,124
ADJUSTMENTS						
Transfers in/(out)	\$ (1,528,170)	\$ (1,449,680)	\$ (640,923)	\$ (1,671,724)	\$ (4,589,923)	\$ (5,866,382)
Capital lease agreements	12,302	42,303	-	-	104,095	-
Fund balance reclassification	-	8,563	-	-	-	-
TOTAL FUNDS AVAILABLE FOR						
EXPENDITURES	\$ 32,248,224	\$ 37,373,059	\$ 44,583,421	\$ 52,049,510	\$ 56,539,835	\$ 56,893,106
EXPENDITURES						
Current:						
General government	\$ 5,248,380	\$ 5,437,041	\$ 4,928,326	\$ 5,629,683	\$ 6,427,678	\$ 10,405,351
Public safety	7,701,342	7,146,103	6,219,307	9,211,142	9,921,187	11,309,820
Health and welfare	258,917	230,695	223,710	283,308	327,514	355,545
Culture and recreation	2,511,205	2,378,816	2,433,685	2,858,847	2,878,937	3,582,302
Community development	824,189	948,236	1,005,228	1,261,698	1,346,421	1,722,624
Capital outlay	237,386	989,629	1,235,263	3,190,915	4,794,470	1,372,392
Debt service:						
Principal retirement	2,854	971	4,856	1,280	128,590	81,410
Interest and fiscal charges	141,265	91,908	78,620	84,273	1,120	1,050
TOTAL EXPENDITURES	\$ 16,925,538	\$ 17,223,399	\$ 16,128,995	\$ 22,521,146	\$ 25,977,420	\$ 28,830,494
FUND BALANCE AT END OF YEAR	\$ 15,322,686	\$ 20,149,660	\$ 28,454,426	\$ 29,528,364	\$ 30,562,415	\$ 28,062,612

(a) Figures for fiscal year 2023/24 are budgeted amounts, subject to change upon audit.

CITY OF SAN LUIS, ARIZONA

**AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The following audited annual financial statements are for the fiscal year ended June 30, 2023. These are the most recent financial statements available for the City. **THESE FINANCIAL STATEMENTS ARE NOT CURRENT AND MAY NOT REPRESENT THE CURRENT FINANCIAL CONDITION OF THE CITY.**

Such audited financial statements are the most recent available for the City, are not current and, therefore, must be considered with an abundance of caution. The City has not requested the consent of Heinfeld, Meech & Co., P.C., a certified public accounting firm to include its report herein, and Heinfeld, Meech & Co., P.C. has performed no procedures subsequent to rendering its report on the financial statements.

SUMMARY OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS

DEFINITIONS OF CERTAIN TERMS

In addition to the terms defined elsewhere herein, the following terms shall, for all purposes of the Trust Agreement and the Purchase Agreement have the following meanings:

“City Representative” means the City Manager, the Finance Director or any other person authorized by the City Manager or the Mayor and Council to act on behalf of the City with respect to the Trust Agreement.

“Costs of Issuance Fund” means the fund of that name established pursuant to the Trust Agreement.

“Defeasance Obligations” are those obligations described in the Trust Agreement by such term.

“Delivery Costs” means all items of expense directly or indirectly payable by or reimbursable to the City or the Trustee relating to the sale and execution and delivery of the Purchase Agreement, this Trust Agreement, the Escrow Trust Agreement and the Obligations.

“Depository Trustee” means any bank or trust company, which may include the Trustee, designated by the City, with a combined capital and surplus of least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by federal or State authority.

“Event of Default” means an event of default under the Purchase Agreement as described below under the subheading “THE PURCHASE AGREEMENT – Default; Remedies Upon Default.”

“Outstanding” refers to Obligations issued in accordance with the Trust Agreement, excluding: (i) Obligations which have been exchanged or replaced, or delivered to the Trustee for credit against a mandatory prepayment installment with respect to principal represented thereby; (ii) Obligations which have been paid; (iii) Obligations which have become due and for the payment of which moneys have been duly provided to the Trustee; and (iv) Obligations for which there have been irrevocably set aside with a Depository Trustee sufficient moneys or obligations permitted by the Trust Agreement and the Purchase Agreement bearing interest at such rates and with such maturities as will provide sufficient funds to pay the principal of and premium, if any, and interest represented by such Obligations, provided, however, that if principal represented by any such Obligations is to be prepaid, the City shall have taken all action necessary to prepay such Obligations and notice of such prepayment shall have been duly mailed in accordance with the proceedings under which such Obligations were issued or irrevocable instructions so to give such notice shall have been given to the Trustee.

