

CITY OF BENSON CITY COUNCIL NOVEMBER 16, 2020 – 7:00 P.M. SPECIAL MEETING

A SPECIAL MEETING OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA
WILL BE HELD ON NOVEMBER 16, 2020 AT 7:00 P.M.,
AT THE BENSON COMMUNITY CENTER,
705 W. UNION STREET, BENSON, ARIZONA

BECAUSE OF THE CURRENT COVID – 19 PUBLIC HEALTH EMERGENCY, THE BENSON COMMUNITY CENTER WILL HAVE LIMITED OCCUPANCY FOR COUNCIL MEETINGS. HOWEVER, THE LIVE MEETING MAY BE WATCHED VIA FACEBOOK ONLINE AT <HTTPS://WWW.FACEBOOK.COM/BENSONAZ/> (NO FACEBOOK ACCOUNT IS NEEDED) OR LISTENED TO BY CALLING THE PHONE NUMBER PROVIDED ON THE MEETING AGENDA. FOR THIS MEETING, THAT NUMBER IS 267-930-4000 PARTICIPANT ID# 567090498.

FOR HELP WITH TECHNICAL DIFFICULTIES, PLEASE CALL 520-720-6331.

Vicki L. Vivian, CMC, City Clerk

AGENDA

The Council may discuss, direct, consider and take possible action as indicated below pertaining to the following:

CALL TO ORDER: The Call to Order will consist of the Mayor calling the Council to order. The Mayor or his designee shall then lead those present in the Pledge of Allegiance before introducing the invocation speaker, who will offer the invocation.

ROLL CALL: The City Clerk shall call the roll of the members, and the names of those present shall be entered in the minutes.

NEW BUSINESS:

1. Discussion and possible action regarding Resolution 29-2020 of the Mayor and Council of the City of Benson, Arizona, (1) approving the sale and execution and delivery of Pledged Revenue and Revenue Refunding Obligations, Series 2020, evidencing a proportionate interest of the owners thereof in a Purchase Agreement; (2) approving the Form and authorizing the execution and delivery of necessary agreements, instruments and documents related to the sale and execution and delivery of such Obligations; (3) adopting post-issuance tax and continuing disclosure compliance procedures in connection with Issuance of Obligations of the City; (4) delegating authority to the Mayor and the Manager of the City to determine certain matters and terms with respect to the foregoing; (5) authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this resolution. – **Vicki Vivian, CMC, City Manager/City Clerk ***

ADJOURNMENT

POSTED this 13th day of November, 2020

Material related to the City Council meeting is available for public review the day before and the day of the meeting, during office hours, at the City Clerk's Office located at 120 W. 6th Street, Benson, Arizona, 520-586-2245 x 2011.

All facilities are handicapped accessible. If you have a special accessibility need, please contact Vicki L. Vivian, City Clerk, at (520) 586-2245 or TDD: (520) 586-3624, no later than eight (8) hours before the scheduled meeting time.

Any invocation that may be offered before the start of regular Council business shall be the voluntary offering of a private citizen, for the benefit of the Council and the citizens present. The views or beliefs expressed by the invocation speaker have not been previously reviewed or approved by the Council, and the Council does not endorse the religious beliefs or views of this, or any other speaker.

Executive Sessions – Upon a vote of the majority of the City Council, the council may enter into Executive Sessions pursuant to Arizona Revised Statutes §38-431.03 (A)(3) to obtain legal advice on matters listed on the Agenda.

* Denotes an Exhibit in addition to the Council Communication

**** Call to the Public**

Arizona Revised Statutes §38-431.01(H) provides that “A public body may make an open call to the public during a public meeting, subject to reasonable time, place and manner restrictions to allow individuals to address the public body on any issue within the jurisdiction of the public body. At the conclusion of an open call to the public, individual members of the public body may respond to criticism made by those who have addressed the public body, may ask staff to review a matter or may ask that a matter be put on a future agenda. However, members of the public body shall not discuss or take legal action on matters raised during an open call to the public unless the matters are properly noticed for discussion and legal action.” As such, a Call to the Public, if on the agenda, is provided as a courtesy.

In order to speak during the Call to the Public, please complete the Call to the Public form requesting to do so.

***** Consent Agenda**

The Consent Agenda will be the first item under New Business and shall list separately distinct items requiring action by the City Council that are generally routine items not requiring Council discussion. A single motion will approve all items on the Consent Agenda, including any resolutions or ordinances, or claims/invoices that are of a routine nature. A Councilmember may remove any issue from the Consent Agenda, and that issue will be discussed and voted upon separately, immediately following the Consent Agenda under its proper regular category of New Business.

NOTICE TO PARENTS: Parents and legal guardians have the right (with certain exceptions) to consent before the City of Benson makes a video or voice recording of a minor child. A.R.S. §1-602(A)(9). Regular and Special Meetings of the Mayor and Council for the City of Benson are recorded, and that recording is usually posted on the City’s website. If you permit your child to participate in a Regular or Special Meeting of the Mayor and Council for the City of Benson, a recording will be made. If your child is seated in the audience your child may be recorded, but you may request that your child be seated in a designated area to avoid recording. Please submit your request to the City Clerk.

City of Benson City Council Communication

Special Meeting

November 16, 2020



To: Mayor and Council

Agenda Item # 1

From: Vicki Vivian, CMC, City Manager/City Clerk

Subject:

Discussion and possible action regarding Resolution 29-2020 of the Mayor and Council of the City of Benson, Arizona, (1) approving the sale and execution and delivery of Pledged Revenue and Revenue Refunding Obligations, Series 2020, evidencing a proportionate interest of the owners thereof in a Purchase Agreement; (2) approving the Form and authorizing the execution and delivery of necessary agreements, instruments and documents related to the sale and execution and delivery of such Obligations; (3) adopting post-issuance tax and continuing disclosure compliance procedures in connection with Issuance of Obligations of the City; (4) delegating authority to the Mayor and the Manager of the City to determine certain matters and terms with respect to the foregoing; (5) authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this resolution

Discussion:

This items is being brought back to Council out of an abundance of caution. Resolution 28-2020 was considered by the Mayor and Council at the most recent Regular Meeting on November 9, 2020. A quorum of six (6) members of the City Council were present at that meeting. A motion was made to adopt Resolution 28-2020. That motion was seconded. A vote thereon was taken. The vote was 4 in favor, and 2 against. Thereafter, a point of order was raised by a member of the council about the effect of the "emergency" clause in Resolution 28-2020 – contained in Section 11 of that Resolution – on the outcome of the vote. The Mayor questioned the City Manager on that Point of Order. The City Manager thereafter questioned the City Attorney on that point. The City Attorney responded by stating that Resolution 28-2020 had passed but without the emergency clause. No further objection was made on the Agenda item for this Resolution.

City Staff subsequently received information that members of the public had questions about whether this Resolution 28-2020 had actually passed, presumably because Arizona law states, in relevant part, that "An emergency measure shall not become immediately operative...unless it is approved by the affirmative vote of three-fourths of all the members elected to the city or town council..." Notably, this law does not state that an emergency measure is "not operative" unless it is approved by a three-fourths vote of the body. Instead, that law states that an emergency measure is not "immediately operative" unless it is passed by a three-fourths vote. Hence, a plethora of Arizona Municipal Attorneys, and even council for the Arizona League of Cities and Towns, have applied the law to the facts that presented themselves at the November 9, 2020 meeting regarding Resolution 28-2020 in the exact manner as did this City's Attorney. Even the Arizona Legislative Council concludes that when a majority vote in favor of a bill containing an emergency clause, but the votes received are less than the amount legally necessary to pass that bill as an emergency, "it is considered enacted without the emergency clause and, therefore, becomes effective on the general effective date." Finally, section 10 of Resolution 28-2020 stated 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."

Discussion (cont'):

Regardless, out of an abundance of caution and to avoid additional issues on this matter, the same essential substance of Resolution 28-2020, but this time without an emergency clause, presented in the of Resolution 29-2020 for consideration.

Staff Recommendation:

Approval of Resolution 29-2020

RESOLUTION NO. 29-2020

A RESOLUTION OF THE MAYOR AND COUNCIL OF CITY OF BENSON, ARIZONA, (1) APPROVING THE SALE AND EXECUTION AND DELIVERY OF PLEDGED REVENUE AND REVENUE REFUNDING OBLIGATIONS, SERIES 2020, EVIDENCING A PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN A PURCHASE AGREEMENT; (2) APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF NECESSARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS RELATED TO THE SALE AND EXECUTION AND DELIVERY OF SUCH OBLIGATIONS; (3) ADOPTING POST-ISSUANCE TAX AND CONTINUING DISCLOSURE COMPLIANCE PROCEDURES IN CONNECTION WITH ISSUANCE OF OBLIGATIONS OF THE CITY; (4) DELEGATING AUTHORITY TO THE MAYOR AND THE MANAGER OF THE CITY TO DETERMINE CERTAIN MATTERS AND TERMS WITH RESPECT TO THE FOREGOING; (5) AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION.

WHEREAS, the Mayor and Council of the City of Benson, Arizona (the "City"), have determined to (i) finance the costs of construction of a new City Hall (the "New Project"), and (ii) refinance all or a portion of the payments due pursuant to the First Purchase Agreement, dated as of July 1, 2010 (the "First Purchase Agreement"), between the City and U.S. Bank National Association, with respect to financing and refinancing the costs of water, wastewater, utility, street and municipal improvements in and for the City (collectively, the "Refinanced Projects"), by entering into a Second Purchase Agreement, to be dated as of the first day of the month of the dated date of the hereinafter described Obligations established as provided herein (the "Purchase Agreement"), with U.S. Bank National Association, 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 Excise Tax and State Shared Revenue Obligations, Series 2010 and the City's Excise Tax and State Shared Revenue Refunding Obligations, Series 2010 (the amounts of such obligations to be refunded as provided herein are collectively referred to herein as the "Obligations Being Refunded"); and

WHEREAS, in connection with the Purchase Agreement, the Mayor and Council of the City have deemed it necessary and desirable to provide for the sale and execution and delivery of pledged revenue and revenue refunding obligations, as provided for by this Resolution (the "Obligations"), pursuant to the Second Trust Agreement, to be dated as of the first day of the month of the dated date of the Obligations (the "Trust Agreement"), between the Trustee and the

City, evidencing proportionate interests of the owners of the Obligations in payments to be made 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 revenues from the Excise Taxes and the State Shared Revenues (as such terms are defined in the Trust Agreement); and

WHEREAS, the Mayor and Council of the City will receive a proposal from Robert W. Baird & Co. 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 pursuant to the Strategic Alliance of Volume Expenditures (SAVE) Cooperative Response Proposal #C-005-1718; and

WHEREAS, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder (the "Regulations"), issuers of obligations, the interest on which is intended to be excludable from the gross income of the owners thereof for federal income tax purposes (the "Tax-Exempt Obligations"), are required to establish policies and procedures to ensure compliance with the applicable provisions of the Code and the Regulations; and

WHEREAS, the Mayor and Council of the City hereby determine that procedures should be adopted in order to ensure that Tax-Exempt Obligations issued by the City comply with the provisions of the Code and the Regulations (the "Tax Compliance Procedures"); and

WHEREAS, pursuant to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), Participating Underwriters (as defined in the Rule) are required to reasonably determine that issuers have entered into written undertakings to make ongoing disclosure in connection with offerings of obligations to investors subject to the Rule, including with respect to the Obligations, to be dated the date of the Obligations (the "Undertaking"), to be executed and delivered if the Obligations are sold to the Underwriter pursuant to the hereinafter defined Purchase Contract; and

WHEREAS, the Mayor and Council of the City hereby determine that procedures should be adopted in order to document practices and describe various procedures for preparing and disseminating such ongoing disclosure for the benefit of the holders of obligations of the City and to assist the Participating Underwriters in complying with the Rule and such written undertakings (together with the Tax Compliance Procedures, the "Procedures"); and

WHEREAS, there have been presented to the Mayor and Council of the City at the meeting at which this Resolution is being adopted the proposed forms of: (1) the Purchase Agreement; (2) the Trust Agreement; (3) the Undertaking; (4) an Obligation Purchase Contract, to be dated the date of the sale of the Obligations (the "Purchase Contract"), by and between the City and the Underwriter, for the sale of the Obligations; (5) the 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 (6) the Procedures; and

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

WHEREAS, the Mayor and Council of the City want to and do ratify and clarify the actual passage of the substantive provisions in 28-2020, but this time here in 29-2020 without an emergency clause out of an over abundance of caution.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF BENSON, ARIZONA, THAT:

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

(b) The Mayor and the Manager of the City or the designees of either of them (collectively, the “Authorized Representatives”) are authorized to determine on behalf of the City: (1) the series name and designation of the Obligations; (2) the date the Obligations are to be sold to the Underwriter; (3) the date the Obligations are to be dated; (4) the dates on which interest on the Obligations is to be payable and the interest rates per annum the Obligations are to bear; (5) the dates the Obligations are to mature (but not later than July 1, 2040), the principal amounts to mature on such dates and the provisions for redemption thereof in advance of such dates; (6) the provisions for redemption of the Obligations Being Refunded (including the method of redemption and the amounts and dates of redemption thereof); and (7) 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 (i) a yield on the portion of the Obligations that will finance the New Project, as calculated in accordance with Section 148 of the Code, of not to exceed six percent (6%), and (ii) a present value savings, net of all costs, with respect to refinancing the Obligations Being Refunded, of not less than three percent (3%).

(c) The Authorized Representatives are further 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 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 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, redemption and number shall be as set forth in the Trust Agreement and are approved.

(e) The Procedures are hereby adopted to establish policies and procedures related to the purposes set forth in the Recitals hereto. The right to use discretion as necessary and appropriate to make exceptions or request additional provisions with respect to the Procedures as may be determined is hereby reserved. The right to change the Procedures from time to time, without notice, is also reserved.

Section 2. The Obligations are to be sold to the Underwriter pursuant to the terms of the Purchase Contract, such terms 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 Mayor and Council of the City at which this Resolution is being adopted are 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 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 U.S. Bank National Association, as escrow trustee (the "Escrow Trustee"), for the establishment of an escrow to pay principal of and interest on the Obligations Being Refunded and to refund the Obligations Being Refunded. The Mayor of the City or any other member of the Council and, in the case of the Purchase Contract, the Authorized Representatives, and the Clerk of the City, where applicable, are 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 refunding of the Obligations Being Refunded 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 revenues from the Excise Taxes and the State Shared Revenues

and the restriction on the issuance of further parity obligations secured by revenues from the Excise Taxes and the State Shared Revenues are approved and confirmed.

Section 7. The City hereby designates the Obligations as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The reasonably anticipated aggregate amount of tax-exempt obligations, including the Obligations, issued and to be issued during calendar year 2020 by or on behalf of the City, including obligations issued by a subordinate entity of the City and by any entity formed or availed of to avoid the purposes of Section 265(b)(3)(C) and (D) of the Code, does not exceed \$10,000,000.

Section 8. The Authorized Representatives and other officers of the City, on behalf of the City, are authorized and directed, without further order of the Mayor and Council of the City, 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 9. 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 and execution and delivery of the Obligations as contemplated by this Resolution, whether heretofore or hereafter taken, are ratified, confirmed and approved.

Section 10. 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 11. 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, cancelled and discharged.

[Remainder of page left blank intentionally.]

PASSED, APPROVED and ADOPTED by the Mayor and Council of the City of Benson, Arizona, this 16th day of November 2020.

.....
TONEY D. KING, Sr., Mayor

ATTEST:

.....
Clerk

APPROVED AS TO FORM:

.....
City Attorney

CERTIFICATION

I hereby certify that the foregoing Resolution No. R29-2020 was duly passed and adopted by the Mayor and Council of the City of Benson, Arizona, at a meeting held on the ____ day of _____ 2020, and the vote was ayes and nays.

.....
City Clerk

SECOND PURCHASE AGREEMENT

by and between

U.S. BANK NATIONAL ASSOCIATION,
as Seller

and

CITY OF BENSON, ARIZONA,
as Purchaser

Dated as of December 1, 2020

TABLE OF CONTENTS

	Page
Section 1. Term and Payments.....	2
Section 2. Pledge; Limited Obligations.	3
Section 3. Surplus and Deficiency of Revenues from Excise Taxes and State Shared Revenues	3
Section 4. Additional Obligations.....	4
Section 5. City Control over Revenue Collection.....	4
Section 6. Certain Matters with Respect to Projects.....	4
Section 7. Providing for Payment	6
Section 8. Term of Agreement.....	6
Section 9. Default; Remedies Upon Default.....	6
Section 10. Assignment.	8
Section 11. Federal Law Provisions.....	8
Section 12. Covenant as to Conflict of Interest; Other Statutory Restrictions	12
Section 13. Miscellaneous.	13

SECOND PURCHASE AGREEMENT

THIS SECOND PURCHASE AGREEMENT, dated as of December 1, 2020 (this “Agreement”), by and between the CITY OF BENSON, ARIZONA, a municipal corporation under the laws of the State of Arizona (“City”), as purchaser hereunder, and U.S. BANK NATIONAL ASSOCIATION, a national banking association (“Trustee”), in its capacity as trustee under the Second Trust Agreement, dated as of even date herewith (the “Trust Agreement”), by and between Trustee and City and as seller hereunder,

WITNESSETH:

WHEREAS, pursuant to Resolution No. ____ adopted on November __, 2020, the Mayor and Council of City determined that the Obligations (as such term and all other terms not otherwise defined herein are defined in the Trust Agreement) be sold and executed and delivered; and

WHEREAS, pursuant to the Trust Agreement, Trustee has executed and delivered the Obligations to provide for deposits to the Acquisition Fund and the Costs of Issuance Fund the refunding of the Obligations Being Refunded; and

WHEREAS, 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 City to enter into this Agreement and the transactions contemplated by this Agreement; City has duly authorized and executed this Agreement; this Agreement is a lawful, valid and binding obligation of City, enforceable against City in accordance with its terms; all required procedures for execution and performance of this Agreement, including publication of notice, public hearing or competitive bidding, if applicable, 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 City is now a party or by which 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 City; and the 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 Projects; and

WHEREAS, 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 finance the costs of the New Project, Trustee hereby sells and conveys to City, and City hereby purchases and accepts from Trustee, the New Project. In order to refinance the costs of the Refinanced Projects which have not been paid to date, City hereby sells and conveys any interests it has in the Refinanced Projects to Trustee, without recourse, representation or warranty, for the sum of \$10.00 and other valuable consideration had and received. Trustee in turn hereby sells and conveys back to City, without recourse, representation or warranty, and City hereby purchases and accepts, from Trustee, any interests Trustee has in the Refinanced Projects. City acknowledges that it is receive good and valuable consideration from such sales. Amounts paid to U.S. Bank National Association, as trustee with respect to the Obligations Being Refunded, have been applied to defease the Obligations Being Refunded.

(b) Trustee shall have no further obligation to provide funds for the Projects, and City shall be entitled to sole and exclusive possession of the Projects.

(c) As the purchase price, City shall make the Payments to Trustee at the address specified in the Trust Agreement for Trustee (or such other address as Trustee may designate in writing) on the dates and in the amounts set forth in the Schedule attached hereto and made a part hereof. City shall also pay to 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) herein. City shall further also pay all amounts necessary for compliance with the Continuing Disclosure Undertaking. 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, City shall pay any such deficiency in sufficient time to prevent default in the payment of principal of or interest on the Obligations falling due on such date.

(d) This Agreement shall be deemed and construed to be a “*net purchase agreement*,” and the Payments shall be an absolute net return to Trustee, free and clear of any expenses or charges whatsoever, except as otherwise specifically provided herein. The obligation of City to pay the amounts described in paragraph (c) 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 Trustee of any obligation to City or otherwise, or out of indebtedness or liability at any time owing to City by Trustee. Until such time as all of the payments described in paragraph (c) hereof (including the Payments) shall have been fully paid or provided for, 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 Projects, the taking by *eminent domain* of title to or temporary use of any or all of the Projects, commercial frustration of purpose, abandonment of the Projects by 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 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 Trustee from the performance of any of the agreements on its part herein or in the Trust Agreement contained, and, in the event Trustee shall fail to perform any such agreements on its part, City may institute such action against Trustee as City may deem necessary to compel performance so long as such action does not abrogate the obligations of City contained in the first sentence of this paragraph.

(e) Any of the payments described in paragraph (c) 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.

Section 2. Pledge; Limited Obligations.

(a) Revenues from the Excise Taxes and the State Shared Revenues are hereby pledged by City to the payment of all amounts described in Section 1(c) hereof (including the Payments). City intends that this pledge shall be a prior and paramount pledge upon such amounts of revenues from the Excise Taxes and the State Shared Revenues as will be sufficient to make such payments. City shall make said payments from revenues from the Excise Taxes and the State Shared Revenues (first making the Payments and thereafter making the other required payments). All of such payments are coequal as to the pledge of and lien on revenues from the Excise Taxes and the State Shared Revenues pledged for the payment thereof and share ratably, without preference, priority or distinction, as to the source or method of payment from revenues from the Excise Taxes and the State Shared Revenues or security therefor.