“Owner” or any similar term, when used with respect to an Obligation means the person in whose name such Obligation is registered.

“Payment Fund” means the fund of that name established pursuant to the Trust Agreement.

THE TRUST AGREEMENT

The following, in addition to the information under the headings “THE OBLIGATIONS” and “SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS,” is a summary of certain provisions of the Trust Agreement to which document, in its entirety, reference is hereby made for a more complete description of its terms.

Costs of Issuance Fund. The Trustee will pay Delivery Costs from the Costs of Issuance Fund. On the earlier of June 1, 2024, or when all Delivery Costs have been paid, the Trustee will transfer any amounts remaining in the Costs of Issuance Fund to the Payment Fund.

Payment Fund. The Trustee will establish the Payment Fund. The moneys in the Payment Fund will be applied by the Trustee solely to pay principal and interest represented by the Obligations.

Investments Authorized; Allocation of Earnings. Upon written order of the City Representative, moneys held by the Trustee will be invested and re-invested in certain investments permitted by the Trust Agreement having the highest yield reasonably obtainable. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments permitted by the Trust Agreement. The Trustee may act as purchaser or agent in the making or disposing of any investment.

Any income, profit or loss on such investments will be deposited in or charged to the respective funds from which such investments were made, and any interest on any deposit of funds will be deposited in the fund from which such deposit was made, except as otherwise provided in the Trust Agreement. At the direction of the City Representative, any such income, profit or interest will be applied if necessary to pay any rebate due with respect to the Obligation pursuant to the Code.

Appointment of the Trustee. The City will maintain as the Trustee a bank or trust company with a combined capital and surplus of at least \$50,000,000, and subject to supervision or examination by federal or State authority so long as any of the Obligations are Outstanding. If such bank or trust company publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority, then the combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Liability of the Trustee; Standard of Care. Except with respect to its authority and power generally and authorization to execute the Trust Agreement, the recitals of facts, covenants and agreements in the Trust Agreement, in the Purchase Agreement and in the Obligations will be taken as statements, covenants and agreements of the City, and the Trustee will assume no responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of the Trust Agreement, the Purchase Agreement or of the Obligations or will incur any responsibility in respect thereof, other than in connection with the duties or obligations in the Trust Agreement or in the Obligations assigned to or imposed upon it. Prior to the occurrence of an Event of Default, or after the timely cure of an Event of Default, the Trustee will perform only such duties as are specifically set forth in the Trust Agreement. After the occurrence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it, and use the same degree of care and skill in such exercise, as a prudent indenture trustee would exercise under the circumstances in the conduct of its own affairs.

Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company is eligible as described in the Trust Agreement will be the successor to the Trustee without the execution or filing of any paper or further act, anything in the Trust Agreement to the contrary notwithstanding.

Protection and Rights of the Trustee. The Trustee will be protected and will incur no liability in acting or proceeding in good faith upon any document which it in good faith believes to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of the Trust Agreement, and the Trustee will be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such document, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee will not be bound to recognize any person as an Owner of any Obligation or to take any action at the request thereof unless such Obligation will be deposited with the Trustee and satisfactory evidence of the ownership of such Obligation will be furnished to the Trustee. The Trustee may consult with counsel with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it in good faith.

Whenever in the administration of its duties under the Trust Agreement, the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action thereunder, such matter (unless other evidence in respect thereof be specifically prescribed) will be deemed to be conclusively proved and established by the certificate of the City Representative and such certificate will be full warranty to the Trustee for any action

taken or suffered under the provisions of the Trust Agreement upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee may acquire and dispose of other bonds or evidence of indebtedness of the City with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Obligations, whether or not such committee will represent the Owners of the majority in principal amount of the Obligations then Outstanding.

The Trustee will not be answerable for the exercise of any discretion or power under the Trust Agreement or for anything whatever in connection with the funds established thereunder, except only for its own willful misconduct or negligence.

No provision in the Trust Agreement will require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

The Trustee will not be required to take notice or be deemed to have notice of an Event of Default, except for nonpayment of amounts due under the Trust Agreement or the Purchase Agreement, unless the Trustee has actual notice thereof or is specifically notified in writing of such default by the City or the Owners of at least twenty-five percent (25%) in aggregate principal amount of the Obligations then Outstanding.

The City will from time to time, as agreed upon between the City and the Trustee, pay to the Trustee reasonable compensation for its services, including but not limited to advances to, and reasonable fees and expenses of, independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties.

Removal and Resignation of the Trustee. The Trustee may be removed by the City (if not in default) or by the Owners of a majority in aggregate principal amount of the Obligations Outstanding, at any time upon thirty (30) days' prior written notice.

The Trustee at any time may resign by giving written notice to the City. Such resignation will become effective upon the appointment of a successor Trustee by the City.

Amendments Permitted. The Trust Agreement and the rights and obligations of the Owners of the Obligations and the Purchase Agreement may be modified or amended at any time by a supplemental or amending agreement which will become effective upon the written consent of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, exclusive of certain disqualified Obligations. No such modification or amendment will (1) extend or have the effect of extending the final payment of principal represented by any Obligation or reducing the interest represented thereby or extending the time of payment of interest, or reducing the amount of principal thereof, without the express consent of the Owner of such Obligation, or (2) reduce or have the effect of reducing the percentage of Obligations required for the affirmative vote or written consent to an amendment or modification of the Trust Agreement or the Purchase Agreement, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto.

The Trust Agreement and the rights and obligations of the Owners of the Obligations and the Purchase Agreement may be modified or amended at any time by a supplemental or amending agreement, without the consent of any such Owners, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power reserved in the Trustee (for its own behalf) or the City, (2) to secure additional revenues or provide additional security or reserves for payment of the Obligations, (3) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder, (4) to provide for the appointment of a successor trustee pursuant to the terms of the Trust Agreement, (5) to preserve the exclusion of interest represented by the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the City to continue to issue bonds or other obligations the interest on which is likewise exempt from federal and State income taxes, (6) to cure, correct or supplement any ambiguous or defective provision in the Trust Agreement or the Purchase Agreement, (7) to

facilitate the incurrence of Parity Lien Obligations, (8) with respect to rating matters, or (9) in regard to questions arising under the Trust Agreement or under the Purchase Agreement, as the parties to the Trust Agreement or the Purchase Agreement may deem necessary or desirable and which will not adversely affect the interests of the Owners of the Obligations. Any such supplemental or amending agreement will become effective upon execution and delivery by the parties to the Trust Agreement or the Purchase Agreement.

Procedure for Amendment With Written Consent of Obligation Owners. A copy of the proposed supplemental or amending agreement, together with a consent request, must be mailed to each Owner of an Obligation, but failure to mail copies of such supplemental or amending agreement and request does not affect the validity of the supplemental or amending agreement when assented to by a majority in principal amount of the Obligations then Outstanding (exclusive of Obligations then disqualified). The supplemental or amending agreement will not become effective until the required Owners have consented and the Trustee has mailed notice to the Owners of the Obligations stating in substance that such supplemental or amending agreement has been consented to by the Owners of the required percentage of Obligations and will become effective (but failure to mail copies of said notice shall not affect the validity of such supplemental or amending agreement or consents thereto).

Disqualified Obligations. Obligations owned or held by or for the account of the City or by any person directly or indirectly controlled by, or under direct or indirect common control with the City (except any Obligations held in any pension or retirement fund) will not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Obligations provided for in the Trust Agreement, and will not be entitled to vote upon, consent to, or take any other action provided therein.

No Liability of the City for the Trustee Performance. The City will have no obligation or liability to any of the other parties or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under the Trust Agreement

Remedies Upon Default; No Acceleration. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may, or upon request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding and receiving indemnity satisfactory to it must, exercise one or more of the remedies granted pursuant to the Purchase Agreement; provided, however, that notwithstanding anything in the Trust Agreement or in the Purchase Agreement to the contrary, there will be no right under any circumstances to accelerate the payment dates of the Obligations or otherwise to declare any of the Payments not then past due or in default to be immediately due and payable.

Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken pursuant to the provisions of the Trust Agreement or the Purchase Agreement shall be applied by the Trustee in the order following:

First, to the payment of the fees, costs and expenses of the Trustee and then of the Obligation Owners in declaring such Event of Default, including reasonable compensation to the Trustee's or the Owners' agents, attorneys and counsel and

Second, to the payment of the whole amount then owing and unpaid with respect to the Obligations, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Obligations, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, and upon being indemnified to its satisfaction therefor, must, proceed to protect or enforce its rights or the rights of the Owners of Obligations by a suit in equity or action at law for the specific performance of any covenant or agreement contained in the Trust Agreement.

Power of the Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, it will have full power, in the exercise of its discretion for the best interests of

the Owners of the Obligations, with respect to the continuance or disposal of such action; provided, however, that the Trustee will not discontinue or otherwise dispose of any litigation, without the consent of the Owners of a majority in aggregate principal amount of the Obligations Outstanding.

Limitation on Obligation Owners' Right to Sue. The Owners will not have the right to institute any action, for any remedy, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of at least a majority in aggregate principal amount of all the Obligations then Outstanding shall have made written request upon the Trustee to exercise the powers granted or to institute such action, in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity; and (d) the Trustee shall have not complied with such request for a period of sixty (60) days.

No one or more Owners of Obligations will have any right in any manner whatever by their action to enforce any right under the Trust Agreement, except in the manner therein provided, and all proceedings with respect to an Event of Default will be pursued in the manner therein provided and for the equal benefit of all Owners of the Outstanding Obligations.

The right of any Owner of any Obligation to receive payment of said Owner's proportionate interest in the Payments as the same become due, or to institute suit for the enforcement of such payment, will not be impaired or affected without the consent of such Owner.

Defeasance. If and when any Outstanding Obligation shall be paid and discharged in any one or more of the following ways:

(a) by paying or causing to be paid the principal and interest represented by such Obligations Outstanding, as and when the same become due and payable;

(b) by depositing with a Depository Trustee, in trust for such purpose, at or before the payment date therefor, money which, together with the amounts then on deposit in the Payment Fund is fully sufficient to pay or cause to be paid all principal and interest represented by such Obligations Outstanding; or

(c) by depositing with a Depository Trustee, in trust for such purpose, Defeasance Obligations which are non-callable in such amount as shall be certified to the Trustee and the City by a national firm of certified public accountants acceptable to the City, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit in the Payment Fund together with the interest to accrue thereon, to pay and discharge or cause to be paid and discharged all principal and interest represented by such Obligations at their respective payment or prepayment dates;

notwithstanding that any Obligations shall not have been surrendered for payment, all obligations of the Trustee and the City with respect to all Outstanding Obligations will cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from funds deposited pursuant to paragraphs (b) or (c) above and paid to the Trustee by the Depository Trustee, to the Owners of the Obligations not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (b) or (c), the Obligations will continue to represent direct and proportionate interests of the Owners thereof in such funds.

If any Obligation or portion thereof will not be payable within sixty (60) days of the deposit referred to in paragraphs (b) or (c) above, the Trustee shall give notice of such deposit by first class mail to the Owners.

THE PURCHASE AGREEMENT

The following, in addition to the information under the headings "INTRODUCTORY STATEMENT" and "SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS," is a summary of certain provisions of the Purchase Agreement to which document, in its entirety, reference is hereby made for a more complete description of its terms.

Purchase/Sale. Pursuant to the Purchase Agreement, the City will sell and convey any interest it has in the Refinanced Projects to the Trustee, and the Trustee, in turn, will sell and convey to the City, and the City will buy and accept from the Trustee, any interest the Trustee has in the Refinanced Projects.

Payments. The obligation of the City to make the Payments will be limited to amounts from revenues from Excise Taxes and State Shared Revenues.

The obligations of the City to make the Payments from the sources described and to perform and observe the other agreements contained in the Purchase Agreement will be absolute and unconditional and will not be subject to any defense or any right of set-off, abatement, counterclaim, or recoupment arising out of any breach of the Trustee of any obligation to the City or otherwise, or out of indebtedness or liability at any time owing to the City by the Trustee. Until such time as all of the Payments shall have been fully paid or provided for, the City (i) will not suspend or discontinue the Payments, (ii) will perform and observe all other agreements contained in the Purchase Agreement, and (iii) will not terminate the Purchase Agreement for any cause.