(b) City shall remit to Trustee from 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 City to make payments of any amounts due under this Agreement, including amounts due after default or termination hereof, is limited to payment from 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 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) City may, at the sole option of City, make payments due pursuant to Section 1 hereof from its other funds as permitted by law and as City shall determine from time to time, but 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 City or from bonds or other obligations, the payment of which City's general taxing authority is pledged, unless (i) the same shall have been duly budgeted by 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 Revenues from Excise Taxes and State Shared Revenues. Revenues from the Excise Taxes and the State Shared Revenues in excess of amounts, if any, required to be deposited with or held by Trustee for payments due under this Agreement shall constitute surplus revenues and may be used by City for any lawful purpose for

the benefit of City, including the payment of obligations to which 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 revenues from the Excise Taxes and the State Shared Revenues, *pro rata*, as applicable, with amounts due with respect to any Additional 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. Additional Obligations. So long as any of the Obligations remain outstanding and the principal and interest thereon shall be unpaid or unprovided for, City shall not further encumber revenues from the Excise Taxes and the State Shared Revenues on a basis equal to the pledge provided for in Section 2 hereof unless revenues from the Excise Taxes plus the State Shared Revenues in the next preceding Fiscal Year shall have amounted to at least two (2) times the greatest combined interest and principal requirements for any succeeding Fiscal Year for all of the Obligations then Outstanding and any Additional Obligations. 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.

(a) To the extent permitted by applicable law, revenues from the Excise Taxes and the State Share Revenues shall be retained and maintained so that the amount received in the next preceding Fiscal Year from revenues from the Excise Taxes and the State Shared Revenues shall have been equal to at least two (2) times the total of interest and principal requirements for the current Fiscal Year of City for this Agreement and any Additional Obligations. If in the next preceding Fiscal Year revenues from the Excise Taxes and the State Shared Revenues shall not have been equal to at least two (2) times the total of interest and principal requirements for the current Fiscal Year of City for this Agreement and any Additional Obligations, or if at any time it appears that revenues from the Excise Taxes and the State Shared Revenues will not be sufficient to meet such requirements, 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 in order that (a) revenues from the Excise Taxes and the State Shared Revenues will be sufficient to meet all current requirements hereunder, and (b) 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 Section.

(b) The Excise Tax Revenue Fund and the State Shared Revenue Fund established by the First Purchase Agreement are hereby expanded to provide for the purposes of this Agreement and, after paying therefrom amounts for the purposes described herein, such Funds may be reduced to zero, including by transferring any such balance to the General Fund of City.

Section 6. Certain Matters with Respect to Projects.

(a) Except with respect to its power and authority to enter into this Agreement and to perform its covenants hereunder, 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 Projects for any particular purpose or the conformity of the 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 City after completion. All such risks shall be borne by City without in any way excusing City from its obligations under this Agreement, and Trustee shall not be liable to City for any damages on account of such risks. Except with respect to any acts by Trustee which are not undertaken at the request of City or with the prior approval of City, City waives all claims against Trustee growing out of the acquisition, construction, installation or otherwise of the Projects. Trustee shall have no liability to City for any failure of any contractor to perform any contract or other undertaking with respect to the Projects in any respect. Trustee shall have no obligation to obtain or insure compliance with any required permits or approval procedures with respect to the Projects. In the event of any defect in any item of the Projects or other claim with respect to the Projects, recourse of City shall be against the contractors, manufacturers, suppliers, etc. of the Projects and, where applicable, the person selling the property to Trustee, and not against Trustee. For such purpose, Trustee hereby assigns and transfers to City the right, title and interest of Trustee in and to all representations, warranties, guarantees and service agreements relating to the Projects made or entered into by Trustee and by any contractor, manufacturers, suppliers, etc. of the Projects. Trustee further designates City as its attorney-in-fact granting to City the right to initiate and take all actions necessary to enforce any and all construction contracts and all such warranties and service agreements. Trustee is entering into this Agreement solely as 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 Trustee under the Trust Agreement. Notwithstanding anything to the contrary herein, at no time shall Trustee be listed in the chain of title to the Projects.

(b) Trustee hereby irrevocably appoints City as its sole and exclusive agent to act for and on behalf of Trustee in financing and refinancing the costs of the Projects. As such agent, City shall have full authority to do all things necessary to bring about the financing and refinancing of the Projects. Trustee shall not be liable, responsible or accountable for the acts of City as its agent hereunder, and City hereby assumes all responsibility for the performance of such duties.

(c) 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 Projects, without suit, trouble or hindrance from Trustee. City hereby grants and conveys to Trustee, and all persons claiming by, through or under 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 Projects for the purpose of permitting the Projects to be maintained upon the premises.

(d) Notwithstanding any other terms or provisions of this Agreement, the interest of Trustee in the Projects is solely in its capacity as Trustee for the purpose of facilitating the financing and refinancing of the Projects, and Trustee shall not have the power, authority or obligation to assume any responsibility for the overall management or maintenance of the Projects, including, without limitation, any day-to-day decision-making or operational aspects of the Projects.

Section 7. Providing for Payment. 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 provided herein as and when the same becomes due and payable at its scheduled due date pursuant to Section 1 hereof 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 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 noncallable, in such amount as shall be certified to Trustee and City, by a national firm of certified public accountants acceptable to City, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit with 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 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 this Agreement or 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 Section 1(c) hereof (including the Payments) and provided that City has performed all the covenants and agreements required by City to be performed, this Agreement shall cease and expire. The obligations of 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 City shall continue to pay the Payments and perform all other obligations provided in this Agreement; provided, however, that City shall be credited with any amount received by 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 Section 1(c) hereof (including the Payments) at the time when the same is to be paid as provided herein or in the Trust Agreement, (B) the violation by 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 any Additional Obligations, or (D) the insolvency or bankruptcy of 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 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 Section 1(c) hereof (including the Payments) as required hereunder or under the Trust Agreement on the due date or the nonpayment of principal of or interest on any Additional 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 Trustee specifying such default, and (C) in the case of any other default under any Additional 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, 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 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 City under the Trust Agreement or this Agreement, and with respect to revenues from the Excise Taxes and the State Shared Revenues, without notice and without giving any bond or surety to City or anyone claiming under City, have a receiver appointed of 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 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 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 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 Trustee to insist upon a strict compliance by Trustee with all the covenants and conditions hereof. City shall, upon not less than 10 days' prior request by Trustee, execute, acknowledge and deliver to 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) Trustee shall in no event be in default in the performance of any of its obligations hereunder unless and until Trustee shall have failed to perform such obligation within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by City properly specifying wherein Trustee has failed to perform any such obligation. No default by Trustee shall relieve City of its obligations to make the various payments herein required, so long as any of the Obligations remain outstanding; however, City may exercise any other remedy available at law or in equity to require Trustee to remedy such default so long as

such remedy does not interfere with or endanger the payments required to be made to Trustee under the Trust Agreement.

Section 10. Assignment.

(a) Except as otherwise provided herein, 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 in and to this Agreement and all payments of any kind due or which become due to Trustee hereunder are sold, pledged, assigned and transferred pursuant to the Trust Agreement.

Section 11. Federal Law Provisions.

(a) Certain Definitions. When used in this Section, the following terms have the following meanings:

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Computation Date*” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“*Gross Proceeds*” means any proceeds as defined in section 1.148-1(b) of the Tax Regulations (referring to sales, investment and transferred proceeds), and any replacement proceeds as defined in section 1.148-1(c) of the Tax Regulations, of the Obligations. The City intends to syndicate the beneficial ownership of the rights to receive the Payments under this Agreement through the issuance of the Obligations, and agrees that should such syndication occur in connection with the execution and delivery of this Agreement it will treat all proceeds of such syndication as sale proceeds of the Agreement (within the meaning of said section 1.148-1(b)).

“*Investment*” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“*Nonpurpose Investment*” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds are invested and that is not acquired to carry out the governmental purposes of the Obligations or this Agreement.

“*Rebate Amount*” has the meaning set forth in section 1.148-1(b) of the Tax Regulations.

“*Tax Regulations*” means the United States Treasury Regulations promulgated pursuant to sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954.

“Yield”

(i) of any Investment has the meaning set forth in section 1.148-5 of the Tax Regulations; and

(ii) with respect to the Obligations and this Agreement, has the meaning set forth in section 1.148-4 of the Tax Regulations.

(b) Agreement as Obligation of the City; Not to Cause Interest to Become Taxable. The City represents and warrants that it intends that for federal income tax purposes and for Arizona income tax purposes this Agreement to be treated as an obligation of the City, that the Interest Portion and the remaining portion (the “Principal Portion”) of each Payment is intended to be treated as the corresponding payment of interest on and principal of such obligation, respectively, and that the interest on such obligation is intended to be excluded pursuant to section 103(a) of the Code from gross income. The City covenants that it shall not use, and shall not permit the use of, and shall not omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner that if made or omitted, respectively, could cause the Interest Portion of any Payment to fail to be excluded pursuant to section 103(a) of the Code from gross income for federal income tax purposes. Without limitation of the preceding sentence, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the Interest Portion of any payment, the City shall comply with each of the specific covenants in this Section. The City agrees to execute and deliver in connection with the issuance of the Agreement and the Obligations a *Tax Exemption Certificate*, or similar document containing additional representations and covenants pertaining to the exclusion of the Interest Portion of the Payments from gross income for federal income tax purposes, which representations and covenants are incorporated as though expressly set forth herein.

(c) No Private Use or Private Payments. Except as would not cause this Agreement or the Obligations to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the City shall at all times prior to the last stated Payment date:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds (including property financed with Gross Proceeds of the Obligations being Refunded), and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or

indirectly with such Gross Proceeds (including property financed with Gross Proceeds of the Obligations being Refunded), other than taxes of general application within the jurisdiction of any of the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except as would not cause this Agreement or the Obligations to become a “private activity bond” within the meaning of section 141 of the Code and the Tax Regulations and rulings thereunder, the City shall not use Gross Proceeds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (a) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction that creates a debt for federal income tax purposes; (b) capacity in or service from such property is committed to such person or entity under a take or pay, output or similar contract or arrangement; or (c) indirect benefits of such Gross Proceeds, or burdens and benefits of ownership of any property acquired, constructed or improved with such Gross Proceeds, are otherwise transferred in a transaction that is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except as would not cause this Agreement to become an “arbitrage bond” within the meaning of section 148 of the Code and the Tax Regulations and rulings thereunder, the City shall not, at any time prior to the last stated Payment Date, directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, would exceed the Yield of this Agreement within the meaning of said section 148.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Tax Regulations and rulings thereunder, the City shall not take or omit to take any action that would cause this Agreement or the Obligations to be “federally guaranteed” within the meaning of section 149(b) of the Code and the Tax Regulations and rulings thereunder.

(g) Information Report. The City shall timely file any information required by section 149(e) of the Code with respect to this Agreement with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Tax Regulations:

(i) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the last stated Payment date. However, to the extent permitted by law, the City may commingle Gross Proceeds with its other moneys, provided that it separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and

the Tax Regulations and rulings thereunder. The City shall retain the results of such calculation, including the basis therefor, in sufficient detail and on a timely basis in order to demonstrate compliance with its covenants herein. The City shall maintain a copy of the calculation with its official transcript of proceedings relating to the execution and delivery of this Agreement until six years after the final Computation Date.

(iii) In order to assure the excludability of the Interest Portion of the Payments from gross income for federal income tax purposes, the City shall pay to the United States the amount that when added to the future value of previous rebate payments made hereunder equals (i) in the case of a Final Computation Date as defined in section 1.148-3(e)(2) of the Tax Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, such rebate payments shall be made by the District at the times and in the amounts as are or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Tax Regulations and rulings thereunder.

(iv) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by subparagraphs (ii) and (iii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under section 1.148-3(h) or other provision of the Tax Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Tax Regulations and rulings thereunder, the City shall not, at any time prior to the last stated Payment date, enter into any transaction that reduces the amount required to be paid to the United States pursuant to paragraph (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield on this Agreement not been relevant to either party.

(j) Agreement Not a Hedge Bond.

(i) The City represents that this Agreement will not constitute a "hedge bond" within the meaning of section 149(g) of the Code.

(ii) Without limiting paragraph (i) above: (a) at the time the original Obligations being Refunded were issued, the City reasonably expected to spend at least 85% of the spendable proceeds of such obligations within three years after such obligations were issued, and (b) no more than 50% of the proceeds of the Obligations being Refunded were invested in Nonpurpose Investments having a substantially guaranteed yield for a period of four years or more.

(k) Elections. The City hereby directs and authorizes the _____ or _____ to make elections permitted or required pursuant to the provisions of the Code or the Tax Regulations, as such representative (after consultation with Special Counsel) deems necessary or appropriate in connection with this Agreement, in the Tax Exemption Certificate or similar or other appropriate certificate, form or document.

(l) City shall comply with and carry out all of the provisions of the Continuing Disclosure Undertaking, provided that such costs of compliance shall be payable solely from revenues from the Excise Taxes and the State Shared Revenues. Notwithstanding any other provision of this Agreement, failure of City to comply with the Continuing Disclosure Undertaking shall not be considered an event of default; however, 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 City to comply with its obligations under this Section. Trustee is not responsible for monitoring or verifying compliance by City with the Continuing Disclosure Undertaking.

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

(a) To the extent applicable by provision of law, Trustee acknowledges that this Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, as amended, the provisions of which are incorporated herein and which provides that City may within three (3) years after its execution cancel any contract (including this Agreement) without penalty or further obligation made by City if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of 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. 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 Trustee within three years from the execution of this Agreement, unless a waiver of Section 38-511, Arizona Revised Statutes, as amended, is provided by City. No basis exists for City to cancel this Agreement pursuant to Section 38-511, Arizona Revised Statutes, as amended, as of the date hereof.

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

(c) Pursuant to Section 35-393 et seq., Arizona Revised Statutes, as amended, 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, as amended. If City determines that Trustee’s certification above is false or that it has breached such agreement, City may impose remedies as provided by law.

Section 13. Miscellaneous.

(a) No covenant or obligation herein to be performed by City may be waived except by the written consent of 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 Trustee from invoking such remedy at any later time prior to the cure by 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 Trustee and 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 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.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the first day of December 2020.

Trustee:

_____, as seller

By

Authorized Representative

City:

CITY OF BENSON, ARIZONA, a municipal corporation under the laws of the State of Arizona, as purchaser

By

Mayor

ATTEST:

By

City Clerk

APPROVED AS TO FORM:

.....
City Attorney

SCHEDULE

Payment Date	Principal	Interest	Total Payment
<hr/>			
<hr/>			
TOTAL			
<hr/>			
<hr/>			

§ _____
CITY OF BENSON, ARIZONA
PLEDGED REVENUE AND REVENUE REFUNDING OBLIGATIONS, SERIES 2020

OBLIGATION PURCHASE CONTRACT

_____, 2020

Mayor and Council of the
City of Benson
120 W. 6th Street
Benson, Arizona 85602
Attention: _____

Ladies and Gentlemen:

The undersigned, on behalf of Robert W. Baird & Co. Incorporated (the “Underwriter”), hereby offers to enter into this Obligation Purchase Contract (the “Purchase Contract”) with the City of Benson, Arizona (the “City”) which, upon the execution hereof by the City, will become a binding agreement between the City and the Underwriter. This offer may be accepted by execution hereof on or before 6:00 p.m., Mountain Standard Time on the date hereof. This offer may be accepted by the City by the execution hereof by its Mayor or the Manager of the City in accordance with an authorizing resolution adopted by the City on November 9, 2020 (the “Resolution”). Capitalized terms not otherwise defined in this Purchase Contract shall have the same meanings set forth in the Trust Agreement (as defined herein) or in the Official Statement (as defined herein).

1. Purchase and Sale of the Obligations.

(a) On the basis of the representations, warranties, covenants and agreements herein contained, but subject to the terms and conditions herein set forth, the Underwriter shall purchase from the City, all, but not less than all, and the City agrees to cause U.S. Bank National Association, as trustee (the “Trustee”) to execute and deliver to the Underwriter all, but not less than all, of the \$_____ aggregate principal amount of the City’s Pledged Revenue and Revenue Refunding Obligations, Series 2020 (the “Obligations”).

(b) The purchase price for the Obligations shall be \$_____, representing the aggregate principal amount of the Obligations, plus [net] original issue premium/discount of \$_____ and less an underwriter’s discount of \$_____. The principal amount, the dated date, the maturity dates, the redemption provisions and the interest rates per annum with respect to the Obligations are set forth on Schedule I attached hereto.

2. Establishment of Issue Price.

(a) The Underwriter agrees to assist the City in establishing the issue price of the Obligations and shall execute and deliver to the City at Closing (as defined in Section 7 hereof) an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit C, with such modifications as may be appropriate or necessary, in the reasonable judgment of the

Underwriter, the City and Norton Rose Fulbright US LLP (“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.

(b) Except for the maturities set forth in Schedule A to Exhibit C, attached hereto, the City 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 Purchase Contract, the Underwriter shall report to the City the price or prices at which it has sold to the public each maturity of Obligations. For purposes of this Section 2, 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 it has offered the Obligations to the public on or before the date of this Purchase Contract at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule A to Exhibit C attached hereto, except as otherwise set forth therein. Schedule A to Exhibit C also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Obligations for which the 10% test has not been satisfied and for which the City and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the City 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:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) 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 City 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 any 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, 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, and (ii) to comply with the hold-the-offering-price rule, if applicable, 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 or the dealer that the 10% test has been satisfied as to the Securities 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 the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The City 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 to the Securities, as set forth in the third-party distribution agreement and the related pricing wires. The City 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,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (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 (A) more than 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), (B) 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 (C) 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).
- (iv) “sale date” means the date of execution of this Purchase Contract by all parties.

The Underwriter agrees to make a bona fide public offering of all of the Obligations at prices not to exceed the public offering prices (or yields not less than the reoffering yields) set forth on the inside cover of the Official Statement and may subsequently change such offering prices or yields without any requirement of prior notice. The Underwriter also reserves the right to: (i) over-allot or effect transactions that stabilize or maintain the market price of the Obligations at levels above those that might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time without notice; provided, however that no such actions shall affect the certification of the original issue price of the Obligations as provided above. On or before Closing, the Underwriter shall execute an issue price certificate in the form set forth in Exhibit C hereto. After the initial public offering, the Underwriter may offer and sell Obligations to certain dealers (including dealers depositing Obligations into investment trusts) and others at prices lower (or yields greater) than the public offering price stated on the inside cover of the Official Statement.

3. Background.

(a) The Obligations will be issued pursuant to the Second Trust Agreement, dated as of December 1, 2020 (the “Trust Agreement”), between the City and the Trustee. The Obligations will be dated their date of delivery and will be issued in authorized denominations of \$5,000 or any integral multiple thereof. Interest on the Obligations will accrue from the date of delivery and will be payable semi-annually on each July 1 and January 1, commencing July 1, 2021. The Obligations will

mature on the dates and in the principal amounts, and will be subject to mandatory sinking fund redemption on the dates and in the amounts, all as set forth on the schedule attached hereto as Exhibit A. The Obligations maturing before or on July 1, 20__, are not subject to redemption prior to their stated maturity dates. The Obligations maturing on or after July 1, 20__, are subject to redemption prior to maturity, in whole or in part on any date, in any order of maturity and by lot within any maturity, by the City, on or after July 1, 20__, at a redemption price equal to the principal amount thereof plus accrued interest on such Obligation to the date fixed for redemption, but without premium.

(b) The Obligations represent undivided, participatory, proportionate interests in installment payments to be made by the City pursuant to the Second Purchase Agreement dated as of December 1, 2020 (the “Purchase Agreement”), by and between the City, as purchaser, and U.S. Bank National Association, in its capacity as trustee, as seller. The payments represented by the Obligations will be payable from and secured by a first lien on and pledge of revenues from Excise Taxes and State Shared Revenues (as such terms are defined in the Trust Agreement).

(c) The proceeds of the Obligations will be used to (i) finance the costs of construction of a new City Hall, (ii) refinance certain payments due with respect to the City’s Excise Tax and State Shared Revenue Obligations, Series 2010 and the City’s Excise Tax and State Shared Revenue Refunding Obligations, Series 2010 and (iii) pay costs relating to the execution and delivery of the Obligations.

4. Delivery of Official Statement.

(a) The Preliminary Official Statement, dated _____, 2020 (the “Preliminary Official Statement”), relating to the Obligations has been prepared for use in connection with the public offer, sale and distribution of the Obligations by the Underwriter, and the City hereby ratifies the use by the Underwriter prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Obligations. The City hereby deems the Preliminary Official Statement “final” (except for permitted omissions), as of its date, for purposes of Section (b)(1) of Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended (the “Rule”). The Preliminary Official Statement with only such changes therein as shall be necessary to conform to the terms of this Purchase Contract and any other changes as are accepted by the Underwriter, dated as of the date hereof, shall be hereinafter called the “Official Statement,” provided that if the Official Statement shall be amended or supplemented prior to the date of delivery of the Obligations, the term “Official Statement” shall refer to such amended or supplemented document. The City shall deliver, or cause to be delivered to the Underwriter (i) no later than seven (7) business days after the execution of this Purchase Contract copies of the Official Statement and (ii) on or before the Closing Date, copies of the Preliminary Official Statement in such number as the Underwriter may reasonably request in order to permit the Underwriter to comply with the provisions of Rule 15c2-12 of the Securities and Exchange Commission, as amended (“Rule 15c2-12”), and the applicable rules of the Municipal Securities Rulemaking Board (“MSRB”) with respect to distribution to each customer, upon request, of a copy of the Official Statement, and the Underwriter agrees to distribute such Official Statement in compliance with Rule 15c2-12.

(b) The City represents that the governing body of the City has reviewed and approved information relating to the City in the form of Preliminary Official Statement available to its members at the meeting at which the City Resolution was adopted and directed the Mayor and the Manager of the City or the designees of either of them to make such modifications and changes

thereto as were necessary in connection with the sale of the Obligations. The City hereby confirms that it does not object to the distribution of the Official Statement in electronic form.

(c) If during the period from the date of this Purchase Contract to and including the date which is 30 days following the End of the Underwriting Period for the Obligations (as determined in accordance with Section 11 hereof) the City becomes aware of any fact or event which might or would cause the Preliminary Official Statement or Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, it shall notify the Underwriter, and if in the reasonable opinion of the City or the Underwriter such fact or event requires the preparation and publication of a supplement or amendment to the Preliminary Official Statement or Official Statement, the City will, at its expense, supplement or amend the Official Statement in a form and in a manner approved by the Underwriter and furnish to the Underwriter (i) a reasonable number of copies of the supplement or amendment, and (ii) if such notification shall be subsequent to the Closing Date, such legal opinions, certificates, instruments, and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment.

5. Delivery of Payment. The Underwriter will accept delivery of the Obligations (which may be through its account with The Depository Trust Company via the FAST delivery system) and pay the purchase price thereof as set forth in Section 1 hereof by Federal Reserve System wire transfer in immediately available federal funds or by any other form of immediately available federal funds on the Closing Date.

6. Representations of the City. The City represents to the Underwriter that:

(a) The City is duly created and validly existing municipal corporation pursuant to the Constitution and laws of the State of Arizona (the "State"), and has full and legal right, power and authority, and at the date of the Closing shall have full legal right, power and authority pursuant to Resolution authorizing the sale and execution and delivery of the Obligations, (i) to enter into, execute and deliver this Purchase Contract; the Purchase Agreement; the Trust Agreement; a written continuing disclosure undertaking by the City to provide ongoing disclosure about the City for the benefit of certain owners of the Obligations, as required pursuant to paragraph (b)(5) of the Rule, in form and substance satisfactory to the Underwriter and counsel to the Underwriter (the "Undertaking"), which shall be substantially in the form described in the Official Statement, with such changes as may be agreed to in writing by the Underwriter and all documents required hereunder and thereunder to be executed and delivered by the City (this Purchase Contract, the Purchase Agreement, the Trust Agreement, and the Undertaking are hereinafter referred to as the "City Documents"), (ii) to cause the sale and execution and delivery of the Obligations to the Underwriter as provided herein, (iii) to carry out and consummate the transactions contemplated by the City Documents, the Resolution and the Official Statement, (iv) to pledge the Excise Tax Revenues and the State Shared Revenues as described in the Official Statement, and (v) to approve, execute and authorize the use and distribution, as applicable, of the Preliminary Official Statement and the Official Statement, and the City has complied, and shall at the Closing be in compliance in all respects, with all applicable provisions of law and the City Documents as they pertain to such transactions;

(b) By all necessary official action of the City prior to or concurrently with the acceptance hereof, the City has duly authorized all necessary action to be taken by it for (i) the adoption of the Resolution by the Mayor and Council of the City for the execution and delivery and sale of the

Obligations, (ii) the approval, execution and delivery of, and the performance by the City of the obligations on its part contained in, the Obligations and the City Documents, and (iii) the consummation by it of all other transactions contemplated by the Official Statement, the City Documents and the Resolution;

(c) The Resolution (i) authorizes the execution and delivery of the other documents and the Obligations as well as the approval, execution and authorization of the use and distribution of the Preliminary Official Statement and the Official Statement and the sale of the Obligations to the Underwriter, (ii) has been duly and validly adopted by the Mayor and Council of the City, and (iii) is in full force and effect;

(d) This Purchase Contract has been duly executed and delivered by the City, and the other of the City Documents (when such City Documents are executed and delivered by the other parties thereto) will constitute legal, valid and binding obligations of the City, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Obligations, when executed and delivered and paid for in accordance with the Trust Agreement and this Purchase Contract, shall constitute legal, valid and binding obligations entitled to the benefits of the Trust Agreement and enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights and, upon the execution and delivery of the Obligations as aforesaid, the Purchase Agreement and the Trust Agreement shall provide, for the benefit of the holders from time to time of the Obligations, the legally valid and binding pledge and lien they purport to create as set forth in the Purchase Agreement and the Trust Agreement;

(e) The City is not in material breach of or default in any material respect with respect to any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City is, or any of its property or assets are, otherwise subject; no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a material default or event of default by the City pursuant to any of the foregoing or the City Documents and the execution and delivery of the Obligations and the City Documents and the adoption of the Resolution and compliance with the provisions on the part of the City contained therein shall not conflict with or constitute a material breach of or default pursuant to any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or to which the City is, or any of its property or assets are, otherwise subject nor shall 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 City to be pledged to secure the Obligations or pursuant to the terms of any such law, regulation or instrument, except as provided by the Obligations and the City Documents;

(f) All authorizations, approvals, licenses, permits, consents, orders and other matters of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by the City of its obligations pursuant to the City Documents and the Obligations have been duly obtained, except for such approvals, consents and orders as may be required pursuant to the "blue sky" or securities laws

of any jurisdiction in connection with the offering and sale of the Obligations, and including particularly, but not by way of limitation, the filing of all reports required to be filed by the City pursuant to Section 35-501, Arizona Revised Statutes;

(g) The Obligations and the City Documents conform to the descriptions thereof contained in the Official Statement, and the proceeds of the sale of the Obligations shall be applied as described in the Official Statement;

(h) There is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or overtly threatened against the City (i) affecting the existence of the City or the titles of its officers to their respective offices; or (ii) affecting or seeking to prohibit, restrain or enjoin the sale or execution and delivery of the Obligations or the levy, collection or pledge, as applicable, of the Excise Tax Revenues or the State Shared Revenues, as described in the Official Statement; or (iii) in any way contesting or affecting the validity or enforceability of the Obligations or the City Documents or contesting the exclusion from gross income of interest with respect to the Obligations for federal income tax purposes or the exemption from taxation of interest with respect to the Obligations for State income tax purposes; or (iv) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement; or (v) contesting the formation or powers of the City or any authority for the sale and execution and delivery of the Obligations, the adoption of the Resolution or the execution and delivery of the City Documents; or (vi) which, if decided adversely to the City, would have a materially adverse effect on the financial condition of the City nor is there any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the validity or enforceability of the Obligations or the City Documents;

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

(j) As of the date hereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a 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;

(k) Unless the Official Statement is amended or supplemented pursuant to paragraph (c) of Section 3 of this Purchase Contract, at all times subsequent to the acceptance by the City hereof, during the period up to and including the date of the Closing, the Official Statement, as of its date, did not, as of the date hereof, does not and, as of the Closing, shall 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 pursuant to which they were made, misleading;

(l) If the Official Statement is amended or supplemented pursuant to paragraph (c) of Section 3 of this Purchase Contract, at the time of each amendment or supplement thereto and (unless subsequently again amended or supplemented pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of the Closing, the Official Statement shall 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 pursuant to which made, not misleading;

(m) The City shall apply, or cause to be applied, the proceeds from sale of the Obligations as provided in and subject to all of the terms and provisions of the City Documents and shall not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for Federal or State income tax purposes of the interest with respect to the Obligations;

(n) The City shall furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (i) to (A) qualify the Obligations for offer and sale pursuant to the “blue sky” or other securities laws and regulations of such States and other jurisdictions in the United States as the Underwriter may designate and (B) determine the eligibility of the Obligations for investment pursuant to the laws of such States and other jurisdictions and (ii) to continue such qualifications in effect so long as required for the distribution of the Obligations (provided, however, that the City shall not be required to qualify as a foreign corporation or to file any general or special consents to service of process pursuant to the laws of any jurisdiction) and shall advise the Underwriter immediately of receipt by the City of any notification with respect to the suspension of the qualification of the Obligations for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(o) The audited financial statements of the City contained in the Official Statement fairly present the financial position and results of operations and changes in fund balances of the City as of the dates and for the periods therein set forth; the City has no reason to believe that such financial statements have not been prepared in accordance with generally accepted accounting principles consistently applied; since June 30, 2019, presented in the audited financial statements of the City included in the Official Statement, the City has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operations or condition, financial or otherwise, of the City that is not described in the Official Statement, whether or not arising from transactions in the ordinary course of business and, prior to the Closing, there will be no adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the City or on the imposition, levy, collection or pledge of Excise Taxes or State Shared Revenues for the payment of the Obligations;

(p) The City is not a party to any litigation or other proceeding pending or overtly threatened that, if decided adversely to the City, would have a materially adverse effect on the financial condition of the City; and except as disclosed in the Official Statement, the City is not a party to any contract or agreement or subject to any restriction, the performance of or compliance with which may have a material adverse effect on the financial condition, operations or prospects of the City or ability of the City to comply with all the requirements set forth in the Official Statement, the Resolution, the City Documents or the Obligations;

(q) Prior to the Closing, and to the extent it may legally agree to do so, the City will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which will secure the Obligations without the prior approval of the Underwriter;

(r) The representations of the City set forth herein and in the Resolution and the City Documents are, as of the date hereof, true and correct, and between the date hereof and the date of the Closing, the City shall not take any action that will cause the representations and warranties made herein to be untrue as of the date of the Closing;

(s) The officers and officials of the City executing the Official Statement and the City Documents and the Obligations and the officers and officials of the City listed on the certificate of the

City to be delivered at the Closing have been or will have been duly appointed and are or will be qualified to serve as such officers and officials of the City, and any certificate, signed by any official of the City authorized to do so in connection with the transactions contemplated by this Purchase Contract shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein; and

(t) The City agrees that the City is the only “obligated person” (as defined in the Rule) with respect to the Obligations. Except to the extent as may be disclosed in the Official Statement, the City has not failed to comply in the previous five years in all material respects with undertakings previously entered into by it pursuant to Rule 15c2-12.

(h) The Preliminary Official Statement is deemed final by the City as of its date within the meaning of Rule 15c2-12.

7. Delivery of the Obligations. At the offices of Norton Rose Fulbright US LLP, Los Angeles, California, at 9:00 a.m. Mountain Standard Time on _____, 2020, or at such other time or location or on such earlier or later date as the parties mutually agree upon (the “Closing” or the “Closing Date”), the City will deliver or cause to be delivered to the Underwriter the Obligations, together with the other documents hereinafter mentioned, and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds, subject to the terms and conditions set forth herein. The Obligations so to be delivered will be in fully registered form in such denominations and registered in such names as the Underwriter may specify.

8. Conditions to the Obligations of the Underwriter; Other Conditions. The obligation of the Underwriter to purchase and pay for the Obligations will be subject to the accuracy of the representations on the part of the City; to the accuracy of the statements of officers of the City made pursuant to the provisions hereof; to the performance by the City of its obligations hereunder and to the following additional conditions:

(a) The representations and warranties of the City contained herein and in the City Documents shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) All representations, warranties and covenants made herein, and in certificates or other instruments delivered pursuant hereto or in connection herewith, shall be deemed to have been relied upon by the Underwriter notwithstanding any investigation heretofore or hereafter made by the Underwriter or on their behalf, and that all representations, warranties and covenants made by the City herein and therein and all of the Underwriter’s rights, hereunder and thereunder shall survive the offering of the Obligations;

(c) The City and the Trustee shall have performed and complied with all covenants, agreements and conditions required by the City Documents to be performed or complied with by the City and the Trustee prior to or at the Closing;

(d) As of the date of the Closing, (i) the City Documents and the Obligations shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended or modified; (ii) the Official Statement shall not have been amended or supplemented, except in any such case as may have been agreed to by the Underwriter; and (iii) all actions of the City required to be taken by the City shall be performed in order for Special Counsel and counsel to the Underwriter to deliver their respective opinions referred to hereafter;

(e) As of the date of the Closing, all official action of the City relating to the Obligations and the City Documents shall be in full force and effect and shall not have been amended, modified or supplemented;

(f) As of or prior to the Closing, the City Documents shall have been duly executed and delivered by the City and the Trustee shall have duly executed and delivered the Obligations;

(g) As of the date of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the City, from those set forth in the Official Statement that, in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impractical to market the Obligations on the terms and in the manner contemplated in the Official Statement;

(h) As of the date of the Closing, no “event of default” shall have occurred or be existing pursuant to the City Documents nor shall any event have occurred which, with the passage of time or the giving of notice, or both, shall constitute an event of default pursuant to the City Documents;

(i) The City shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(j) All steps to be taken, all instruments and other documents to be executed and all other legal matters in connection with the transactions contemplated by this Purchase Contract shall be reasonably satisfactory in legal form and effect to the Underwriter;

(k) Subsequent to the date of this Purchase Contract and prior to the Closing Date:

(i) the Underwriter or its counsel shall not have become aware of any material fact or change, or any development involving a prospective material fact or change in, or affecting the business or properties of the City which in the judgment of the Underwriter, materially and adversely affects the investment quality of the Obligations; and

(ii) the market price of the Obligations, or the general market price of general credit or revenue obligations issued by states or political subdivisions thereof, or the market price of revenue obligations of the character of the Obligations shall, in the judgment of the Underwriter, not have been materially and adversely affected by reason of the fact that:

(A)(1) legislation shall have been enacted by either house of the Congress of the United States, or favorably reported for passage to either house of the Congress of the United States by any committee of such house to which such legislation has been referred for consideration, or (2) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the United States Tax Court, or (3) an order, ruling or regulation shall have been made by the Treasury Department of the United States or the Internal Revenue Service, in each such case with the purpose or effect, directly or indirectly, of causing the interest on the Obligations to become included in the gross income of the holders thereof for federal income tax purposes or upon such income as would be received by the City under the Trust Agreement, or

(B) a stop order, ruling, regulation or Official Statement by, or on behalf of, the United States Securities and Exchange Commission (the “SEC”) or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of the Obligations or obligations of the general character of the Obligations, including all the underlying obligations, as contemplated hereby or by the Preliminary Official Statement or Official Statement is in violation or would be in violation of any provisions of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or the registration provisions of the Securities Exchange Act of 1934, as amended and as then in effect, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect, or

(C) legislation shall be enacted by the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, to the effect that the Obligations or obligations of the general character of the Obligations, including all the underlying obligations, are not exempt from registration under or from other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect, or

(D) there shall have occurred (1) the closing of the New York Stock Exchange, (2) the general suspension of trading on the New York Stock Exchange, or other major exchange, (3) 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 governmental authority having jurisdiction, (4) the establishing of a general banking moratorium by federal, Utah or New York State authorities, (5) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Obligations or as to obligations of the general character of the Series 20202 Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter, or (6) disruptive events, occurrences or conditions in the securities settlement, payment, or clearance services affecting the Obligations, or

(E) an outbreak or escalation of hostilities, including terrorist activities, in this country or in our nation’s military activities or declaration by the United States of a national emergency or war; any other national calamity or crisis in the financial markets of the United States or elsewhere; or a downgrade of the sovereign debt rating of the United States by any major credit rating agency or payment default of United States Treasury obligations; or

(F) any event occurs or state of facts exists which makes untrue or incorrect in any material respect, as of the date of such event or state of facts, any statement or information contained in the Preliminary Official Statement or Official Statement, or which requires the addition of any information in the Preliminary Official Statement or Official Statement in order to make the statements and information contained therein not misleading in any material respect as of the Closing Date; or

(G) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the City, or the rating of the Obligations shall have been downgraded or withdrawn by a national rating service, or any notice shall have been given of any intended downgrading, suspension, withdrawal or negative change in credit watch status by any national rating service with respect to the Obligations.

(l) Subsequent to the date hereof and prior to the Closing Date, no order, decree or injunction of any court of competent jurisdiction, and no order, ruling, regulation or administrative proceeding by any governmental body or board, shall have been issued or commenced, and no legislation shall have been enacted, with the purpose or effect of prohibiting the issuance, offering or sale of the Obligations as contemplated hereby or by the Preliminary Official Statement or Official Statement or the execution of or performance of this Purchase Contract, the Trust Agreement, the Purchase Agreement or the Tax Certificate in accordance with their terms.

(m) On the date of or prior to the Closing, the Underwriter shall have received two copies of the transcript of all proceedings of the City relating to the execution and delivery of the Obligations, certified, as necessary, by appropriate officials of the City, including, but not limited to, the following opinions, certificates and other documents:

(1) The unqualified approving opinion of Norton Rose Fulbright US LLP, as Special Counsel as to the Obligations, dated the date of the Closing, addressed to the City and substantially in the form included in the Official Statement;

(2) A supplemental opinion of Special Counsel addressed to the Underwriter, substantially to the effect that:

i. The statements and information contained (but not incorporated by reference) under the headings entitled “INTRODUCTORY STATEMENT,” “THE OBLIGATIONS,” “SECURITY AND SOURCES OF PAYMENT,” “TAX EXEMPTION” and “CONTINUING DISCLOSURE” (other than information relating to the City’s compliance with prior undertakings, as to which no opinion need be expressed) in the Official Statement, and in APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT AND THE PURCHASE AGREEMENT”, APPENDIX E – “FORM OF CONTINUING DISCLOSURE UNDERTAKING” and APPENDIX F – “FORM OF LEGAL OPINION” therein, insofar as such information purports to summarize certain provisions of the laws of the State and the United States of America, the Obligations and the City Documents are accurate in all material respects; 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 such Special Counsel’s participation in the transaction as Special Counsel, nothing has come to its attention that would lead it to believe that the information and statements in the Preliminary Official Statement, as of its date and as of _____, 2020, and the final 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 such Special Counsel’s opinion may state that it expresses no view as to the financial statements of the City, any other financial forecast, technical or statistical data, and any information

in the Preliminary Official Statement or the final Official Statement regarding DTC and that it has not undertaken to review or determine independently, and assumes no responsibility for, the accuracy or completeness of the information in the Preliminary Official Statement or the final Official Statement except to the extent indicated hereinabove;

ii. The Mayor and Council of the City have duly approved and authorized the distribution and use of the Preliminary Official Statement and the Official Statement;

iii. The City has all requisite power and authority under the Constitution and laws of the State (a) to adopt the Resolution and to enter into and perform its covenants and agreements under the Purchase Agreement, the Trust Agreement, the Undertaking and the Purchase Contract; (b) to approve and authorize the use and distribution of the Preliminary Official Statement and the Official Statement and the execution of the Official Statement; (c) to cause the execution and delivery of the Obligations as provided in the Resolution and the Purchase Contract and (d) to carry out and consummate all other transactions contemplated by the Purchase Agreement, the Trust Agreement, the Undertaking and the Purchase Contract. The City has complied with all applicable material provisions of law and has taken all material actions required to be taken by it to the date hereof in connection with the transactions contemplated by the aforesaid documents and the Official Statement;

iv. The Mayor and Council of the City have adopted the Resolution and authorized (a) the due performance of the obligations of the City under the Resolution, (b) the execution and delivery of, and the due performance of its obligations under, the Purchase Agreement, the Trust Agreement, the Undertaking and the Purchase Contract and (c) the taking of any and all actions as may be required on the part of the City to carry out, give effect to and consummate the transactions contemplated by such documents and the Official Statement;

v. The Undertaking and the Purchase Contract have been duly authorized, executed and delivered by the City and, assuming due and valid authorization, execution and delivery by, and enforceability against, the Underwriter in the case of the Purchase Contract, constitute legal, valid and binding obligations of the City enforceable in accordance with their terms, subject to the qualification that the enforcement thereof may be limited by laws relating to bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights and except that the availability of equitable remedies is subject to the discretion of the court before which any proceedings may be brought;

vi. The adoption of the Resolution, the execution and delivery by the City of the Purchase Agreement, the Trust Agreement, the Undertaking and the Purchase Contract and the compliance with the provisions of the Resolution, the Purchase Agreement, the Trust Agreement, the Undertaking and the Purchase Contract do not and will not conflict with or violate any federal or Arizona constitutional or statutory provision; and

vii. It is not necessary in connection with the issuance and sale of the Obligations to the public to register the Obligations under the Securities Act of 1933,

as amended, or to qualify the Trust Agreement or the Resolution under the Trust Indenture Act of 1939, as amended;

(3) An opinion of Counsel to the City addressed to the Underwriter and Special Counsel, substantially in the form attached as Exhibit A;

(4) An opinion of McCarter & English, LLP, as counsel to the Underwriter, dated the date of the Closing, addressed to the Underwriter and in form and substance reasonably satisfactory to the Underwriter;

(5) A certificate, dated the date of Closing and signed by the Mayor, the City Manager and the Finance Director of the City, to the effect that to the best of their knowledge (i) the representations and warranties of the City contained herein are true and correct in all material respects on and as of the date of the Closing with the same effect if made on the date of the Closing; (ii) there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency, public board or body pending or threatened in any way affecting the existence of the City or the titles of its officials to their respective positions, or seeking to restrain or to enjoin the sale or delivery of the Obligations, or the levy, collection, receipt or pledge, as applicable, of the Excise Tax Revenues or the State Shared Revenues to pay all the Payments, or the imposition thereof, or in any way contesting or affecting the validity or enforceability of the Obligations or the City Documents, or contesting in any way the completeness or accuracy of the Official Statement or the exclusion from gross income of interest with respect to the Obligations, or contesting the powers of the City or its authority with respect to the Obligations or the City Documents and (iii) the City 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;