Providing for Payment. The City may provide for the payment of any of the Payments in any one or more of the following ways:

(a) by paying such Payment as and when the same becomes due and payable at its scheduled due date or on a date on which it can be prepaid;

(b) by depositing with a Depository Trustee, in trust for such purposes, money which, together with the amounts then on deposit with the Trustee and available for such Payment is fully sufficient to make, or cause to be made, such Payment at its scheduled due date or on a date on which it can be prepaid; or

(c) by depositing with a Depository Trustee, in trust for such purpose, any Defeasance Obligations which are non-callable, in such amount as shall be certified by a national firm of certified public accountants acceptable to the Trustee and the City as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit with the Trustee and available for such Payment, to make, or cause to be made, such Payment at its scheduled due date or on a date on which it can be prepaid.

Upon any partial prepayment of a Payment, each installment of interest which shall thereafter be payable as a part of the subsequent Payments will be reduced, taking into account the interest rate or rates on the Obligations remaining Outstanding after the partial prepayment, so that the interest remaining payable as a part of the subsequent Payments will be sufficient to pay the interest on such Outstanding Obligations when due.

Default; Remedies Upon Default.

(i) Upon (A) the nonpayment of the whole or any part of certain amounts due pursuant to the Purchase Agreement at the time when the same are to be paid as provided in the Purchase Agreement or the Trust Agreement, (B) the violation by the City of any other covenant or provision of the Purchase Agreement or the Trust Agreement, (C) the occurrence of an event of default with respect to the 2014 Purchase Agreement, the 2017 Purchase Agreement, the 2021 Purchase Agreement or the other of the Parity Lien Obligations, or (D) the insolvency or bankruptcy of the City as the same may be defined under any law of the United States of America or the State of Arizona, or any voluntary or involuntary action of the City or others to take advantage of, or to impose, as the case may be, any law for the relief of debtors or creditors, including a petition for reorganization, and

(ii) if such default has not been cured (A) in the case of nonpayment of such amounts as required under the Purchase Agreement or the Trust Agreement on the due date, or the nonpayment of principal and interest due with respect to the 2014 Purchase Agreement, the 2017 Purchase Agreement, the 2021 Purchase Agreement or the other of the Parity Lien Obligations on their due dates; (B) in the case of the breach of any other covenant or provision of the Trust Agreement or the Purchase Agreement not cured within sixty (60) days after notice in writing from the Trustee specifying such default; and (C) in the case of any default under any of the 2014 Purchase Agreement, the 2017 Purchase Agreement, the 2021 Purchase Agreement or the other of the Parity Lien Obligations after any notice and passage of time provided for under the proceedings under which such obligations were issued then,

(iii) subject to the limitations of the Trust Agreement, the Trustee may take whatever action at law or in equity, including the remedy of specific performance, may appear necessary or desirable to collect the Payments and any other amounts payable by the City under the Trust Agreement or the Purchase Agreement then due (but not the Payments and such other amounts accruing), or to enforce performance and observance of any pledge, obligation, agreement, or covenant of the City under the Trust Agreement or the Purchase Agreement and with respect to the revenues from the Excise Taxes and, the State Shared Revenues, without notice and without giving any bond or surety to the City or anyone claiming under the City, have a receiver appointed of the amounts of the revenues from the Excise Taxes and, the State-Shared Revenues which are pledged to the payment of amounts due thereunder, with such powers as the court making such appointment shall confer (and the City will irrevocably consent to such appointment); provided, however, that under no circumstances may the Payments be accelerated.

The obligations of the City under the Purchase Agreement, including, without limitation, its obligation to pay the Payments, will survive any action brought, and the City will continue to pay the Payments and perform all other obligations provided in the Purchase Agreement; provided, however, that the City will be credited with any amount received by the Trustee pursuant to actions brought under the provisions of the Purchase Agreement summarized under this subheading.