(6) A certificate, dated the date of Closing and signed by the Mayor, the City Manager and the Finance Director of the City, to the effect that to the best of their knowledge after due investigation (i) the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances pursuant to which they were made, not misleading; (ii) the financial statements of the City contained in the Official Statement fairly present the financial position and results of operations and changes in fund balances of the City as of the dates and for the periods therein set forth and the City has no reason to believe that such financial statements have not been prepared in accordance with generally accepted accounting principles consistently applied; (iii) since June 30 of the last fiscal year presented in the audited financial statements of the City included in the Official Statement, the City has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the results of operations or financial condition of the City that is not described in the Official Statement, whether or not arising from transactions in the ordinary course of business, nor are there any deficits in any fund of the City except as disclosed in the Official Statement; (iv) no event affecting the City has occurred since the date of the Official Statement that should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein with respect to the City in order to make the information therein in the light of the circumstances pursuant to which they were made or set forth not misleading in any material respect; and (v) the City has complied with all of the terms of this Purchase Contract and the City Documents to be complied with by it prior to or concurrently with the Closing;

- (7) A specimen of the Obligations;
- (8) A certified copy of the Resolution along with the items required by the Resolution as conditions for issuance of the Obligations;
- (9) A counterpart original of the Official Statement manually executed on behalf of the City by the Manager of the City;
- (10) A non-arbitrage certificate with respect to the Obligations of the City in form and substance satisfactory to Special Counsel (the “Tax Agreement”);
- (11) A filing copy of the Information Return Forms 8038-G for the Obligations and of the Report Relating to Bond and Security Issuance (Arizona State Treasurer’s Office) for the Obligations;
- (12) An executed copy of each of the other of the City Documents;
- (13) A certificate or certificates, dated the date of the Closing, signed by an authorized Underwriter of the Trustee and in form and substance satisfactory to Special Counsel and the Underwriter, in which such official to the best of his/her knowledge after due investigation states that (i) the representations and warranties of the Trustee contained in the Purchase Agreement, the Trust Agreement (collectively for purposes of this paragraph, the “Trustee Documents”) are true and correct in all material respects as of the date of the Closing, the Trustee has duly executed and delivered the Trustee Documents and the Trustee has complied with all agreements and satisfied all conditions on its part to be performed or satisfied pursuant to the Trustee Documents at or prior to the Closing and (ii) no litigation is pending or threatened against the Trustee before any judicial, quasi-judicial or administrative forum (A) to restrain or enjoin the performance by the Trustee of its obligations and duties pursuant to the Trustee Documents, (B) in any way contesting or affecting any authority for, or the validity of, the Obligations or the applications of the proceeds of the Obligations or (C) in any way contesting the existence or corporate trust powers of the Trustee, together with evidence of the authority of the Trustee to execute and deliver the Trustee Documents and execute and deliver the Obligations and an incumbency certificate;
- (14) A letter from S&P Global Ratings, confirming that the Obligations have been rated “___,” which rating shall be in effect on the date of Closing;
- (15) A copy of the fully-executed DTC Blanket Issuer Letter of Representations;
and
- (16) Such additional opinions, letters, certificates, instruments and other documents as the Underwriter or counsel to the Underwriter may reasonably deem necessary to satisfy conditions to the execution and delivery of the Obligations and to evidence the truth and accuracy as of the date of the Closing, or prior to such time, of the representations, warranties and covenants of the City and the due performance or satisfaction by the City of all agreements then to be performed and all conditions then to be satisfied by the City.

If the City shall be unable to satisfy the conditions to the Underwriter's obligations in this Purchase Contract (unless such provisions are otherwise waived by the Underwriter) or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither of the Underwriter, nor the City shall have any further obligations hereunder except as provided in Sections 10 (Expenses) and 12 (Survival of Certain Representations and Obligations) hereof.

9. Acknowledgments of the City Regarding the Role of the Underwriter. The City and the Underwriter acknowledge and agree that (i) the purchase and sale of the Obligations pursuant to this Purchase Contract is an arm's-length commercial transaction between the City and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as an agent, advisor or fiduciary of the City; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the City with respect to this Purchase Contract, the offering of the Obligations and the discussions, undertakings and procedures leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has provided other services or is currently providing other services to the City on other matters); (iii) the only contractual obligations the Underwriter has to the City with respect to the transactions contemplated hereby are those set forth in this Purchase Contract; (iv) the Underwriter has financial and other interests that differ from those of the City; and (v) the City has consulted with its own legal, accounting, tax, financial and other advisors, as applicable, to the extent they have deemed appropriate in connection with the offering of the Obligations. Nothing in this paragraph is intended to limit the Underwriter's obligation of fair dealing under Rule G-17 promulgated by the Municipal Securities Rulemaking Board.

10. Expenses.

(a) The Underwriter shall be under no obligation to pay, and the City shall pay, any expenses incident to the performance of the obligations of the City hereunder, including, but not limited to (i) the cost of preparation and printing of the Obligations, the Preliminary Official Statement, the Official Statement and the City Documents in reasonable quantities and all other documents (other than as set forth in the next succeeding paragraph) prepared in connection with the transactions contemplated hereby, (ii) the fees and disbursements of Special Counsel, counsel to the City and the Trustee; (iii) the fees and disbursements of any other accountants, and other experts, consultants or advisers retained by the City; and (iv) the fees for bond ratings and of DTC. The City acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Obligations.

(b) The Underwriter shall pay (i) all advertising expenses in connection with the public offering of the Obligations, (ii) fees and disbursements of counsel to the Underwriter, and (iii) all other expenses incurred by the Underwriter in connection with the public offering of the Obligations.

(c) If this Purchase Contract shall be terminated by the Underwriter because of any failure or refusal on the part of the City to comply with the terms or to fulfill any of the conditions of this Purchase Contract, the City shall reimburse the Underwriter for all "out-of-pocket" expenses reasonably incurred by the Underwriter in connection with this Purchase Contract and the offering contemplated hereunder.

11. Determination of End of Underwriting Period.

(a) For purposes of this Purchase Contract, the “End of the Underwriting Period” for the Obligations shall mean the later of (a) the Closing Date, unless the City has been notified in writing to the contrary by the Underwriter on or prior to the Closing Date, or (b) the date on which the End of the Underwriting Period for the Obligations has occurred under Rule 15c2-12; provided, however, that the City shall be entitled to treat as the End of the Underwriting Period for the Obligations the date specified in the notice from the Underwriter stating the date which is the End of the Underwriting Period. Unless otherwise notified in writing by the Underwriter by the Closing Date, the City can assume that the “End of the Underwriting Period” for purposes of Rule 15c2-12 shall be the Closing Date.

(b) The City may request from the Underwriter from time to time, and the Underwriter shall provide to the City upon such request, such information as may be reasonably required in order to determine whether the End of the Underwriting Period for the Obligations has occurred under Rule 15c2-12 with respect to the unsold balances of Obligations that were originally sold to the Underwriter for resale to the public and which are held by the Underwriter for resale to the public.

(c) If in the opinion of the Underwriter, for purposes of Rule 15c2-12, the Underwriter does not retain for sale to the public any unsold balance of Obligations originally sold to the Underwriter pursuant to this Purchase Contract, then the Underwriter shall promptly notify the City in writing that, in its opinion, the End of the Underwriting Period for the Obligations under Rule 15c2-12 has occurred on a date which shall be set forth in such notification.

12. Survival of Certain Representations and Obligations. This Purchase Contract as heretofore specified shall constitute the entire agreement between us relating to the subject matter hereof and supersedes all oral statements, prior writings and representations with respect thereto and is made solely for the benefit of the City and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the City contained in this Purchase Contract shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Obligations pursuant to this Purchase Contract and (iii) any termination of this Purchase Contract.

13. Notices. All communications hereunder will be in writing, and, if sent to the Underwriter, will be mailed, delivered or telecopied and confirmed to it at 210 University Blvd., #460, Denver, Colorado, 80206; or, if sent to the City will be mailed, delivered or telecopied and confirmed to them at the address set forth above.

14. Successors. This Purchase Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, and no other person will have any right or obligation hereunder.

15. Counterparts and Electronic Transmission. This Purchase Contract may be executed and delivered (i) by facsimile or other electronic transmission, and a facsimile or other electronic copy of this Purchase Contract or a facsimile or other electronic copy of the signature of the undersigned will be effective as an original, and (ii) in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement.

16. Governing Law. This Purchase Contract shall be governed by and construed in accordance with the law of the State. The venue for any proceedings on any and all controversies arising pursuant to this Purchase Contract will be Maricopa County, Arizona.

17. Severability. If any provision of this Purchase Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Purchase Contract invalid, inoperative or unenforceable to any extent whatever.

18. Notice Concerning Cancellation of Contracts. As required by the provisions of Section 38-511, Arizona Revised Statutes, notice is hereby given that the State, its political subdivisions (including the City) or any department or agency of either may, within three (3) years after its execution, cancel any contract, without penalty or further obligation, made by the State, its political subdivisions or any of the departments or agencies of either if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any of the departments or agencies of either 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 from the Governor or the chief executive officer or governing body of the political subdivision is received by all other parties to the contract unless the notice specifies a later time. The State, its political subdivisions or any department or agency of either may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the State, its political subdivisions or any department or agency of either from any other party to the contract arising as the result of the contract. This Section is not intended to expand or enlarge the rights of the City hereunder except as required by such Section. Each of the parties hereto hereby certifies that it is not presently aware of any violation of such Section which would adversely affect the enforceability of this Purchase Contract and covenants that it shall take no action which would result in a violation of such Section.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned have set their hands as of the date set forth above.

ROBERT W. BAIRD & CO. INCORPORATED

By:

Name: James Blandford
Title: Managing Director

Accepted and agreed to at _____
__ .m. this ____ day of _____, 2020

CITY OF BENSON, ARIZONA

By:

Name:
Title:

SCHEDULE I

\$

**CITY OF BENSON, ARIZONA
PLEDGED REVENUE AND REVENUE REFUNDING OBLIGATIONS,
SERIES 2020**

Dated Date: Date of Delivery

Maturity Schedule

<u>Maturity Date</u> <u>(July 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP</u> <u>No. 88244P</u>
---	-----------------------------------	----------------------	--------------	-----------------------------------

Optional Redemption. The Obligations maturing before or on July 1, 20__, are not subject to redemption prior to their stated maturity dates. 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 City and by lot within any maturity by such methods as may be selected by the Trustee from redemptions 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 redemption price equal to the principal amount of Obligations or portions thereof to be redeemed, together with accrued interest to the date fixed for redemption, but without premium.

Mandatory Sinking Fund Redemption

The Obligations maturing on July 1, 20__, shall be redeemed 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 redemption, but without premium:

<u>JULY 1</u> <u>DUE</u>	<u>AMOUNT</u>
	\$

† Stated maturity

EXHIBIT B
FORM OF OPINION OF COUNSEL TO THE CITY

[TO BE ADDED]

EXHIBIT C

FORM OF ISSUE PRICE CERTIFICATE OF THE UNDERWRITER

§ _____
CITY OF BENSON, ARIZONA
PLEGGED REVENUE AND REVENUE REFUNDING OBLIGATIONS, SERIES 2020

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

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) Robert W. Baird & Co. Incorporated 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.

(b) As set forth in the Obligation Purchase Contract, Robert W. Baird & Co. Incorporated 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 unsold 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 hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any unsold Obligations of 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) *General Rule Maturities* means those Maturities of the Obligations listed in Schedule A hereto as the “General Rule Maturities.”

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

(c) *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 (_____, 2020), or (ii) the date on which the Underwriter 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.

(d) *City* means the City of Benson, Arizona.

(e) *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.

(f) *Official Statement* means the final Official Statement dated _____, 2020 related to the Obligations.

(g) *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.

(h) *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 _____, 2020.

(i) *Underwriter* means (i) any person that agrees pursuant to a written contract with the City (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 Robert W. Baird & Co. Incorporated’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 City with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Obligations, and by Norton Rose Fulbright US LLP, 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 City from time to time relating to the Obligations.

ROBERT W. BAIRD & CO. INCORPORATED

Name:

Title:

Dated: _____, 2020

SCHEDULE A
SALE PRICES OF THE GENERAL RULE MATURITIES AND
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

General Rule Maturities

Hold-The-Offering Price Maturities

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION

SECOND TRUST AGREEMENT

by and between

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

and

CITY OF BENSON, ARIZONA,

Dated as of December 1, 2020

TABLE OF CONTENTS

	<u>Page</u>
Article I DEFINITIONS	
Section 1.1.	Definitions..... 2
Section 1.2.	Interpretation..... 9
Section 1.3.	Obligations Not General Obligations of the City 9
Article II SPECIAL REVENUE OBLIGATIONS	
Section 2.1.	Authorization of the Obligations 9
Section 2.2.	Date; Interest Accrual 9
Section 2.3.	Maturities and Interest Rates 10
Section 2.4.	Interest on Obligations 10
Section 2.5.	Form 10
Section 2.6.	Execution 10
Section 2.7.	Book-Entry Only System..... 10
Section 2.8.	Application of Proceeds..... 11
Section 2.9.	Transfer and Exchange. 11
Section 2.10.	Obligations Mutilated, Lost, Destroyed or Stolen 12
Section 2.11.	Payment..... 13
Section 2.12.	Execution of Documents and Proof of Ownership 13
Section 2.13.	Obligation Register 14
Section 2.14.	Payment of Unclaimed Amounts 14
Article III COSTS OF ISSUANCE FUND; ACQUISITION FUND	
Section 3.1.	Establishment and Application of Costs of Issuance Fund..... 15
Section 3.2.	Establishment and Application of Acquisition Fund. 15
Article IV REDEMPTION OF OBLIGATIONS	
Section 4.1.	Redemption Provisions 16
Section 4.2.	Selection of Obligations for Redemption 17
Section 4.3.	Notice of Redemption; Effect 17
Section 4.4.	Partial Redemption of Obligation 18

TABLE OF CONTENTS
(continued)

Page

Article V
PAYMENT FUND

Section 5.1.	Trustee’s Rights in Purchase Agreement	18
Section 5.2.	Establishment and Application of Payment Fund.....	19
Section 5.3.	Transfers of Investment Earnings to Payment Fund.....	19
Section 5.4.	Surplus	19

Article VI
MONEYS IN FUNDS; INVESTMENT; CERTAIN TAX COVENANTS

Section 6.1.	Held in Trust	19
Section 6.2.	Investments Authorized	20
Section 6.3.	Accounting.....	20
Section 6.4.	Allocation of Earnings	20
Section 6.5.	Valuation and Disposition of Investments.....	21
Section 6.6.	Limitation of Investment Yield.....	21
Section 6.7.	Other Tax Covenants	21

Article VII
THE TRUSTEE

Section 7.1.	Appointment of Trustee	21
Section 7.2.	Liability of Trustee; Standard of Care	22
Section 7.3.	Merger or Consolidation.....	22
Section 7.4.	Protection and Rights of the Trustee.....	22
Section 7.5.	Compensation of Trustee	25
Section 7.6.	Removal and Resignation of Trustee.....	25
Section 7.7.	Appointment of Agent	26
Section 7.8.	Commingling	26
Section 7.9.	Records	26

Article VIII
MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 8.1.	Amendments Permitted.....	26
Section 8.2.	Procedure for Amendment With Written Consent of Obligation Owners.....	27
Section 8.3.	Disqualified Obligations	28
Section 8.4.	Effect of Supplemental Trust Agreement	28

TABLE OF CONTENTS
(continued)

	<u>Page</u>
Section 8.5. Endorsement or Replacement of Obligations Delivered After Amendments	28
Section 8.6. Amendatory Endorsement of Obligations	29
Article IX COVENANTS, NOTICES	
Section 9.1. Compliance With and Enforcement of Purchase Agreement	29
Section 9.2. Observance of Laws and Regulations	29
Section 9.3. Recordation and Filing	29
Section 9.4. Further Assurances	29
Section 9.5. Notification to the City of Failure to Make Payments	29
Section 9.6. Business Days	30
Article X LIMITATION OF LIABILITY	
Section 10.1. Limited Liability of the City	30
Section 10.2. No Liability of the City for Trustee Performance	30
Section 10.3. Indemnification of the Trustee	30
Section 10.4. Opinion of Counsel	32
Article XI EVENTS OF DEFAULT AND REMEDIES OF OBLIGATION OWNERS	
Section 11.1. Seller's Rights Held in Trust	32
Section 11.2. Remedies Upon Default; No Acceleration	32
Section 11.3. Application of Funds	32
Section 11.4. Institution of Legal Proceedings	32
Section 11.5. Non-waiver	33
Section 11.6. Power of Trustee to Control Proceedings	33
Section 11.7. Limitation on Obligation Owners' Right to Sue	33
Article XII MISCELLANEOUS	
Section 12.1. Defeasance	34
Section 12.2. Notices	35
Section 12.3. Incorporation of State Statutes	35
Section 12.4. Governing Law	36
Section 12.5. Binding Effect and Successors	36

TABLE OF CONTENTS
(continued)

	<u>Page</u>
Section 12.6. Execution in Counterparts.....	36
Section 12.7. Destruction of Cancelled Obligations.....	36
Section 12.8. Headings	36
Section 12.9. Parties Interested Herein.....	37
Section 12.10. Waiver of Notice.....	37
Section 12.11. Severability of Invalid Provisions.....	37

EXHIBIT A – FORM OF OBLIGATION

EXHIBIT B – PAYMENT REQUEST FORM

EXHIBIT C – REIMBURSEMENT REQUEST FORM

* * *

SECOND TRUST AGREEMENT

THIS SECOND TRUST AGREEMENT, dated as of December 1, 2020 (together with any duly authorized, executed and delivered supplement thereto, this "Trust Agreement"), by and between U.S. BANK NATIONAL ASSOCIATION, 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 BENSON, ARIZONA, a municipal corporation under the laws of the State of Arizona (the "City"),

W I T N E S S E T H:

WHEREAS, the Seller (as such term and other terms not hereinabove defined are hereinafter defined) and the City, as purchaser, have entered into the Purchase Agreement in connection with the execution and delivery of the Obligations to provide for deposits to the Acquisition Fund and the Costs of Issuance Fund and the refunding of the Obligations Being Refunded; and

WHEREAS, for the purpose of obtaining the moneys for such purposes, 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 of and interest on (to the extent provided herein) 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 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 Seller in, under and pursuant to the Purchase Agreement, 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 Seller 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 Seller 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 reserved hereunder;

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 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 the Obligations mature or are subject to redemption, 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 or 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.

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

“Additional 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 revenues from the Excise Taxes and State Shared Revenues on a parity with the Purchase Agreement.

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

“Bond Counsel” means a firm of nationally recognized standing in the practice of the issuance of tax-exempt obligations.

“Bond Proceeds Fund” means the fund of that name established pursuant to Article II and held by the Trustee.

“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 Obligations.

“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 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.

“Certificate of Completion” means the notice of completion, filed with the Trustee by the City Representative, stating that the New Project has been substantially completed.

“City Representative” means the Manager or any other person authorized by the 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 December __, 2020.

“Code” means the Internal Revenue Code of 1986, as amended, and any successor provision thereto.

“Completion Date” means the date on which the Certificate of Completion is filed with the Trustee by the City Representative.

“Construction Contract” means, collectively, any contracts between the City and a Contractor, for the installation, construction and other matters necessary for any portion of the New Projects.

“Contractor” means any contractor under a Construction Contract and any successor or assigns permitted.

“Continuing Disclosure Undertaking” means the Continuing Disclosure Undertaking, dated the Closing Date, from the City.

“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 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 or facsimile machine, if operative as between any two parties, or if not operative, by telephone (promptly confirmed in writing).

“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) tax, business license and franchise fees, parks and recreation fees and permits and fines and forfeitures which the City 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.

“First Purchase Agreement” means the First Purchase Agreement, dated as of July 1, 2010, by and between the City and the 2010 Trustee, in its separate capacity as seller.

“First Trust Agreement” means the First Trust Agreement, dated as of July 1, 2010, by and between the City and the 2010 Trustee.

“Fiscal Year” means the fiscal year of the City, currently July 1 through and including June 30.

“Gross Proceeds” means:

(i) any amounts actually or constructively received by the City from the sale 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 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 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 Obligations, pledged amounts where there is reasonable assurance that such amounts will be available to pay principal or interest on 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, commencing January 1, 2021, while any Obligations are 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 the interest portion of the Payments pursuant to the Purchase Agreement and received by the Seller.

“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 price 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.

“New Projects” means construction of a new City Hall and/or park improvements in the City, or such other improvements selected by the City with the advice of Bond Counsel.

“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 Benson, Arizona Pledged Revenue and Revenue Refunding Obligations, Series 2020.

“Obligations Being Refunded” means all remaining outstanding amounts of the City’s Excise Tax and State Shared Revenue Obligations, Series 2010 and the City’s Excise Tax and State Shared Revenue Refunding Obligations, Series 2010, which financed and 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; (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 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 on such Obligations, provided, however, that if any such Obligations are to be redeemed, the City shall have taken all action necessary to redeem such Obligations and notice of such redemption shall have been duly provided in accordance with the proceedings under which such Obligations were executed and delivered 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.

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

“Payment Request Form” means the form set forth in Exhibit B attached hereto.

“Payments” means the “Payments” required to be paid by the City pursuant to Section 1(c) 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 Section 35-323, Arizona Revised Statutes, as amended, or any successor provision thereto.

“Project Costs” means all architectural, engineering, soils, survey, archaeology, demolition, construction management fees, development fees, contingencies and other related costs of installation, construction and other matters necessary for the New Project and all costs incurred by the Trustee or the City with respect to the transaction to which this Trust Agreement pertains.

“Projects” means, collectively, the New Project and the Refinanced Projects.

“Purchase Agreement” means the Second Purchase Agreement, dated as of December 1, 2020, by and between the City and the Seller.

“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, 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 water, wastewater, utility, street and municipal improvements in and for the City.

“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.

“Reimbursement Request Form” means the form set forth in Exhibit C attached hereto.

“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 at the Corporate Trust Office because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Trust Agreement.

“Seller” means the Trustee in its separate capacity as Seller pursuant to the Purchase Agreement.

“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.

“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).

“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.

“Vendor” means any supplier of items for inclusion in the New Projects who is to be paid from amounts held in the Acquisition Fund.

“2010 Trustee” means, U.S. Bank National Association, as trustee pursuant to the First Trust Agreement.”

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 Obligations 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
SPECIAL REVENUE OBLIGATIONS

Section 2.1. Authorization of the Obligations. The Trustee is hereby authorized and directed by the City to execute and deliver to the original purchaser thereof, the Obligations in the principal amount of \$_____, 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. Each Obligation shall be dated the Closing Date, and interest with respect thereto 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. Maturities and Interest Rates. The Obligations shall be in Authorized Denominations. The Obligations shall mature on the dates and in the principal amounts, and interest with respect thereto shall be computed at the rates, as shown below:

Maturity Date (July 1)	Principal Amount	Interest Rates
---------------------------	---------------------	-------------------

Section 2.4. Interest on Obligations. Interest on the Obligations shall be payable semiannually on January 1 and July 1 of each year commencing January 1, 2021, to and including the date of maturity or redemption of 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 with respect to such Obligation 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 shall be for interest from the Closing Date to January 1, 2021.

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 and the Trustee intend 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, redemption 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.

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;

(2) \$ _____ shall be deposited in the Acquisition Fund; and

(3) \$ _____ shall be deposited in the Bond Proceeds Fund, a special trust fund established by the Trustee pursuant to this Trust Agreement designated as the "City of Benson, Arizona Series 2020 Bond Proceeds Fund" (herein referred to as the "Bond Proceeds Fund"). The Trustee 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.

The amount deposited to the Bond Proceeds Fund shall be transferred immediately, without requisition or other documentation, to the 2010 Trustee for deposit to the Payment Fund established pursuant to the First Trust Agreement for defeasance of the Obligations Being Refunded. After such transfer, the Bond Proceeds Fund shall be closed by the Trustee.

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 maturity 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 maturity 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 the Obligation is to be redeemed, in whole or in part, or (ii) during a period of fifteen (15) days preceding the giving of a notice of redemption. If an Obligation subject to redemption is to be transferred after having been selected for redemption, any notice of redemption which has been given to the transferor shall be binding on the transferee and a copy of the notice of redemption shall be delivered by the Trustee to the transferee along with the duly registered Obligation or Obligations.

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, maturity 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, maturity 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 matured, the Trustee may make payment with respect to such Obligation upon receipt of the aforementioned indemnity.

Section 2.11. Payment.

(a) Payment of interest due with respect to any Obligation on any Interest Payment Date shall be made to the person appearing on the registration books for the Obligation 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 Owner at the address thereof as it appears on such registration books, payable in lawful money of the United States of America.

(b) The principal with respect 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 on 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 Owner on the relevant Regular Record Date solely by virtue of such Owner having been such Owner. Such Defaulted Interest 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 Obligation at his address as it appears in the registration books by the Trustee for the Obligation 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 maturity 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, Obligations as hereinbefore provided.

Section 2.14. Payment of Unclaimed Amounts. If 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 maturity or redemption 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 maturity or the date fixed for redemption, 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; ACQUISITION 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 Benson, Arizona Series 2020 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 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 certificate 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 six months following the execution and delivery of the Obligations, 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.

Section 3.2. Establishment and Application of Acquisition Fund.

(a) The Trustee shall establish a special trust fund designated as the “City of Benson Acquisition Fund” (herein referred to as the “Acquisition 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) Pursuant to the Purchase Agreement and subject to the terms and conditions thereof, the City has irrevocably been appointed as the sole and exclusive agent to act for and on behalf of the Trustee in the installation and construction of the New Projects. Except as provided in Subsection (c)(4), moneys in the Acquisition Fund shall be expended only for Project Costs. It is understood and agreed that the Trustee shall have no responsibility or liability for the performance of the City under this Trust Agreement, the Purchase Agreement, and any other documents executed in connection herewith or therewith.

(c) (1) The amount in the Acquisition Fund shall be applied to the payment of the Project Costs, as hereinafter provided, upon receipt of a duly executed Payment Request Form (upon which the Trustee is entitled to rely) in substantially the form attached hereto as Exhibit B, certified to by the City Representative. The Trustee shall remit to the payee designated in the Payment Request Form, the amount requested to be paid in such Payment Request Form within three (3) Business Days following submission of such Payment Request Form. Notwithstanding the foregoing, the Trustee shall apply moneys on deposit in the Acquisition Fund to reimburse the City for any Project Costs incurred or advanced by the City within three (3)

Business Days of receipt of a duly executed Reimbursement Request Form in substantially the form attached hereto as Exhibit C duly certified by the City Representative. The City shall not submit, in the aggregate, more than four (4) Payment Request Forms and/or Reimbursement Request Forms in any one calendar month.

(2) Project Costs will be paid directly to the Contractor, the Vendor or the payee named in the Payment Request Form unless the Contractor, the Vendor, the payee named or the City Representative request payment to be made to the Contractor, the Vendor or the named payee and another party jointly, in which case such cost shall be paid jointly.

(3) Should any shortfall or deficiency occur in the Acquisition Fund, the City shall immediately pay such amounts to the Trustee in addition to the Payments otherwise due pursuant to the Purchase Agreement.

(4) Amounts in the Acquisition Fund shall be used to pay principal of and interest on the Obligations if insufficient funds are otherwise available to make such payments when due.

(5) On the Completion Date, all remaining moneys in the Acquisition Fund shall be transferred to the Payment Fund and applied by the Trustee to the Payments due from the City on the next succeeding Interest Payment Date.

(6) Any amount remaining in the Acquisition Fund upon the occurrence of an Event of Default shall not be disbursed as provided in this Section, but shall be immediately transferred to the Payment Fund and used to pay principal and interest with respect to the Obligations.

ARTICLE IV REDEMPTION OF OBLIGATIONS

Section 4.1. Redemption Provisions.

(a) The Obligations maturing before or on July 1, 20__, are not subject to redemption prior to their stated maturity dates. 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 City and by lot within any maturity by such methods as may be selected by the Trustee from redemptions 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 redemption price equal to the principal amount of Obligations or portions thereof to be redeemed, together with accrued interest to the date fixed for redemption, but without premium.

(b) The Obligations maturing on July 1, 20__, shall be redeemed 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 redemption, but without premium:

Year Redeemed

Principal Amount Redeemed

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

(c) Whenever Obligations subject to mandatory redemption are purchased, redeemed (other than pursuant to mandatory redemption) 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 redemption requirements for such Obligations for such years as the City may direct in writing.

Section 4.2. Selection of Obligations for Redemption. The Obligations shall be redeemed 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 redemption date, notify the Trustee of such redemption date and of the maturities of the Obligations and the principal amount of the Obligations of any such maturity to be redeemed on such date. For the purposes of any redemption of less than all of the Obligations maturing on a single maturity 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 maturity to be redeemed 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 redemption 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 redemption 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 maturity shall be as likely to be called for redemption 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 redemption, and the City will provide the Trustee within thirty (30) days a recomputed payment schedule for the Purchase Agreement.

Section 4.3. Notice of Redemption; Effect.

(a) The Trustee shall cause notice of any optional redemption of Obligations hereunder to be mailed to the Owners of all of the Obligations to be redeemed 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 twenty (20) calendar days prior to the redemption date, (2) identify the Obligations to be redeemed (specifying the CUSIP numbers, if any, assigned to the Obligations), (3) specify with respect to the Obligations being redeemed their date of issue, their maturity date, their redemption date and their redemption price, (4) set forth the name, address and telephone number of the person from whom information pertaining to the redemption may be obtained, and (5) state that on the redemption date the Obligations to be redeemed 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 redemption or the

delivery thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for any other Obligations.

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

(c) Any notice of redemption shall be mailed by first class mail, postage redeemed; provided that any notice of redemption given to 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 redemption shall become due and payable on the redemption date, and upon presentation and surrender thereof at the place or places specified in that notice, shall be paid at the redemption price, plus interest accrued to the redemption date.

(e) If the money or Defeasance Obligations for the redemption of all of the Obligations and portions thereof to be redeemed, together with interest accrued thereon to the redemption date, is held by the Trustee on the redemption date, so as to be available therefor on that date, then from and after the redemption date those Obligations and portions thereof to be redeemed 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 redemption 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 redemption.

(f) All moneys deposited in the Payment Fund and held by the Trustee for the redemption 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 Redemption of Obligation. Upon surrender of any Obligation redeemed 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 unredeemed 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 Seller 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 Benson, Arizona Series 2020 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) Subject to the limitations pursuant to the Purchase Agreement with respect to revenues from the Excise Taxes and the State Shared Revenues, the City shall be required to make the Payments, taking into account any funds on deposit in the Payment Fund as a credit towards any Payment then due. 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 earnings on investments which will be transferred to the Payment Fund in accordance herewith, on or before such Interest Payment Date for both principal and interest with respect to the Obligations. All amounts received by the Trustee as Payments pursuant to the Purchase Agreement 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 of and interest with respect to 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 redemption and payment or provision for redemption and payment of all Obligations, including accrued interest, and payment of any applicable fees, expenses or indemnities to the Trustee, or provision for such redemption 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 purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section. 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. The Trustee shall have no obligation to invest and reinvest any cash held by it hereunder in the absence of timely and specific written direction from the City Representative. 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 direction shall be deemed to be a certification that such directed investments constitute Permitted Investments. 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 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 proceed 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.

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. If 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, from time to time, and in consideration of retaining the exclusion from gross income for federal income tax purposes of the portion of each Payment denominated as and comprising interest pursuant to the Purchase Agreement and received by the Owners, the City shall, neither take nor fail to take any action, which action or failure to act is within its power and authority and would adversely affect such exclusion from gross income. The City shall comply with such requirement(s) and will take any such action(s) as are necessary to prevent such portion of each such Payment from becoming subject to inclusion in gross income for federal income tax purposes, and will not make any use of the proceeds of the Obligations or any other funds or take or omit to take any other action which will cause the Obligations or the obligations to make Payments evidenced thereby to be “private activity bonds” within the meaning of Section 141(a) of the Code, “arbitrage bonds” within the meaning of Section 148 of the Code, or “federally guaranteed” within the meaning of Section 149 of the Code. 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 to be prepared by special counsel; 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, as Seller, 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.

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, 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, 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 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.

(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 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 acquisition of the New Project.

(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 of directions pursuant to this Trust Agreement sent by unsecured 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 agrees to 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 or other similar occurrences.

(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 default. 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 on 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 and any other document entered into 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. 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 if 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 fixed maturity of any Obligation or reducing the interest rate with respect thereto 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, 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, without the consent of any such Owners, but only (1) to provide for additions or modifications to the Projects, (2) 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, (3) to secure additional revenues or provide additional security or reserves for payment of the Obligations, (4) 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, (5) to provide for the appointment of a successor trustee pursuant to the terms hereof, (6) to preserve the exclusion of the interest on 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, (7) to cure, correct or supplement any ambiguous or defective provision contained herein or therein, (8) to facilitate the incurrence of Additional Obligations, (9) with respect to rating matters, or (10) 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.

Section 9.7. Qualified Tax-Exempt Obligations. The City has designated the Obligations as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code. The City agrees that the reasonably anticipated aggregate amount of tax-exempt obligations, including the Obligations, issued and to be issued during calendar year 2020 by or on behalf of the City, including obligations issued by a subordinate entity of the City and by any entity formed or availed of to avoid the purposes of Section 265(b)(3)(C) and (D) of the Code, does not exceed \$10,000,000.

ARTICLE X LIMITATION OF LIABILITY

Section 10.1. Limited Liability of the City. Except for the payment of Payments from 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 Seller, 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) the use, maintenance, condition or management of, or from any work or thing done on, the Projects or any portion thereof or interest therein by the City; (2) 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; (3) any act of negligence of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Projects; (4) 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; (5) the acquisition of the Projects or any interest therein; (6) the actions of any other party, including but not limited to the operation or use of the Projects or interest therein by the City; (7) the ownership of the Projects or interest therein;

(8) 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 (9) 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. No indemnification will be made under this Section or elsewhere in this Trust Agreement for willful misconduct, negligence or breach of duty 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 maturity and payment of 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 acceptable to the Trustee, 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. Seller's Rights Held in Trust. As provided herein, the Trustee holds in trust hereunder all of the Seller's rights in and to the Purchase Agreement, including without limitation all of the Seller's rights to exercise such rights and remedies conferred on the Seller 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 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 maturities 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, 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 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 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 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 of and interest with respect to 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 maturity, money which, together with the amounts then on deposit in the Payment Fund is fully sufficient to pay or cause to be paid such Obligations Outstanding, including all principal and interest; or

(3) 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 in a 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 such Obligations (including all principal and interest) at their respective maturity or redemption 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 redeemed, notice of such redemption 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 redeemed and as to the giving of notice of such redemption; 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 an opinion of Independent Counsel which is nationally recognized bond counsel 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 Benson, Arizona
 120 West 6th Street
 P.O. Box 2223
 Benson, Arizona 85602
 Attention: Manager

If to the Trustee: U.S. Bank National Association
 101 N. 1st Avenue, Suite 1600
 Phoenix, Arizona 85003
 Attention: Global Corporate Trust Services

Section 12.3. Incorporation of State Statutes.

(a) As required by the provisions of Section 38-511, Arizona Revised Statutes, as amended, 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 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, as amended, 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 amended, as of the date hereof.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, as amended, 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, as amended. 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) Pursuant to Section 35-393 et seq., Arizona Revised Statutes, as amended, 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, as amended. 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.

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.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By.....
Authorized Representative

CITY OF BENSON, ARIZONA

By.....
Mayor

ATTEST:

.....
City Clerk

APPROVED AS TO FORM:

.....
City Attorney

EXHIBIT A

(Form of Obligation)

Number: R-.....

Principal Amount: \$.....

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.*

PLEDGED REVENUE AND REVENUE REFUNDING OBLIGATION, SERIES 2020
Evidencing a Proportionate Interest of the Owner
Hereof in Payments to be Made by

THE CITY OF BENSON, ARIZONA

to

.....,

as Trustee

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
.....%	July 1, 20....	_____, 2020	

REGISTERED OWNER: CEDE & CO.*

PRINCIPAL AMOUNT: DOLLARS

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns, as the registered owner of this Pledged Revenue and Revenue Refunding Obligation, Series 2020 (this “Obligation”) is the owner of an undivided, participatory, proportionate interest in the right to receive certain “Payments” under and defined in that certain Second Purchase Agreement, dated as of December 1, 2020 (the “Purchase Agreement”), by and between U.S. Bank National Association (the “Trustee”), and the City of Benson, 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 Second Trust Agreement, dated as of December 1, 2020 (the “Trust Agreement”), by and between the City and

* Included only while DTC is the Securities Depository.

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 maturity 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 January 1, 2021 (the “Interest Payment Dates”), until payment in full of said portion of principal or redemption prior thereto, the registered owner’s proportionate share of the Payments designated as interest coming due during 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 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 pertaining to 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 _____, 2020. 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 to be secured on a parity 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 maturities 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 maturity 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 maturity 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 Trustee may, but shall not be obligated to, exchange or register the transfer of this Obligation (i) if this Obligation has been selected for redemption, in whole or in part, or (ii) during a period of fifteen (15) days preceding the giving of a notice of redemption. If this Obligation is transferred after having been selected for redemption, any notice of redemption which has been given to the transferor shall be binding on the transferee, and a copy of the notice of redemption shall be delivered by the Trustee to the transferee along with the duly registered Obligation or Obligations.

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

The Obligations maturing on July 1, 20__, shall be redeemed 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 redemption, but without premium:

Year Redeemed

Principal Amount Redeemed

A remaining principal amount of \$ _____ of such Obligations shall mature on July 1, 20__.

Whenever Obligations subject to mandatory redemption are purchased, redeemed (other than pursuant to mandatory redemption) 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 redemption requirements for such Obligations for such years as the City may direct.

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

The Trustee shall give notice of any optional redemption of this Obligation as provided above no more than 60 or less than 20 calendar days prior to the redemption 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 redemption there has not been deposited with the Trustee moneys or eligible securities sufficient to redeem all Obligations subject to redemption 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 redemption and satisfaction of such conditions. If Obligations or portions thereof are subject to redemption and if on the redemption date moneys for the redemption thereof are held by the Trustee and those other conditions are met, thereafter those Obligations or portions thereof to be redeemed 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 redemption, or any defect in such notice in respect of any Obligation, shall not affect the validity of redemption of any Obligation.

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:

U.S. BANK NATIONAL ASSOCIATION,
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:

SIGNATURE(S) GUARANTEED BY:

.....
Firm or Bank

.....
Authorized Signature

Signature(s) guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or other guarantee program acceptable to the Trustee or Registrar

.....
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.

EXHIBIT B

(Form of Payment Request Form)

Payment Request Form

Application No.

The Trustee is hereby requested to pay from the "Acquisition Fund" established by the Fourth Trust Agreement, dated as of December 1, 2020 (the "Trust Agreement"), between the City of Benson, Arizona (the "City"), and U.S. Bank National Association, as trustee (the "Trustee") to the person or corporation designated below as "Payee," the sum set forth below such designation, in payment of the Project Costs (as such term and other undefined terms used herein are defined in the Trust Agreement) with respect to the New Project described below. The amount shown below is due and payable under a purchase order or contract with respect to such costs described below and has not formed the basis of any prior request for payment.

Payee:

Address or Wiring Instructions:

Amount:

Description of costs or portion thereof authorized to be paid to the Payee:

The City acknowledges that it has received and inspected items related to such costs and has found each item thereof so described to be in good condition, in conformity with the City's specifications and satisfactory for the City's purposes and in accordance with the applicable purchase order or contract. Notwithstanding anything herein to the contrary, the City shall not be deemed to have waived or released the Payee from any liability or obligation to the City in the event the City's acknowledgment herein is discovered to be inaccurate in any respect as to any item described above.

By execution of this Payment Request Form, the City requests and approves the payment of the amount stated above to Payee set forth above.

DATED:, 20....

.....
City Representative

Please forward payment to Payee at the following address:

EXHIBIT C

(Form of Reimbursement Request Form)

Reimbursement Request Form

Application No.

The Trustee is hereby requested to pay from the "Acquisition Fund" established by the Trust Agreement, dated as of December 1, 2020 (the "Trust Agreement"), between the City of Benson, Arizona (the "City"), and U.S. Bank National Association as trustee (the "Trustee"), to the City, the sum set forth below as reimbursement of (all/a portion) of the Project Costs (as such term and other undefined terms used herein are defined in the Trust Agreement) with respect to the New Project described below. Payment of the amount, shown below was made by the City on, 20....., as evidenced by attached hereto, as full/partial payment of, also attached hereto. The amount shown below was paid by the City and has not formed the basis of any prior request for payment.

The City acknowledges that it has received and has inspected items related to such costs and has found each item thereof so described to be in good condition, in conformity with the City's specifications and satisfactory for the City's purposes. Notwithstanding anything herein to the contrary, the City shall not be deemed to have waived or released any entity named on the attached documentation, from any liability or obligation to the City in the event the City's acknowledgment herein is discovered to be inaccurate in any respect as to any item described below.

Amount:

Description of costs or portion thereof for which reimbursement is hereby requested:

DATED:, 20....

.....
City Representative

Dated Received:, 20....

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER __, 2020

NEW ISSUE – BOOK-ENTRY-ONLY

RATING: See “RATING” herein.

In the opinion of Special Counsel, assuming 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 Second Purchase Agreement and denominated as and comprising interest pursuant to the Second Purchase Agreement and received by the Owners of the Obligations (the “Interest Portion”) is excludable from gross income for federal income tax purposes and is not included in the alternative minimum taxable income of the owners thereof. Further, the Interest Portion is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and is exempt from income taxation under the laws of the State of Arizona so long as the Interest Portion excludable from gross income for federal tax income purposes. See “TAX MATTERS” herein for a description of certain other federal tax consequences of ownership of the Obligations.