FORM OF APPROVING LEGAL OPINION

DRAFT

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

[Closing Date]

[Trustee]
Phoenix, Arizona

Re: Pledged Excise Tax Revenue Refunding Obligations, Series 2024 Evidencing Proportionate Interests of the Owners Thereof in Purchase Payments to be Made by the City of San Luis, Arizona to [Trustee], as Trustee, Dated the Date Hereof

We have examined the transcript of proceedings (the "Transcript") relating to the execution and delivery by [Trustee] (the "Trustee") of the Pledged Excise Tax Revenue Refunding Obligations, Series 2024 (the "Obligations"), pursuant to a Fourth Excise Tax Trust Agreement, dated as of April 1, 2024* (the "Trust Agreement"), between the Trustee and the City of San Luis, Arizona (the "City"). Each of the Obligations is an undivided, participating, proportionate interest in certain payments to be made by the City pursuant to a Fourth Excise Tax Purchase Agreement, dated as of April 1, 2024* (the "Purchase Agreement"), between the Trustee as seller and the City as buyer to refinance certain projects for the City. In addition, we have examined such other proceedings, proofs, instruments, certificates and other documents as well as such other materials and such matters of law as we have deemed necessary or appropriate for the purposes of the opinions rendered herein below.

In such an examination, we have examined originals (or copies certified or otherwise identified to our satisfaction) of the foregoing and have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as copies and the accuracy of the statements contained in such documents. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid documents contained in the Transcript. We have also relied upon the opinions of the City Attorney delivered even date herewith as to the matters provided therein.

Based upon such examination, we are of the opinion that, under the law existing on the date of this opinion:

1. The Obligations, the Trust Agreement and the Purchase Agreement are legal, valid, binding and enforceable in accordance with their respective terms, except that the binding effect and enforceability thereof and the rights thereunder are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting the rights of creditors generally; except to the extent that the enforceability thereof and the rights thereunder may be limited by the application of general principles of equity and, as to the Trust Agreement, except to the extent that the enforceability of the indemnification provisions thereof may be affected by applicable securities laws.

2. The obligations of the City pursuant to the Purchase Agreement with respect to payment of principal and interest with respect to the Obligations are solely from the revenues and other moneys pledged and

assigned pursuant to the Trust Agreement to secure such payments. Those revenues and other moneys include payments required to be made by the City pursuant to the Purchase Agreement, and the obligation of the City to make those payments is secured by a limited pledge of revenues from the "Excise Taxes" and the "State Shared Revenues" as described in, and provided by, the Purchase Agreement. Such payments are not secured by an obligation or pledge of any moneys raised by taxation other than the specified taxes; the Obligations do not represent or constitute a debt or pledge of the general credit of the City and the Purchase Agreement, including the obligation of the City to make the payments required thereunder, does not represent or constitute a debt or pledge of the general credit of the City.

3. (a) Based on the representations and covenants of the City and subject to the assumption stated in the last sentence of this paragraph, under existing statutes, regulations, rulings and court decisions, the portion of each payment made by the City pursuant to the Purchase Agreement, denominated and comprising interest and received by the beneficial owners of the Obligations (the "Interest Portion"), is excludable from the gross income of the owners thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), on applicable corporations (as defined in Section 59(k) of the Code), the Interest Portion is not excluded from the determination of adjusted financial statement income for tax years beginning after 2022. We express no opinion regarding other federal tax consequences resulting from the receipt or accrual of the Interest Portion on, or ownership or disposition of, the Obligations. The Code includes requirements which the City must continue to meet after the execution and delivery of the Obligations in order that the Interest Portion not be included in gross income for federal income tax purposes. The failure of the City to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactive to their date of execution and delivery. The City has covenanted in the Purchase Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion. (Subject to the same limitations in the first numbered paragraph hereof as they would relate to such covenants, the City has full legal power and authority to comply with such covenants.) In rendering the opinion expressed in this paragraph, we have assumed continuing compliance with the tax covenants referred to hereinabove that must be met after the execution and delivery of the Obligations in order that the Interest Portion not be included in gross income for federal tax purposes.

(b) Assuming the Interest Portion is so excludable for federal income tax purposes, the Interest Portion is exempt from income taxation under the laws of the State of Arizona. (We express no opinion regarding other State tax consequences resulting from the receipt or accrual of the Interest Portion on, or disposition or ownership of, the Obligations.)