The Obligations will be designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See “QUALIFIED TAX-EXEMPT OBLIGATIONS” herein.

\$5,760,000*

CITY OF BENSON, ARIZONA

PLEDGED REVENUE AND REVENUE REFUNDING OBLIGATIONS, SERIES 2020

(BANK QUALIFIED)

Dated: Date of Initial Delivery

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

The Pledged Revenue and Revenue Refunding Obligations, Series 2020 (the “Obligations”) are being executed and delivered to (i) finance the costs of construction of a new City Hall and park improvements (collectively, the “New Project”) for the City of Benson, Arizona (the “City”), (ii) refund the Obligations Being Refunded (as defined herein), and (iii) pay costs relating to the execution and delivery of the Obligations. See “PLAN OF REFUNDING” and “SOURCES AND USES OF FUNDS” herein.

The Obligations will be dated the date of their initial delivery, will mature on July 1 of the years and in the amounts shown on the inside front cover page hereof and will bear interest from their dated date, at the rates per annum shown on the inside front cover page hereof. Interest on the Obligations will be payable on July 1 and January 1 of each year, commencing on July 1, 2021*.

The Obligations will be executed and delivered only in fully registered form and, when executed and delivered, will be available to purchasers in denominations of \$5,000 of principal due on a specific maturity date and any integral multiple thereof, only through the book-entry system maintained by The Depository Trust Company, New York, New York (“DTC”). The Obligations will be registered initially in the name of Cede & Co., as nominee for DTC. While the Obligations are in the book-entry system, no physical delivery of the Obligations will be made to ultimate purchasers thereof and all payments of principal and interest related to the Obligations will be made directly by the Trustee (as defined herein) to DTC which, in turn, is obligated to remit such payments to its participants for subsequent distribution to beneficial owners of the Obligations, as described herein. See APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM” herein.

The Obligations will represent undivided, proportionate interests in installment payments to be made by the City, pursuant to a Second Purchase Agreement, to be dated as of December 1, 2020* (the “Purchase Agreement”), between the City and U.S. Bank National Association, as trustee (the “Trustee”). The Obligations will be executed and delivered pursuant to a Second Trust Agreement, to be dated as of December 1, 2020* (the “Trust Agreement”), between the City and the Trustee. The City’s obligation under the Purchase Agreement is a special, limited revenue obligation of the City and is payable from and is secured by a first lien on and pledge of revenues from Excise Taxes (as defined herein) and State Shared Revenues (as defined herein). The Purchase Agreement provides that (i) the City may not further encumber the revenues from Excise Taxes or State Shared Revenues on a basis prior to the pledge of revenues from Excise Taxes and State Shared Revenues under the Purchase Agreement, and (ii) the City may not encumber such sources 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.

MATURITY SCHEDULE ON INSIDE FRONT COVER

THE OBLIGATIONS SHALL BE PAYABLE SOLELY OUT OF THE REVENUES AND OTHER SECURITY PLEDGED UNDER THE TRUST AGREEMENT AND SHALL NOT CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE CITY WITHIN THE MEANING OF ANY STATE OF ARIZONA (THE “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.

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

The Obligations will be offered when, as and if executed and delivered on behalf of the City and received by the underwriter identified below (the “Underwriter”), subject to the legal opinion of Norton Rose Fulbright US, Special Counsel, as to validity and tax exemption. Certain legal matters will be passed on for the Underwriter by McCarter & English, LLP. It is expected that the Obligations will be available for delivery through the facilities of DTC on or about December __, 2020.*

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

BAIRD

* Preliminary, subject to change.

\$5,760,000*
CITY OF BENSON, ARIZONA
PLEDGED REVENUE AND REVENUE REFUNDING OBLIGATIONS, SERIES 2020
(BANK QUALIFIED)

MATURITY SCHEDULE*

Maturity Date (July 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP® ^(a) No. 08244P
2021	\$ 325,000	%	%	
2022	235,000			
2023	240,000			
2024	250,000			
2025	255,000			
2026	270,000			
2027	280,000			
2028	290,000			
2029	300,000			
2030	315,000			
2031	325,000			
2032	340,000			
2033	350,000			
2034	365,000			
2035	380,000			
2036	395,000			
2037	415,000			
2038	430,000			

(a) 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 Global Market Intelligence. Copyright© 2020 CGS. 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, Underwriter, Financial Advisor (as defined herein) or their respective agents or counsel takes responsibility for the accuracy of such CUSIP® numbers.

* Preliminary, subject to change.

CITY OF BENSON, ARIZONA

CITY COUNCIL

Toney D. King, Sr., *Mayor*
Barbara Nunn, *Vice Mayor*
Patrick Boyle, *Councilmember*
Larry Dempster, *Councilmember*
Lupe Diaz, *Councilmember*
Aniceto Maldonado, *Councilmember*
Christopher Tapia, *Councilmember*

CITY ADMINISTRATION

Vicki L. Vivian, *City Manager*
Gary J. Cohen, *City Attorney*
Michelle Ziatz, *Finance Manager*

SPECIAL COUNSEL

Norton Rose Fulbright US LLP
Los Angeles, California

FINANCIAL ADVISOR

Piper Sandler & Co.
Phoenix, Arizona

TRUSTEE

U.S. Bank National Association
Phoenix, Arizona

REGARDING THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the City of Benson, Arizona (the “City”), Piper Sandler & Co. (the “Financial Advisor”) or Robert W. Baird & Co., Incorporated (the “Underwriter”) to give any information or to make any representations other than those contained in this Official Statement, 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 Revenue and Revenue Refunding Obligations, Series 2020 (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, which includes the cover page, inside front cover page and appendices hereto, has been obtained from the City 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, the Financial Advisor 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, the Financial Advisor 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, the Financial Advisor 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. In addition, forward-looking statements, tables and reports included in this Official Statement do not contemplate the economic or other effects related to the COVID-19 pandemic, unless specifically referenced.

None of the City, the Financial Advisor, 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 defined contribution retirement plan or 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 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.

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.

The City will undertake to provide continuing disclosure as described in this Official Statement under the heading “CONTINUING DISCLOSURE” and in APPENDIX D – “FORM OF CONTINUING DISCLOSURE UNDERTAKING,” 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. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such publications and 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 Securities and Exchange Commission.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM THE INITIAL PUBLIC OFFERING PRICES OF THE OBLIGATIONS 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.

TABLE OF CONTENTS

INTRODUCTORY STATEMENT	1
THE OBLIGATIONS.....	2
General Provisions	2
Redemption Provisions*	3
PLAN OF REFUNDING.....	4
SOURCES AND USES OF FUNDS.....	5
SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS.....	5
General	5
Pledge	6
Coverage Requirements.....	6
Additional Obligations	6
ESTIMATED DEBT SERVICE REQUIREMENTS AND PROJECTED DEBT SERVICE COVERAGE.....	7
EXCISE TAXES AND STATE SHARED REVENUES.....	8
Excise Taxes.....	8
State Shared Revenues.....	9
Revenues from Excise Taxes and State Shared Revenues.....	12
Coronavirus Disease 2019 (“COVID-19”).....	12
LITIGATION	13
LEGAL MATTERS	13
TAX MATTERS	14
Tax Exemption	14
Tax Accounting Treatment of Discount and Premium on Certain Obligations	15
QUALIFIED TAX-EXEMPT OBLIGATIONS.....	16
RATING.....	16
UNDERWRITING	16
RELATIONSHIP AMONG PARTIES	16
FINANCIAL ADVISOR.....	17
CONTINUING DISCLOSURE.....	17
FINANCIAL STATEMENTS.....	17
CONCLUDING STATEMENT	18

APPENDIX A:	CITY OF BENSON, ARIZONA – DEMOGRAPHIC AND ECONOMIC INFORMATION
APPENDIX B:	CITY OF BENSON, ARIZONA – FINANCIAL DATA
APPENDIX C:	CITY OF BENSON, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019
APPENDIX D:	SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT AND THE PURCHASE AGREEMENT
APPENDIX E:	FORM OF CONTINUING DISCLOSURE UNDERTAKING
APPENDIX F:	FORM OF APPROVING LEGAL OPINION
APPENDIX G:	BOOK-ENTRY-ONLY SYSTEM

OFFICIAL STATEMENT

\$5,760,000*

CITY OF BENSON, ARIZONA

**PLEDGED REVENUE AND REVENUE REFUNDING OBLIGATIONS, SERIES 2020
(BANK QUALIFIED)**

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, inside front cover page and Appendices hereto, sets forth certain information with respect to the execution and delivery of the Pledged Revenue and Revenue Refunding Obligations, Series 2020 (the “Obligations”) on behalf of the City of Benson, Arizona (the “City”). The Obligations will represent undivided, participatory proportionate interests in installment payments (the “Payments”) to be made by the City pursuant to a Second Purchase Agreement, to be dated as of December 1, 2020* (the “Purchase Agreement”), between the City, as purchaser, and U.S. Bank National Association, in its capacity as trustee (together with any successors in such capacity, the “Trustee”), as seller.

Proceeds of the Obligations will be used to (i) finance the costs of construction of a new City Hall and certain park improvements (collectively, the “New Project”) for the City, (ii) refund the Obligations Being Refunded (as defined herein) and (iii) pay costs relating to the execution and delivery of the Obligations. See “PLAN OF REFUNDING” and “SOURCES AND USES OF FUNDS” herein.

The Obligations will be executed and delivered pursuant to a Second Trust Agreement, to be dated as of December 1, 2020* (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 enforce the City’s obligations to make the Payments under the Purchase Agreement, will be held by the Trustee for the benefit of the registered owners of the Obligations. See APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT AND THE PURCHASE AGREEMENT.”

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) on a parity with the payments due pursuant to any Additional Obligations (as defined herein). “Excise Taxes” means the unrestricted transaction privilege (sales) tax, business license and franchise fees, parks and recreation fees and permits and fines and forfeitures which the City 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. “State Shared Revenues” means any amounts of excise taxes, transaction privilege (sales) taxes and income 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 by State law, rule or regulation must be expended for other purposes, such as motor vehicle fuel taxes.

The Purchase Agreement provides that (i) the City may not encumber the revenues from Excise Taxes or State Shared Revenues on a basis prior to the pledge of revenues from Excise Taxes and State Shared Revenues under the Purchase Agreement, and (ii) may not encumber either such sources on a basis equal to the pledge under the Purchase Agreement (“Additional Obligations”) unless certain requirements of the Purchase Agreement are satisfied. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS – Additional 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.

* Preliminary, subject to change.

Unless and until discontinued, the Obligations will be held in book-entry form by The Depository Trust Company, New York, New York (“DTC”), a registered securities depository, and beneficial interests therein may only be purchased and sold, and payments of principal and interest on the Obligations will be made only to beneficial owners (the “Beneficial Owners”), through participants in the DTC system. Beneficial interests in the Obligations will be available to purchasers in amounts of \$5,000 of principal due on a specific maturity date and any integral multiple thereof. So long as Cede & Co. is the registered Owner of the Obligations, as nominee for DTC, references in this Official Statement to “Owner” or registered Owners of the Obligations (other than with respect to the Obligations under the heading “TAX MATTERS”) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of such Obligations. See APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM” herein.

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. 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.

See APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT AND THE PURCHASE AGREEMENT” in addition to the information herein below for descriptions of the terms of the Purchase Agreement and the Trust Agreement, as well as definitions of capitalized terms used but not defined herein. See APPENDIX A – “CITY OF BENSON, ARIZONA – DEMOGRAPHIC AND ECONOMIC INFORMATION,” APPENDIX B – “CITY OF BENSON, ARIZONA- FINANCIAL DATA” and APPENDIX C – “CITY OF BENSON, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019” for information about the City.

Reference to provisions of Arizona law, whether codified in the Arizona Revised Statutes or uncodified, or of the Arizona Constitution, are references to those provisions in their current form. Those provisions may be amended, repealed or supplemented.

THE OBLIGATIONS

General Provisions

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, 2021*, until their stated maturity or redemption 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 issued, will be registered in the name of Cede & Co., as registered owner and nominee of 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.

* Preliminary, subject to change.

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, 2021*, 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.

Redemption Provisions*

Optional Redemption. The Obligations maturing before or on July 1, 20__* will not be subject to redemption prior to their stated redemption date. The Obligations maturing on or after July 1, 20__*, may be redeemed prior to maturity, in whole or in part on any date, in any order of maturity and by lot within any maturity, by the City, on or after July 1, 20__*, at a redemption price equal to the principal amount thereof plus accrued interest on such Obligation to the date fixed for redemption, but without premium.

Manner of Selection for Redemption. The Obligations will be redeemed only in amounts of \$5,000 payable on a specific maturity date or integral multiples thereof. The City will, at least 45 days prior to the redemption date, notify the Trustee of such redemption date and of the maturities of the Obligations and the principal amount of the Obligations of any such maturity to be redeemed on such date. For the purposes of any redemption of less than all of the Obligations due on a single maturity, the particular Obligations or portions of the Obligations to be redeemed will be selected through the procedures of DTC. For purposes of any redemption of less than all of the Obligations payable on a single maturity date, the particular Obligations or portions of the Obligations to be redeemed on a single maturity date will be selected on a pro rata basis by the Trustee by lot not more than 45 days nor less than 30 days prior to the redemption date. While the City intends that allocations be made in accordance with the foregoing proportional provisions, the selection of the Obligations for redemption will be subject to practices and procedures of DTC as in effect from time to time.

Notice of Redemption. Redemption 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 redemption. See APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM.” Such notice will state that if, on the specified redemption date, moneys for redemption of all the Obligations to be redeemed together with interest to the date of redemption, is held by the Trustee, then, from and after said date of redemption, interest with respect to the Obligations will cease to accrue and become payable and that if such moneys are not so held, the redemption will not occur.

* Preliminary, subject to change.

PLAN OF REFUNDING*

A portion of the proceeds of the sale of the Obligations will be transferred to U.S. Bank National Association (the “Prior Trustee”), as trustee under the trust agreement (the “Prior Trust Agreement”) pursuant to which the City’s Excise Tax and State Shared Revenue Obligations, Series 2010 and the City’s Excise Tax and State Shared Revenue Refunding Obligations, Series 2010 (collectively, the “Obligations Being Refunded”) were executed and delivered. Such proceeds will be held by the Prior Trustee uninvested and applied to pay debt service on the Obligations Being Refunded until their prior redemption date as specified in the following table, and to redeem the Obligations Being Refunded on such date, without premium.

Issue Series	Maturity Date (July 1)	Coupon	Principal Amount Outstanding	Principal Being Refunded	Redemption Date	CUSIP® ⁽¹⁾ No. 08244P
2010	2021	4.00%	\$135,000	\$135,000	_/_/2020	
	2022 ⁽²⁾	4.25	140,000	140,000	_/_/2020	
	2023 ⁽²⁾	4.25	145,000	145,000	_/_/2020	
	2024 ⁽²⁾	4.25	150,000	150,000	_/_/2020	
	2025	4.25	155,000	155,000	_/_/2020	
	2026 ⁽³⁾	4.50	160,000	160,000	_/_/2020	
	2027 ⁽³⁾	4.50	170,000	170,000	_/_/2020	
	2028 ⁽³⁾	4.50	175,000	175,000	_/_/2020	
	2029	4.50	185,000	185,000	_/_/2020	
2010 REF	2021	4.00%	\$140,000	\$140,000	_/_/2020	
	2022 ⁽²⁾	4.25	150,000	150,000	_/_/2020	
	2023 ⁽²⁾	4.25	155,000	155,000	_/_/2020	
	2024 ⁽²⁾	4.25	160,000	160,000	_/_/2020	
	2025	4.25	170,000	170,000	_/_/2020	
	2026 ⁽³⁾	4.50	175,000	175,000	_/_/2020	
	2027 ⁽³⁾	4.50	185,000	185,000	_/_/2020	
	2028 ⁽³⁾	4.50	190,000	190,000	_/_/2020	
	2029	4.50	200,000	200,000	_/_/2020	
			\$2,940,000	\$2,940,000		

⁽¹⁾ See footnote (1) to MATURITY SCHEDULE on the inside front cover page.

⁽²⁾ Represents mandatory payments of a term obligation with a final maturity on July 1, 2025.

⁽³⁾ Represents mandatory payments of a term obligation with a final maturity on July 1, 2029.

On delivery of the Obligations and the deposit of proceeds with the Prior Trustee, the Obligations Being Refunded will no longer be outstanding under the Prior Trustee Agreement pursuant to which they were issued.

* Preliminary, subject to change.

SOURCES AND USES OF FUNDS

Sources of Funds:

Principal Amount	\$5,760,000.00*
[Net] Original Issue Premium (a)	
Total Sources of Funds	_____

Uses of Funds:

Transfer to Prior Trustee	
Deposit to Acquisition Fund	
Payment of Costs of Issuance (b)	
Total Uses	_____

-
- (a) Net original issue premium consists of original issue premium on the Obligations, less original issue discount on the Obligations.

 - (b) Includes fees and expenses of Financial Advisor (as defined herein), Bond Counsel (as defined herein), Bond Registrar and Paying Agent, Escrow Trustee, printing costs, rating agency fees and other costs related to the delivery of the Bonds, including compensation and costs of the Underwriter (as defined herein).

SECURITY FOR AND SOURCES OF PAYMENT OF THE OBLIGATIONS

General

The Obligations will be special, limited revenue obligations, taking the form of undivided, participatory 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. 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.

Revenues from Excise Taxes and State Shared Revenues in excess of amounts, if any, required to be deposited with or held by Trustee for payments due under the Purchase Agreement will constitute surplus revenues and may be used by the City for any lawful purpose for the benefit of the City. The City may also make the Payments from its other funds as permitted by law and as the City determines from time to time, provided, however, that 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 hereafter conveyed as additional security for the Obligations.

* Preliminary, subject to change.

Pledge

Revenues from Excise Taxes and State Shared Revenues are 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. 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 any Additional 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 New Project or the projects financed with proceeds of the Obligations Being Refunded (collectively, the "Projects"), and the registered Owners of the Obligations have no claim or lien on the Projects or any part thereof or any proceeds of the Obligations. Neither the Trustee nor the registered Owner of any Obligation will have any right to exclude the City from the Projects as a remedy upon the occurrence of an event of default under the Purchase Agreement, or to have the Projects sold. Neither the Trustee nor the registered Owners of the Obligations will have any interest in revenues, if any, derived from the Projects, except to the extent that such revenues constitute revenues from Excise Taxes or State Shared Revenues, or any property interest in the Projects.

THE OBLIGATIONS SHALL BE PAYABLE SOLELY OUT OF THE REVENUES AND OTHER SECURITY PLEDGED UNDER THE TRUST AGREEMENT AND SHALL NOT CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE CITY WITHIN THE MEANING OF ANY STATE OF ARIZONA (THE "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.

Coverage Requirements

To the extent permitted by applicable law, revenues from Excise Taxes and State Share Revenues shall be retained and maintained so that the amount received in the next preceding Fiscal Year from revenues from Excise Taxes and State Shared Revenues shall have been equal to at least two (2) times the total of interest and principal requirements for the current Fiscal Year of City for the Purchase Agreement and any Additional Obligations. If in the next preceding Fiscal Year revenues from Excise Taxes and State Shared Revenues are not equal to at least two (2) times the total of interest and principal requirements for the current Fiscal Year of City for the Purchase Agreement and any Additional 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, City shall, to the extent permitted by applicable law, impose new exactions of the type of Excise Taxes which will be part of Excise Taxes or increase the rates for Excise Taxes currently imposed in order that (a) revenues from Excise Taxes and State Shared Revenues will be sufficient to meet all such requirements, and (b) 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.

Additional Obligations

Pursuant to the Purchase Agreement, Additional Obligations may be incurred but only if revenues from Excise Taxes plus State Shared Revenues in the next preceding Fiscal Year are at least two (2) times the greatest combined interest and principal requirements for any succeeding Fiscal Year for all of the Obligations then outstanding and any Additional Obligations.

Pursuant to the Purchase Agreement, the City will not encumber the 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 DEBT SERVICE COVERAGE

The following table sets forth the amounts required to pay annual debt services on the Obligations Being Refunded and the estimated amounts required to pay annual debt service on the Obligations and the projected debt service coverage.

TABLE 1

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

Fiscal Year	Excise Tax Revenues (b)	Obligations Outstanding		Less: Obligations Being Refunded*		Plus: The Obligations*		Est. Total Annual Debt Service Requirements*	Projected Net Debt Service Coverage (d)
		Principal	Interest	Principal	Interest	Principal	Interest (c)		
2019	\$4,651,435								
2020									
2021		\$275,000	\$127,863	\$275,000	\$127,863	\$325,000	\$120,467(e)	\$ 445,467	
2022		290,000	116,863	290,000	116,863	235,000	212,650	447,650	
2023		300,000	104,538	300,000	104,538	240,000	205,600	445,600	
2024		310,000	91,788	310,000	91,788	250,000	198,400	448,400	
2025		325,000	78,613	325,000	78,613	255,000	188,400	443,400	
2026		335,000	64,800	335,000	64,800	270,000	178,200	448,200	
2027		355,000	49,725	355,000	49,725	280,000	167,400	447,400	
2028		365,000	33,750	365,000	33,750	290,000	156,200	446,200	
2029		385,000	17,325	385,000	17,325	300,000	144,600	444,600	
2030						315,000	132,600	447,600	
2031						325,000	120,000	445,000	
2032						340,000	107,000	447,000	
2033						350,000	93,400	443,400	
2034						365,000	79,400	444,400	
2035						380,000	64,800	444,800	
2036						395,000	49,600	444,600	
2037						415,000	33,800	448,800	10.36 X
2038						430,000	17,200	447,200	
		<u>\$2,940,000</u>	<u>\$685,263</u>	<u>\$2,940,000</u>	<u>\$685,263</u>	<u>\$5,760,000</u>	<u>\$2,269,717</u>	<u>\$ 8,029,717</u>	

- (a) Prepared by Piper Sandler & Co. (the “Financial Advisor”).
- (b) The amount of revenues from 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 2018/19. See TABLE 5 – “Historical and Projected Excise Taxes and State Shared Revenues Collections.”
- (c) Interest is estimated at []%.
- (d) Debt service coverage is based on revenues available for debt service (see footnote (b)) compared to the greatest combined interest and principal requirements in any Fiscal Year for the Purchase Agreement.
- (e) The first interest payment on the Obligations will be due on July 1, 2021*. Thereafter, interest payments will be made semiannually on January 1 and July 1 until the final maturity or redemption of the Obligations.

* Preliminary, 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 HEREIN WILL NOT BE REDUCED OR ELIMINATED BY THE STATE LEGISLATURE IN THE FUTURE.

Excise Taxes

City Transaction Privilege (Sales) Tax. 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 taxes due is calculated by applying the tax rate against the gross proceeds of sales or gross income derived from the business activities shown in the table below.

TABLE 2

Transaction Privilege (Sales), License and Use Tax Rates by Category City of Benson, Arizona

Category	City Privilege Tax Rate (a)	Category	City Privilege Tax Rate (a)
Advertising	3.50 (b)	Rental, Leasing & Licensing for Use of TPP	2.50
Amusements	3.50 (b)	Restaurant and Bars	3.50
Contracting - Prime	4.00	Retail Sales	3.50
Contracting - Speculative Builders	4.00	Retail Sales for Home Consumption	3.50
Contracting - Owner	4.00	MRRA Amount	3.50
Job Printing	3.50 (b)	Communications	3.50
Manufactured Buildings	3.50 (b)	Transporting	3.50 (b)
Timbering and Other Extraction	3.50 (b)	Utilities	3.50 (b)
Severance - Metal Mining	0.10	Wastewater Utility Services	3.50 (b)
Publication	3.50 (b)	Use Tax Purchases	3.50
Hotels	3.50 (b)	Use Tax Purchases (single item over \$5,000)	1.00
Hotel/Motel	2.00	Use Tax from Inventory	3.50

(a) The City levies an additional 2.0% transient lodging tax on any hotel, motel, apartment or individual charging for lodging space to any person for less than 30 consecutive days. A portion of this tax is restricted by State statute to use for visitor and hospitality services. Such amounts are not part of the Excise Taxes pledged to payment of the Payments.

(b) Pursuant to Ordinance 601, dated January 27, 2020, these tax rates will be reduced to 2.50% on August 1, 2023.

Source: Arizona Department of Revenue.

The following table shows audited collections of the City’s unrestricted transaction privilege (sales) tax by industry classification for fiscal years [2014/15] through and including [2018/19], estimated actual collections for fiscal year 2019/20 and projected collections for fiscal year 2020/21.

TABLE 3 [REQUEST FYE 16 and FYE 15 #s FROM CITY]

**Transaction Privilege (Sales) Tax Collections by Industry Classification (a)
City of Benson, Arizona**

Industry Classification	Projected	Estimated	Audited		
	2020/21 (b)	Actuals 2019/20 (b)	2018/19	2017/18	2016/17
Commercial Rental, Leasing & Licensing for Use	\$72,128	\$84,654	\$75,424	\$68,219	\$73,774
Communications	56,093	69,387	73,813	75,856	69,176
Contracting	93,335	139,218	107,195	126,022	30,436
Hotel/Motel (Additional Tax)	32,912	68,628	81,291	76,914	71,797
Hotels	71,453	147,806	184,312	152,080	149,448
Rental, Leasing, & Licensing for Use of TPP	48,842	50,525	40,509	29,819	33,150
Residential Rental, Leasing, & Licensing for Use	73,756	66,913	67,714	64,820	59,181
Restaurant and Bars	478,095	484,676	497,349	480,992	449,699
Retail (Cochise COH) / Marketplace Facilitators	208,497	118,074			
Retail Sales	2,766,087	2,416,548	2,167,711	2,001,428	1,972,256
Retail Sales Food for Home Consumption	1,101,741	1,150,445	1,042,393	996,842	954,677
Use Tax (c)	121,191	92,336	0	0	0
Utilities	136,323	149,852	145,395	77,575	75,939
Other	19,697	34,246	25,461	29,978	19,264
	<u>\$5,280,152</u>	<u>\$5,073,308</u>	<u>\$4,508,567</u>	<u>\$4,180,544</u>	<u>\$3,958,796</u>

- (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 Collections in TABLE 5.
- (b) Estimated actual and projected figures are “forward-looking” statements, subject to change upon audit and must be considered with an abundance of caution.
- (c) The City began to levy a Use Tax in fiscal year 2019/20.

Source: Finance Department of the City.

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 5.6% 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), Taxable Activities, and Distribution Share Tax Rates
City of Benson, Arizona**

Taxable Activities	State Tax Rate	Distribution Base	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
Telecommunications	5.000	20.00	0.60	5.600
Pipeline	5.000	20.00	0.60	5.600
Private car line	5.000	20.00	0.60	5.600
Publication	5.000	20.00	0.60	5.600
Job printing	5.000	20.00	0.60	5.600
Prime contracting	5.000	20.00	0.60	5.600
Owner builder sales	5.000	20.00	0.60	5.600
Amusement	5.000	40.00	0.60	5.600
Restaurant	5.000	40.00	0.60	5.600
Personal property rental	5.000	40.00	0.60	5.600
Retail (excluding food sales)	5.000	40.00	0.60	5.600
Transient lodging	5.500	50.00	N/A	5.500
Mining – non-metal, oil/gas	3.125	32.00	N/A	3.125
Commercial lease	0.000	N/A	N/A	0.000
Severance – metalliferous mining	2.500	80.00	N/A	2.500
Use tax utilities	5.000	20.00	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 a percent (0.6%). The Education Tax collections are dedicated exclusively to education and are not distributed to the City or pledged to payment of the Payments. The effective dates for the Education Tax are June 1, 2001 through June 30, 2021.
- (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 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 15.00% 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 with respect 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.

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 sales taxes and state 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.

Revenues from Excise Taxes and State Shared Revenues

Set forth below are audited collections of revenues from Excise Taxes and State Shared Revenues for fiscal years 2014/15 through and including 2018/19, the estimated actuals for fiscal year 2019/20 and the budgeted figures for fiscal year 2020/21.

TABLE 5

**Historical and Projected Excise Taxes and State Shared Revenues Collections (a)
City of Benson, Arizona**

Source of Funds	Budgeted 2020/21 (b)	Estimated Actuals 2019/20 (b)	Audited (c)				
			2018/19	2017/18	2016/17	2015/16	2014/15
City sales tax(d)	\$ 3,300,412	\$ 3,382,749	\$ 3,348,825	\$ 3,367,103	\$ 2,974,831	\$ 2,794,679	\$ 2,138,546
License and permits	366,000	134,137	139,636	131,063	90,512	70,218	49,480
Charges for service	91,800	51,815	80,091	102,139	91,199	62,903	59,663
Fines and forfeitures	10,500	9,412	10,288	9,782	9,021	7,320	7,250
State-shared income taxes	707,759	630,150	585,760	603,196	598,012	614,641	617,992
State-shared sales taxes	548,992	498,581	486,835	467,526	447,255	479,832	460,695
	<u>\$ 5,025,463</u>	<u>\$ 4,706,844</u>	<u>\$ 4,651,435</u>	<u>\$ 4,680,809</u>	<u>\$ 4,210,830</u>	<u>\$ 4,029,593</u>	<u>\$ 3,333,626</u>

- (a) 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 Transaction Privilege (Sales) Tax Collections by Industry Classifications in TABLE 3. See footnote (b) to TABLE 2 for a description of the privilege license tax rate on certain categories.
- (b) Estimated actual and budgeted figures are “forward-looking” statements, subject to change upon audit and should be considered with an abundance of caution.
- (c) These amounts are from audited financial statements of the City for the years indicated. This table has not, however, been the subject of any separate audit procedures.
- (d) The City currently levies a 3.50% sales tax. 1.00% of such sales tax is subject to annual approval by the City Council, but does not require voter approval. Table 5 above only includes the City’s 2.50% sales tax.

Coronavirus Disease 2019 (“COVID-19”)

The recent outbreak and spread of a novel coronavirus named coronavirus disease 2019 (“COVID-19”), which has been designated a global pandemic by the World Health Organization, is negatively impacting local, state and global economies, as governments, businesses, and citizens react to, plan for, and try to prevent or slow further transmission of the virus. Financial markets, including the stock markets in the United States and globally, have seen significant volatility and declines attributed to COVID-19 concerns. On March 11, 2020, as part of the State’s response to address the outbreak, Arizona Governor, Doug Ducey (the “Governor”), declared a state of emergency. On March 13, 2020, President Donald Trump declared a national emergency, freeing up funding for federal assistance to state and local governments. An initial State of Arizona stay home Executive Order expired after six weeks on May 15, 2020. The Governor has since issued several executive orders in response to then-current virus conditions. These orders cover topics including physical distancing, virus testing and reporting, contact tracing, face coverings, closing and reopening of business operation, large gatherings and the start of the 2020/21 school year.

On June 29, 2020, the Governor issued Executive Order 2020-43 (Slowing the Spread of COVID-19) originally pausing until July 27, 2020 the operations of bars, gyms, movie theatres, water parks, and tubing rentals (to be reviewed every

two weeks); and delaying the start of in-person K-12 education until August 17, 2020. After further increases in COVID-19 cases and hospitalizations in the State, the Governor announced and issued on July 9, 2020 Executive Order 2020-47 (Limiting Indoor Dining), limiting indoor dining at restaurants to less than 50% occupancy. Most recently, on July 23, 2020, the order pausing operations of the previously specified activities was extended. On August 6, for schools, and on August 10, for paused businesses, the Arizona Department of Health Services released benchmarks for achieving phased, safe in-person reopenings. The benchmarks, with minimal, moderate and substantial condition categories, address, by county for a two-week period, weekly average cases per 100,000 population; diagnostic test percent positivity; and COVID-19-like-illness as a percent of hospital visits.

City Excise Tax collections and other collections dependent on local business activity may be materially adversely affected by the continued spread of COVID-19 due to slower business activity. The City, however, cannot predict the extent of the impact COVID-19 will have on City Excise Tax collections, which could have a negative impact on City revenues and ability to pay operating expenses and debt service on the Obligations.

The State's finances are likely to be adversely affected by the continued spread of COVID-19, the various governmental actions taken in response thereto and changes in the behavior of businesses and people, which all could affect the amount of State Shared Revenues which represent a component of the security and source of payment of the Obligations, received by the City.

Collections received by the City from Excise Tax Revenues and State Shared Revenues described above are major sources of revenue of the City's general fund. The City, however, cannot predict how the spread of COVID-19, the Order, or the various governmental or private actions taken in response thereto will affect its finances or operations, including the receipt of revenues from Excise Taxes and State Shared Revenues which are the security and source of payments for the Obligations.

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, the refunding of the Obligations Being Refunded 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.

LEGAL MATTERS

Legal matters incident to the authorization, sale and execution and delivery of the Obligations and with regard to the tax-exempt status of the interest portion of the Obligations will be passed upon by Norton Rose Fulbright US, Special Counsel, whose services have been retained by the City. The signed legal opinion of Special Counsel, dated and premised on the law in effect as of the date of the Obligations, will be delivered to the Underwriter at the time of original delivery of the Obligations. The form of that opinion is included as APPENDIX F – "FORM OF APPROVING LEGAL OPINION" hereto. The legal opinion to be delivered may vary from the text of APPENDIX F – "FORM OF APPROVING LEGAL OPINION" if necessary to reflect the facts and law existing on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Special Counsel has reviewed or expressed any opinion concerning any matters relating to the Obligations subsequent to the original delivery of the Obligations.

Certain legal matters will be passed upon for the Underwriter by McCarter & English, LLP, counsel to the Underwriter.

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 sales 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 or marketability 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) executed and delivered prior to enactment.

The legal opinions 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 dated and speaking only as of the date of delivery of the Obligations. 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 MATTERS

Tax Exemption

The delivery of the Obligations is subject to delivery of the opinion of Special Counsel, to the effect 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") for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Obligations (the "Code"), of the owners thereof pursuant to section 103 of the Code, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. The delivery of the Obligations is also subject to the delivery of the opinion of Special Counsel, based upon existing provisions of the laws of the State of Arizona that the Interest Portion is exempt from Arizona income taxation so long as the Interest Portion is excludable from gross income for federal income tax purposes. The form of Special Counsel's anticipated opinion is included as APPENDIX F. The statutes, regulations, rulings, and court decisions on which such opinion will be based are subject to change.

In rendering the foregoing opinions, Special Counsel will rely upon the representations and certifications of the City made in a certificate of even date with the initial delivery of the Obligations (the "Tax Certificate") pertaining to the use, expenditure, and investment of the proceeds of the Obligations and will assume continuing compliance with the provisions of the Purchaser Agreement and the Trust Agreement by the City subsequent to the issuance of the Obligations. The Purchase Agreement, the Trust Agreement and the Tax Certificate contain covenants by the City with respect to, among other matters, the use of the proceeds of the Obligations and the facilities and equipment financed or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the Obligations are to be invested, the calculation and payment to the United States Treasury of any "arbitrage profits" and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause the Interest Portion to be includable in the gross income of the owners thereof from the date of the issuance of the Obligations.

Except as described above, Special Counsel will express no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligations. Prospective purchasers of the Obligations should be aware that the ownership of tax-exempt obligations such as the Obligations may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Special Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "Service") or the State of Arizona with respect to the matters addressed in the opinion of Special Counsel, and Special Counsel's opinion is not binding on the Service or the State of Arizona. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Obligations is commenced, under current procedures, the Service is likely to treat the City as the "taxpayer," and the owners of the Obligations would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Obligations, the City may have different or conflicting interests from the owners of the Obligations. Public awareness of any future audit of the Obligations could adversely affect the value and liquidity of the Obligations during the pendency of the audit, regardless of its ultimate outcome.

Existing law may change to reduce or eliminate the benefit to Obligation holders of the exclusion of the Interest Portion from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Obligations. Prospective purchasers of the Obligations should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Obligations

The initial public offering price of certain Obligations (the "Discount Obligations") may be less than the amount payable on such Obligations at maturity. An amount equal to the difference between the initial public offering price of a Discount Obligation (assuming that a substantial amount of the Discount Obligations of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Obligation. A portion of such original issue discount allocable to the holding period of such Discount Obligation by the initial purchaser will, upon the disposition of such Discount Obligation (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Obligations described above. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Obligation, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Obligation and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Obligation by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Obligation was held) is includable in gross income.

Owners of Discount Obligations should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Obligations. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Obligations may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Obligations (the "Premium Obligations") paid by an owner may be greater than the amount payable on such Obligations at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Obligation over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Obligation in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for

amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Obligation. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity (or, in some cases with respect to a callable Obligation, the yield based on a call date that results in the lowest yield on the Obligation).

Purchasers of the Premium Obligations should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Obligations for federal income purposes and with respect to the state and local tax consequences of owning and disposing of Premium Obligations.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Obligations will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code as the City reasonably anticipates that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265(b)(3) of the Code) which will be issued for or by the City in calendar year 2020, will not exceed \$10,000,000.

RATING

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P"), has assigned a rating of "___" to the Obligations. Such rating reflects only the views of S&P. 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 has covenanted in its continuing disclosure undertaking that it will file notice of any formal change in any rating relating to the Obligations. See "CONTINUING DISCLOSURE" and APPENDIX E – "FORM OF CONTINUING DISCLOSURE UNDERTAKING" herein.

UNDERWRITING

The Obligations will be purchased by Robert W. Baird & Co., Incorporated (the "Underwriter") at an aggregate purchase price of \$_____, pursuant to an obligation purchase agreement (the "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 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 the Obligations 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 prices or yields set forth on the inside front cover page may be changed, from time to time, by the Underwriter without amendment of the Official Statement.

RELATIONSHIP AMONG PARTIES

Special Counsel has previously represented the Underwriter and is currently representing the Underwriter with respect to other financings and has acted or is acting as special counsel with respect to other obligations underwritten by the Underwriter and may do so in the future. Special Counsel also serves and has served as special counsel for one or more of the political subdivisions that the City territorially overlaps. Counsel to the Underwriter has previously acted as special counsel with respect to other obligations underwritten by the Underwriter and may continue to do so in the future if requested.

FINANCIAL ADVISOR

The Financial Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. The Financial Advisor has not verified and does not assume any responsibility for, the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Obligations, or the possible impact on any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement: "The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information."

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 April 1 in each year commencing April 1, 2021 (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 ("EMMA"), each as described in APPENDIX E – "FORM OF CONTINUING DISCLOSURE UNDERTAKING." 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 E – "FORM OF CONTINUING DISCLOSURE UNDERTAKING." 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. Absence of continuing disclosure could adversely affect the Obligations and specifically their market price and transferability.

[To be updated upon receipt of third party CDU report.]

FINANCIAL STATEMENTS

The financial statements of the City as of June 30, 2019, and for its Fiscal Year then ended, included as APPENDIX G – "CITY OF BENSON, ARIZONA– AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019" to this Official Statement, have been audited by Colby & Powell, PLC, as stated in its opinion included therein. The City neither requested nor obtained the consent of Colby & Powell, PLC to include its report and Colby & Powell, PLC has performed no procedures subsequent to rendering its opinion on the financial statements.

CONCLUDING STATEMENT

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 opinions or estimates have been or will be realized. Information in this Official Statement has been derived by the City from official and other sources and is believed by the City to be accurate and reliable. Information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed. Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as part of a contract with the original purchasers or subsequent owners of the Obligations.

CITY OF BENSON, ARIZONA

By: _____
City Manager

**CITY OF BENSON, 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 the 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 serves as the western gateway to the scenic and historic attractions of Cochise County, Arizona (the “County”) and has copyrighted the name “Home of Kartchner Caverns State Park.” Located in the historical San Pedro Valley, it offers proximity to both the Cities of Tucson, Arizona (“Tucson”) (45 miles northwest) and Sierra Vista, Arizona (“Sierra Vista”) (30 miles south). Its rugged mountains, grassy valleys, moderate climate and proximity to many historical sites makes it a popular tourist attraction and retirement community. The City was founded in 1880, when the Southern Pacific Railroad came through southern Arizona and was the railroad hub of southern Arizona until 1910.

The following table illustrates respective population statistics for the City, the County and the State of Arizona.

POPULATION STATISTICS

	<u>City of Benson</u>	<u>Cochise County</u>	<u>State of Arizona</u>
2019 Estimate (a)	5,054	129,778	7,187,990
2010 Census	5,105	131,346	6,392,017
2000 Census	4,711	117,755	5,130,632
1990 Census	3,824	97,624	3,665,339

(a) Data as of July 2019 (Data released December 2019).

Source: Office of Economic Opportunity.

Municipal Government and Organization

The City operates under the Council-Manager form of government. The Mayor and six council members are elected at-large for staggered four-year terms. The City Council appoints a City Manager who has full responsibility for carrying out council policies and administering the City’s operations. Functions of government and operation are provided by a staff of approximately ___ full-time employees. The City provides police, fire, natural gas, water, sanitation and sewer services to its residents. Electricity is provided by Sulphur Springs Valley Electric Co-op and telephone by Qwest Communications.

Economy

The City is situated along several trade routes – Interstate 10, Highways SR-80 and SR-90 and the main line of the Union Pacific Railroad. The City’s economy is also closely tied to Fort Huachuca, established as a cavalry outpost in 1877. Many residents also commute to Tucson and Sierra Vista for employment. The City supports a large retired population, serving as a winter refuge. Nearby historic and scenic sites also attract tourists.

The following table is a partial list of major employers within the City.

**MAJOR EMPLOYERS [TO BE CONFIRMED BY CITY]
City of Benson, Arizona**

Employer	Product/Service	Approximate Number of Employees
Walmart	Retail	190
Benson Hospital	Health Care	180
City of Benson	Governmental	163
Arizona Electric Power Cooperative Inc	Utilities	140
Evangelical Lutheran Good Samaritan Society	Health Care	90
Safeway	Retail	70
Aramark Corp	Business Services	70
Community Bridges	Health Care	66
Cochise County	Governmental	48
Benson Unified School District	Education	40

Source: Maricopa Association of Governments. Arizona COG/MPO Employer Database (as of October 20, 2020).

The table below illustrates the unemployment averages for the City, the County, the State and the United States.