Our opinion represents our legal judgment based upon our review of the law and the facts we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

FORM OF CONTINUING DISCLOSURE AGREEMENT

\$19,650,000*
CITY OF SAN LUIS, ARIZONA
PLEGGED EXCISE TAX REVENUE REFUNDING OBLIGATIONS, SERIES 2024

[Closing Date]
(CUSIP Base No.: 79854W)

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement, dated [Closing Date] (this “*Agreement*”), is executed and delivered by and between the City of San Luis, Arizona (the “*City*”), and BLX Group LLC (the “*Dissemination Agent*”), in connection with the execution and delivery of \$19,650,000* aggregate principal amount of Pledged Excise Tax Revenue Refunding Obligations, Series 2024 (the “*Obligations*”). The Obligations are being executed and delivered pursuant to a Fourth Excise Tax Trust Agreement, dated as of April 1, 2024* (the “*Trust Agreement*”), by and between the City and [Trustee], as trustee (the “*Trustee*”). The City and the Dissemination Agent covenant and agree as follows:

1. *Definitions.* In addition to those defined hereinabove, the terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires:

Annual Financial Information means the financial information and operating data set forth in *Exhibit I*.

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the City prepared pursuant to the standards and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means BLX Group LLC, as dissemination agent under this Agreement, its successors and assigns.

EMMA means the Electronic Municipal Market Access system of the MSRB. Information regarding submissions to EMMA is available at <http://emma.msrb.org>.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Final Official Statement means the Final Official Statement relating to the Obligations, dated _____, 2024.

Financial Obligation means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

GAAP means generally accepted accounting principles, as applied to governmental units as modified by the laws of the State.

Listed Event means the occurrence of events set forth in Exhibit II.

Listed Events Disclosure means dissemination of disclosure concerning a Listed Event as set forth in Section 5.

MSRB means the Municipal Securities Rulemaking Board.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Obligations.

Purchase Agreement means the Fourth Excise Tax Purchase Agreement, dated as of April 1, 2024*, by and between the City and the Trustee, in its separate capacity as "Seller."

Rule means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Exchange Act.

State means the State of Arizona.

2. *Purpose of this Agreement.* This Agreement is executed and delivered by and between the City and the Dissemination Agent as of the date set forth below, for the benefit of the beneficial owners of the Obligations and in order to assist the Participating Underwriter in complying with the requirements of the Rule. The City represents that it will be the only obligated person with respect to the Obligations at the time the Obligations are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after such delivery of the Obligations.

3. *CUSIP Number.* The CUSIP Numbers of the Obligations are as follows:

CUSIP No.

Maturity Date

4. *Annual Financial Information Disclosure.* Subject to Section 8 of this Agreement, the City shall, or shall cause the Dissemination Agent to, disseminate its Annual Financial Information and its Audited Financial Statements, if any (in the form and by the dates set forth in Exhibit I), through EMMA.

* Subject to change.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will, or will cause the Dissemination Agent to, disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. *Listed Events Disclosure.* Subject to Section 8 of this Agreement, the City shall, or shall cause the Dissemination Agent to, disseminate in a timely manner, but in not more than ten (10) business days after the occurrence of the event, its Listed Events Disclosure through EMMA. Whether events subject to the standard "material" would be material shall be determined under applicable federal securities laws.

6. *Consequences of Failure of the City to Provide Information.* The City shall, or shall cause the Dissemination Agent to, give notice in a timely manner through EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the City to comply with any provision of this Agreement, the beneficial owner of any Obligation may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an event of default under the Purchase Agreement or the Trust Agreement, and the sole remedy available to such owners of the Obligations under this Agreement in the event of any failure of the City to comply with this Agreement shall be an action to compel performance.

7. *Amendments; Waiver.* Notwithstanding any other provision of this Agreement, the City, by certified resolution or ordinance authorizing such amendment or waiver, and the Dissemination Agent, may amend this Agreement, and any provision of this Agreement may be waived only if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted;

(b) This Agreement, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Obligations, as determined by parties unaffiliated with the City (such as the Trustee) or by approving vote of the owners of the Obligations pursuant to the Trust Agreement at the time of the amendment.

The Annual Financial Information containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying GAAP to be followed in preparing financial statements and such changes are material, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles in the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. If the accounting principles of the City change or the fiscal year of the City changes, the City shall, or shall cause the Dissemination Agent to, file a notice of such change in the same manner as for a notice of Listed Event.

8. *Termination of Agreement.* This Agreement shall be terminated hereunder if the City shall no longer have liability for any obligation on or relating to repayment of the Obligations under the Trust Agreement.

9. *Dissemination Agent.* The City has engaged the Dissemination Agent to assist it in carrying out its obligations under this Agreement. The City shall send all Annual Financial Information and Audited Financial Statements required by Section 4 hereof and notices of Listed Events required by Section 5 hereof to the Dissemination Agent. The Dissemination Agent shall, within five (5) days of receipt of such Annual Financial Information and Audited Financial Statements and (if received from the City in sufficient time) within ten (10) days of the occurrence of the events requiring a notice of Listed Event, provide such information through EMMA. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Agreement.

10. *Additional Information.* Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the City chooses to include any information from any document or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information Disclosure or Listed Events Disclosure.

11. *Beneficiaries.* This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of the City, the Dissemination Agent and the beneficial owners of the Obligations, and shall create no rights in any other person or entity.

12. *Recordkeeping.* The Dissemination Agent shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. *Assignment.* The City shall not transfer obligations under the Purchase Agreement unless the transferee agrees to assume all obligations of the City under this Agreement or to execute an undertaking meeting the requirements of the Rule.

14. *Governing Law.* This Undertaking shall be governed by the laws of the State.

15. *Compensation.* The City shall compensate the Dissemination Agent for the services provided and the expenses incurred pursuant to this Agreement in an amount to be agreed upon from time to time.

16. *Counterparts.* This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

17. *Notice of Section 38-511, Arizona Revised Statutes.* Notice is hereby given of the provisions of Section 38-511, Arizona Revised Statutes. By this reference, the provisions of said statute are incorporated herein to the extent of their applicability to contracts of the nature of this Agreement under the laws of the State.

IN WITNESS WHEREOF, we have set our hands as of the date set forth above.

CITY OF SAN LUIS, ARIZONA

By.....
Mayor

ATTEST:

.....
City Clerk

BLX GROUP LLC, as Dissemination Agent

By.....
Name.....
Title.....

ATTACHMENTS:

- Exhibit I - Annual Financial Information and Timing and Audited Financial Statements
- Exhibit II - Events for Which Listed Events Disclosure Is Required

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“Annual Financial Information” means (presented, either separately or in the Audited Financial Statements) financial information and operating data of the type contained in the Final Official Statement in TABLE 3 - “Transaction Privilege (Sales) Tax Collections by Industry Classification” and TABLE 5 - “Historical and Budgeted Excise Taxes and State Shared Revenues Collections” (in each case, actual results for most recently completed fiscal year only).

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted through EMMA or filed with the Commission. If the information included by reference is contained in a final official statement, the final official statement must be available from the MSRB. The City shall, or shall cause the Dissemination Agent to, clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided through EMMA by February 1 of each year, commencing February 1, 2025. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements within 30 days after availability to the City.

Audited Financial Statements will be prepared according to GAAP.

If any change is made to the Annual Financial Information as permitted by Section 4 of this Agreement, the City will, or will cause the Dissemination Agent to, disseminate a notice of such change as required by Section 4, including changes in fiscal year or GAAP.

EXHIBIT II

EVENTS FOR WHICH LISTED EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations, in each case, with respect to the tax status of the security, or other material events affecting the tax status of the security.
7. Modifications to the rights of security holders, if material.
8. Bond calls, if material, or tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the securities, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar events of the City, being if any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.
13. The consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Obligation certificate will be issued for each stated payment date of the Obligations, each in the aggregate principal amount of such payment, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Securities Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with the Direct Participants, the “Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC’s records. The ownership interest of each actual purchaser of each Obligation (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments

to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Obligations within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Obligations purchased or tendered, through its Participant, to a remarketing agent, and shall effect delivery of such Obligations by causing the Direct Participant to transfer the Participant's interest in the Obligations, on DTC's records, to a remarketing agent. The requirement for physical delivery of Obligations in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Obligations are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Obligations to a remarketing agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Obligation certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Obligation certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but none of the City, the Underwriter or their agents and counsel take responsibility for the accuracy thereof.