UNEMPLOYMENT RATE AVERAGES

Calendar Year	City of Benson	Cochise County	State of Arizona	United States
2020 (a)	9.2%	7.3%	7.9%	8.6%
2019	7.3	5.7	4.7	3.7
2018	7.0	5.5	4.7	3.9
2017	7.0	5.5	4.9	4.4
2016	7.9	6.2	5.4	4.9
2015	9.2	7.3	6.1	5.3

(a) Data as of September 2020.

Source: Arizona Office of Economic Opportunity, in collaboration with the U.S. Census Bureau.

Retail Sales

The following table illustrates retail sales for the County.

TAXABLE RETAIL SALES
Cochise County, Arizona
(\$000s omitted)

Calendar Year	Retail Sales (a)
2020 (b)	\$680,209
2019	946,906
2018	864,853
2017	820,669
2016	811,303
2015	850,198

-
- (a) The statutory definition of “Retail Sales” is the business of selling tangible personal property at retail. Therefore, this class does not include services or hotels, restaurants or food sales. For more information on these categories, see TABLE 3 – Transaction Privilege (Sales) Tax Collections by Industry Classification.
- (b) Data through September 2020.

Source: Arizona Department of Revenue, Office of Economic Research and Analysis.

CITY OF BENSON, 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 the 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 2020/21)
City of Benson, Arizona**

General Obligation Bonds Outstanding	None
Excise Taxes and State Shared Revenue-Secured Obligations Outstanding and to be Outstanding	\$5,760,000* (a)

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

STATEMENTS OF BONDED INDEBTEDNESS

**Excise Tax Revenue and State Shared Revenue Obligations Outstanding and to be Outstanding
City of Benson, Arizona**

Issue Series	Original Amount	Purpose	Final Maturity Date (July 1)	Balance Outstanding	Less: Obligations Being Refunded	Balance Outstanding and to be Outstanding
2010	\$ 2,525,000	Construction Projects	2029	\$ 1,415,000	\$ (1,415,000)	\$ -
2010	2,715,000	Refunding	2029	1,525,000	(1,525,000)	-
Total: Excise Tax Revenue and State Shared Revenue Debt Outstanding						\$ -
Plus: The Obligations						\$ 5,760,000
Total: Excise Tax Revenue and State Shared Revenue Debt Outstanding and to be Outstanding						<u>\$ 5,760,000</u>

Other Obligations

The City currently has no capital lease purchase agreements, installments purchase agreements or similar obligations outstanding or unpaid.

* Preliminary, subject to change.

GENERAL FUND

Below are the City’s general fund revenues, expenditures and changes in fund balance for audited fiscal years 2014/15 through and including 2018/19, estimated actuals for fiscal year 2019/20 and the budgeted fiscal year 2020/21.

THIS INFORMATION IS NOT INTENDED TO INDICATE FUTURE OR CONTINUING TRENDS OF THE FINANCIAL AFFAIRS OF THE CITY. The Obligations will be payable solely from the sources described under the heading “SECURITY AND SOURCES OF PAYMENT OF THE OBLIGATIONS.” The information provided in the following table is for reference only.

General Fund City of Benson, Arizona

	Budgeted	Est. Actuals	Audited (c)				
	2020/21 (a)	2019/20 (b)	2018/19	2017/18	2016/17	2015/16	2014/15
FUND BALANCE AT BEGINNING OF YEAR	\$ 6,255,409	\$ 5,829,007	\$ 5,667,751	\$ 4,510,591	\$ 4,502,468	\$ 3,674,120	\$ 4,119,001
REVENUES							
City sales tax	\$ 4,620,577	\$ 4,735,849	\$ 4,688,355	\$ 4,713,944	\$ 4,164,763	\$ 3,912,551	\$ 2,993,964
City property tax	355,422	325,284	323,778	324,370	236,080	228,415	223,954
Intergovernmental	1,592,004	1,435,043	1,374,522	1,383,674	1,390,311	1,422,787	1,423,517
Other revenue	91,800	197,284	139,636	102,139	97,590	47,756	96,487
Charges for services	366,000	51,815	80,091	131,063	91,199	62,903	59,663
Licenses and permits	57,325	134,137	78,373	76,132	90,512	70,218	49,480
Fines and forfeitures	10,500	9,412	27,765	11,791	9,021	7,320	7,250
Interest	18,000	13,681	10,288	9,782	3,442	1,753	3,019
Impact fees	-	-	-	-	2,500	-	-
TOTAL REVENUES	\$ 7,111,628	\$ 6,902,505	\$ 6,722,808	\$ 6,752,895	\$ 6,085,418	\$ 5,753,703	\$ 4,857,334
ADJUSTMENTS							
Proceeds from sale of capital assets	\$ 10,000	\$ 7,013	\$ 10,133	\$ -	\$ -	\$ -	\$ -
Capital lease agreements			178,674	-	-	164,810	-
Transfers in (out)	(1,847,572)	(907,222)	(1,039,458)	(377,970)	(1,007,350)	(125,515)	(740,881)
FSA Payable					42,963		
TOTAL FUNDS AVAILABLE FOR EXPENDITURES	\$ 11,529,465	\$ 11,831,303	\$ 11,539,908	\$ 10,885,516	\$ 9,623,499	\$ 9,467,118	\$ 8,235,454
EXPENDITURES							
Current:							
Public safety	\$ 3,115,196	\$ 2,750,573	\$ 2,659,136	\$ 2,533,025	\$ 2,451,471	\$ 2,158,371	\$ 2,057,620
General Governmental	1,557,503	1,382,334	1,374,760	1,304,659	1,278,294	1,253,350	1,247,220
Culture and recreation	1,026,180	896,523	907,490	848,785	809,904	722,786	688,379
Public works	340,070	143,638	55,221	50,669	71,915	97,078	55,830
Debt Service:							
Principal retirement	255,000	206,613	299,838	300,897	293,948	291,647	303,828
Interest and fiscal charges	133,063	196,213	159,633	165,109	174,927	180,592	187,318
Capital outlay	971,720	-	254,823	14,621	32,449	260,826	21,139
Contingency (d)	942,823	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 8,341,555	\$ 5,575,894	\$ 5,710,901	\$ 5,217,765	\$ 5,112,908	\$ 4,964,650	\$ 4,561,334
FUND BALANCE AT END OF YEAR	\$ 3,187,910	\$ 6,255,409	\$ 5,829,007	\$ 5,667,751	\$ 4,510,591	\$ 4,502,468	\$ 3,674,120

- (a) Reflects the City’s budgeted figures for fiscal year 2020/21 which are unaudited and subject to change upon audit. These amounts are “forward looking” statements and should be considered with an abundance of caution.
- (b) Figures for fiscal year 2019/20 is based on unaudited actual figures and as such are unaudited and should be considered with an abundance of caution.
- (c) These amounts are from audited financial statements of the City for the years indicated. This table has not, however, been the subject of any separate audit procedures.
- (d) The \$942,823 Contingency is an estimated amount reserved for potential revenue short falls related to current COVID-19 issues.

RETIREMENT SYSTEM

Pension and Retirement Plans

The City contributes to the retirement plans described below: the cost-sharing Arizona State Retirement System (“ASRS”) and the multiple-employer Public Safety Personnel Retirement System (“PSPRS”). Benefits are established by State statute and, depending on the plan, provide retirement, death, long-term disability, survivor and health insurance premium benefits. Both the City and each covered employee contribute in the case of each. Under authority of the City Council, the City provides a postretirement insurance (health, dental and vision insurance) benefits for certain retirees and their dependents

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. With respect to PSPRS, see, however, “City Actions Related to PRPRS” below.

The Governmental Accounting Standards Board (“GASB”) adopted Statement Number 68, Accounting and Financial Reporting for Pensions, which requires that cost-sharing employers report their “proportionate share” of a plan’s net pension liability in their government-wide financial statements and 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. GASB’s Statement No. 67, Financial Reporting for Pensions, is designed to improve financial reporting by state and local governmental pension plans.

Starting on page 35 in APPENDIX C – “CITY OF BENSION, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019” 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 supercedes the former.

The Arizona State Retirement System. 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, 2019, the unfunded liability for ASRS was \$15.6 billion with a funding ratio of 72.3% and an assumed earning rate of 7.5%. As of June 30, 2019, the City reported a liability of \$3,581,456 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 2020/21, the actuarially determined contribution rate for the City and active members of ASRS is 12.22% (12.04% for retirement and health insurance and 0.18% 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 current and past four fiscal years.

Fiscal year ended	Retirement and Health Insurance Premiums	Long-term Disability	Total Contribution Rate	Funded Status	Pension Contributions
June 30, 2021	12.04%	0.18%	12.22%	unavailable	unavailable
June 30, 2020	11.94	0.17	12.11	unavailable	unavailable
June 30, 2019	11.64	0.16	11.80	72.3%	\$309,886
June 30, 2018	11.34	0.16	11.50	71.2	277,879
June 30, 2017	11.34	0.14	11.48	70.5	264,488

The Public Safety Personnel Retirement System. 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 legislature 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 define 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, 2019, the unfunded liability for Tiers 1 and 2 of PSPRS was \$9.3 billion with a funding ratio of 47.7%. When calculating, an assumed earning rate of 7.3% was used and an assumed rate of 1.75% was used for increases in the cost of living allowance (“COLA”). See “City Actions Related to PSPRS” for information about the City’s share of this liability

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

	Police				
	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
<u>Actuarially Determined Contribution Rates (a)</u>					
Tier 1/2 Defined Benefit Employer (b)	40.37%	36.26%	44.08%	43.09%	37.20%
Tier 1 Defined Benefit Employee	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 2 Defined Benefit Employee (b)(c)	11.65%	11.65%	11.65%	11.65%	11.65%
Tier 3 Defined Benefit Employer (b)(d)	36.53%	34.57%	41.59%	38.03%	N/A
Tier 3 Defined Benefit Employee (b)	9.94%	9.94%	9.94%	9.94%	N/A
Tier 3 Defined Contribution Employer (d)	37.00%	35.14%	42.16%	38.64%	N/A
Tier 3 Defined Contribution Employee	10.41%	10.51%	10.51%	10.55%	N/A
Pension Funded Status	N/A	N/A	53.50%	52.70%	51.70%
Health Funded Status	N/A	N/A	113.70%	100.00%	160.70%
Total City (Employer) Pension	N/A	N/A	\$302,729	\$255,371	\$236,147

- (a) As of the June 30, 2019, actuarial report, the City has 80 Tier 1 members and Tier 2 members and 5 Tier 3 members.
- (b) Not applicable for Tier 2 for fiscal years prior to fiscal year 2017/18. Does not include additional contribution percentage of 3% associated with Tier 2 & 3 defined benefit members additionally participating in the defined contribution plan. Employer rate is 4% for Tier 2 members for a period of time depending on the individual's membership date and 3% for Tier 3 members.
- (c) Tier 2 employees contribute a maximum of 11.65%, but statutory requirements dictate only 7.65% is applied toward employer costs.
- (d) 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.

Fire

	Fiscal Year Ended				
	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
<u>Actuarially Determined Contribution Rates (a)</u>					
Tier 1/2 Defined Benefit Employer (b)	26.96%	30.83%	32.12%	32.36%	17.23%
Tier 1 Defined Benefit Employee	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 2 Defined Benefit Employee (b)(c)	11.65%	11.65%	11.65%	11.65%	11.65%
Tier 3 Defined Benefit Employer (b)(d)	21.12%	23.00%	25.32%	24.05%	N/A
Tier 3 Defined Benefit Employee (b)	9.94%	9.94%	9.94%	9.94%	N/A
Tier 3 Defined Contribution Employer (d)	21.59%	23.57%	25.89%	24.66%	N/A
Tier 3 Defined Contribution Employee	10.41%	10.51%	10.51%	10.55%	N/A
Pension Funded Status	N/A	N/A	86.00%	83.00%	80.30%
Health Funded Status	N/A	N/A	82.60%	68.80%	65.20%
Total City (Employer) Pension Contribution	N/A	N/A	\$23,608	\$23,294	\$13,174

-
- (a) As of the June 30, 2019, actuarial report, the City has 77 Tier 1 members and Tier 2 members and 6 Tier 3 members.
- (b) Not applicable for Tier 2 for fiscal years prior to fiscal year 2017/18. Does not include additional contribution percentage of 3% associated with Tier 2 & 3 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 and 3% for Tier 3 members.
- (c) Tier 2 employees contribute a maximum of 11.65%, but statutory requirements dictate only 7.65% is applied toward employer costs.
- (d) 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.

Statutory Changes and Court Decisions Regarding PSPRS. PSPRS is 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 retirement program modifications designed to mitigate the increasing unfunded liabilities in the programs. Some of these modifications were enacted by the Arizona Legislature and other changes (like Prop 124) were implemented by voter approved amendments to the State Constitution. Additionally, in some instances, modifications enacted by the Arizona Legislature were reversed based on the outcome of successful court challenges. 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, as amended by GASB Statement No. 85, Omnibus 2017*. 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 Statement No. 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.

Please see Note 8 in APPENDIX C – “CITY OF BENSON, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019” for further discussion of the City and its Other Post-Employment Benefits.

**CITY OF BENSON, ARIZONA—
AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**SUMMARY OF CERTAIN PROVISIONS OF
THE TRUST AGREEMENT AND THE PURCHASE AGREEMENT**

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:

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

“Additional Obligations” means any additional obligations which may be issued or incurred by the City (or any financing conduit acting on behalf of the City) after the date of the Trust Agreement having a lien upon and payable from revenues from Excise Taxes and State Shared Revenues on a parity with the Purchase Agreement.

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

“Completion Date” means the date on which a certificate stating that the New Project has been substantially completed is filed with the Trustee by the City Representative.

“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, the 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 of Arizona 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.”

“Fiscal Year” means the fiscal year of the City, currently July 1 through and including June 30.

“Outstanding” refers to Obligations issued in accordance with the Trust Agreement, excluding: (i) Obligations which have been exchanged or replaced; (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 any such Obligations are to be redeemed, the City will have taken all action necessary to redeem such Obligations and notice of such redemption will have been duly provided in accordance with the proceedings under which such Obligations were executed and delivered or irrevocable instructions so to give such notice will 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 by that name established pursuant to the Trust Agreement

“Payments” means the payments required to be paid by the City pursuant to the Purchase Agreement as set forth in a schedule to the Purchase Agreement.

“Project Costs” means all architectural, engineering, soils, survey, archaeology, demolition, construction management fees, development fees, contingencies and other related costs of installation, construction and other matters necessary for the New Project and all costs incurred by the Trustee or the City with respect to the transaction to which the Trust Agreement pertains.

THE TRUST 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 Trust Agreement to which document, in its entirety, reference is hereby made for a more complete description of its terms.

Acquisition Fund. The Trustee will establish the Acquisition Fund. The Trustee will pay the requested amount for Project Costs within three (3) business days following submission of an appropriate request form. On the Completion Date, all remaining moneys in the Acquisition Fund shall be transferred to the Payment Fund and applied by the Trustee to the Payments due from the City on the next succeeding Interest Payment Date and the Acquisition Fund shall be closed.

Costs of Issuance Fund. The Trustee will pay Delivery Costs from the Costs of Issuance Fund. On the earlier of six months following the execution and delivery of the Obligations, 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, interest and premium, if any, 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 from, 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. 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 Internal Revenue 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 them, respectively. 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 the affairs of the Trustee.

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 become the Owner of the Obligations with the same rights it would have if it were not 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 an hourly rate based fee after an Event of Default and will reimburse the Trustee for all its advances and expenditures, 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 provide for additions or modifications to the Projects, (2) 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, (3) to secure additional revenues or provide additional security or reserves for payment of the Obligations, (4) 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, (5) to provide for the appointment of a successor trustee pursuant to the terms of the Trust Agreement, (6) 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, (7) to cure, correct or supplement any ambiguous or defective provision in the Trust Agreement or the Purchase Agreement, (8) to facilitate the incurrence of Additional Obligations, (9) with respect to rating matters, or (10) 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, 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, 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.

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. No Owner of any Obligation will 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 of and interest with respect to 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 maturity, money which, together with the amounts then on deposit in the Payment Fund is fully sufficient to pay or cause to be paid such Obligations Outstanding, including all principal and interest; 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 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 such Obligations (including all principal and interest) at their respective maturity or redemption 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 Trustee will sell and convey to the City and the City will purchase and accept from the Trustee, any interests the Trustee has in the 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 obligation 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 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 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 redeemed;

(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 redeemed; 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 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 redeemed.

Upon any partial redemption 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 redemption, 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 any Additional 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 of or interest on any Additional 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 Additional 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 revenues from Excise Taxes and 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 Excise Taxes and 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 CONTINUING DISCLOSURE UNDERTAKING

\$5,760,000*
CITY OF BENSON, ARIZONA
PLEDGED REVENUE AND REVENUE REFUNDING OBLIGATIONS, SERIES 2020

Closing Date: [Closing Date]
(CUSIP Base No.: 08244P)

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this “Undertaking”) is executed and delivered by the City of Benson, Arizona (the “City”), in connection with the execution and delivery of \$5,760,000* principal amount of Pledged Revenue and Revenue Refunding Obligations, Series 2020, Representing Proportionate Interests of the Owners Thereof in Purchase Price Payments to be Made by the City of Benson, Arizona, to U.S. Bank National Association, as trustee (the “Obligations”). The Obligations are being executed and delivered pursuant to a Second Trust Agreement, dated as of December 1, 2020* (the “Trust Agreement”), by and between the City and U.S. Bank National Association, as trustee (the “Trustee”). The City covenants and agrees as follows:

1. Definitions. In addition to those defined hereinabove, the terms set forth below shall have the following meanings in this Undertaking, 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 any agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent’s 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 _____, 2020.

“*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 Second Purchase Agreement, dated as of December 1, 2020*, 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 Securities Exchange Act of 1934, as the same may be amended from time to time.

“*State*” means the State of Arizona.

2. Purpose of this Undertaking. This Undertaking is executed and delivered by the City 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. (Base: _____)	Maturity Date (July 1)
----------------------------	---------------------------

4. Annual Financial Information Disclosure. Subject to Section 8 of this Undertaking, the City shall 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.

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 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 Undertaking, 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 Undertaking, the City shall disseminate in a timely manner, but 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 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 Undertaking, 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 Undertaking. A default under this Undertaking 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 Undertaking in the event of any failure of the City to comply with this Undertaking shall be an action to compel performance.

7. Amendments; Waiver. Notwithstanding any other provision of this Undertaking, the City by certified resolution or ordinance authorizing such amendment or waiver, may amend this Undertaking, and any provision of this Undertaking 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 Undertaking, 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 file a notice of such change in the same manner as for a notice of Listed Event.

8. Termination of Undertaking. This Undertaking 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 may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

10. Additional Information. Nothing in this Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Undertaking 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 Undertaking. 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 Undertaking, the City shall have no obligation under this Undertaking to update such information or include it in any future Annual Financial Information Disclosure or Listed Events Disclosure.

11. Beneficiaries. This Undertaking has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the City, the Dissemination Agent, if any, and the beneficial owners of the Obligations, and shall create no rights in any other person or entity.

12. Recordkeeping. The City 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 Undertaking 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.

DATED: [Closing Date]

CITY OF BENSON, ARIZONA

By.....
Mayor

ATTEST:

.....
City Clerk

APPROVED AS TO FORM:

.....

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

“Annual Financial Information” means financial information and operating data of the type contained in the Final Official Statement in TABLE 5 – Historical and Projected Excise Tax Revenues and State Shared Revenues Collections (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 clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided through EMMA by April 1 of each year, commencing April 1, 2021. 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 when available.

Audited Financial Statements will be prepared according to GAAP. Audited Financial Statements will be provided through EMMA within 30 days after availability to the City.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Undertaking, the City will 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.

FORM OF APPROVING LEGAL OPINION

[Closing Date]

U.S. Bank National Association
Phoenix, Arizona

Re: Pledged Revenue and Revenue Refunding Obligations, Series 2020 Representing Proportionate Interests of the Owners Thereof in Purchase Price Payments to be Made by the City of Benson, 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 U.S. Bank National Association (the “Trustee”) of the Pledged Revenue and Revenue Refunding Obligations, Series 2020 (the “Obligations”), pursuant to a Second Trust Agreement, dated as of December 1, 2020* (the “Trust Agreement”), between the Trustee and the City of Benson, 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 Second Purchase Agreement, dated as of December 1, 2020* (the “Purchase Agreement”), between the Trustee as seller and the City as purchaser to finance and 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

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 obligation of the City pursuant to the Purchase Agreement with respect to payment of principal and interest with respect to the Obligations constitutes a valid and binding special obligation of the City payable solely from, and secured solely by, 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 amounts from “Excise Taxes” and “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 Obligation does 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 with respect to the Obligations and received by the beneficial owners of the Obligations (the "Interest Portion"), is excludable from the gross income of the beneficial owners thereof for federal income tax purposes. Furthermore, the Interest Portion is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. (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 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 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 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 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 on, or ownership or disposition 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,

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 will be issued for each maturity of the Obligations, each in the aggregate principal amount of such maturity, 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 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 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 Obligations, 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).

Payment of principal of and interest on the Obligations and the redemption price of any Obligation 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 or the Trustee, 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 principal of and interest on the Obligations and the redemption price of any Obligations will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or 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.

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, 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, 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 the City takes no responsibility for the accuracy thereof.