



TOWN OF HUACHUCA CITY

The Sunset City

**HUACHUCA CITY TOWN COUNCIL
SPECIAL MEETING NOTICE
DECEMBER 5, 2019, at 6:00 PM
COUNCIL CHAMBERS
500 N. GONZALES BLVD.
HUACHUCA CITY, AZ 85616**

AGENDA

A. Call to Order – Mayor

- a. Pledge of Allegiance
- b. Roll Call and Ascertain Quorum

B. Call to the Public – Mayor

A.R.S. 38-431.01 states the 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.

C. New Business Before Council - Mayor

Public comment will be taken at the beginning of each agenda item, after the subject has been announced by the Mayor and explained by staff. Any citizen, who wishes, may speak one time for five minutes on each agenda item before or after Council discussion. Questions from Council Members, however, may be directed to staff or a member of the public through the Mayor at any time.

C.1 Discussion and/or Action [Town Attorney]: The Council might vote to go into Executive [closed] session, pursuant to A.R.S. 38-431.03(A) (1), for the purposes of interviewing Interim Town Manager candidates.

C.2 Discussion and/or Action [Town Attorney]: The Council might vote to go into Executive [closed] session, pursuant to A.R.S. 38-431.03(A) (3) & (4), for legal advice concerning the settlement agreement with Dusk till Dawn, financing and acquisition of the property.

C.3 Discussion and/or Action [Town Attorney]: CONSIDERATION AND POSSIBLE ADOPTION OF RESOLUTION NO. 2019-34 REVOKING RESOLUTION NO. 2019-33 AND INSTEAD APPROVING THE SALE AND EXECUTION AND DELIVERY OF AN EXCISE TAX REVENUE OBLIGATION, TAXABLE SERIES 2019, EVIDENCING ALL OF THE INTERESTS OF THE HOLDER THEREOF IN A PURCHASE AGREEMENT FROM THE CITY; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH PURCHASE AGREEMENT AND OTHER NECESSARY AGREEMENTS FOR SUCH SALE; DELEGATING AUTHORITY TO DETERMINE CERTAIN MATTERS AND TERMS WITH RESPECT TO THE FOREGOING AND DECLARING AN EMERGENCY

C.4 Discussion and/or Action [Mayor Wallace]: Town Council may choose a candidate to fill the Interim Town Manager position. Council may also direct the Town Manager to negotiate a contract with Interim Public Management, not to exceed \$40,000, plus travel and lodging expenses.

D. Adjournment

Posted at 5:00 PM December 3, 2019 at the following locations:

Town Hall Bulletin Board 500 N. Gonzales Blvd. Huachuca City, AZ 85616	Town Hall Lobby 500 N. Gonzales Blvd. Huachuca City, AZ 85616	Town Website https://huachucacityaz.gov
Huachuca City U.S. Post Office 690 N. Gonzales Blvd. Huachuca City, AZ 85616	Huachuca City Library 506 N. Gonzales Blvd. Huachuca City, AZ 85616	Huachuca City Police Department 500 N. Gonzales Blvd. Huachuca City, AZ 85616

Ms. Janine Rustine

Town Clerk

Note: This meeting is open to the public. All interested people are welcome to attend. A copy of agenda background material provided to the Committee Members, with the exception of material relating to possible executive session, are available for public inspection at the Town Clerk's Office, 500 N. Gonzales Blvd., Huachuca City, AZ 85616, Monday through Friday from 8:00 a.m. to 5:00 p.m. or online at www.huachucacityaz.gov

Individuals with disabilities who need a reasonable accommodation to attend or communicate at a town meeting, or who require this information in alternate format, may contact the Town at 456-1354 (TTY 456-1353) to make their needs known. Requests should be made as early as possible so there is sufficient time to respond.

SOURCES AND USES OF FUNDS

Town of Huachuca City, Arizona
Pledged Revenue, Taxable Series 2019
(Assumes 15-years @ 5.90%)

Dated Date 12/19/2019
Delivery Date 12/19/2019

Sources:

Bond Proceeds:	
Par Amount	377,000.00
	377,000.00

Uses:

Project Fund Deposits:	
Deposit to Acquisition Account	300,000.00
Other Fund Deposits:	
Debt Service Reserve Fund	41,195.00
Delivery Date Expenses:	
Cost of Issuance	35,805.00
	377,000.00

COST OF ISSUANCE**Town of Huachuca City, Arizona
Pledged Revenue, Taxable Series 2019
(Assumes 15-years @ 5.90%)**

Cost of Issuance	\$/1000	Amount
Placement Agent - Stifel	19.89390	7,500.00
Special Counsel - Greenberg Traurig	13.26260	5,000.00
Trustee - [TBD]	7.95756	3,000.00
Bank Counsel	26.52520	10,000.00
Pricing Agent - [TBD]	26.52520	10,000.00
Contingency	0.80902	305.00
	94.97347	35,805.00

BOND SUMMARY STATISTICS

Town of Huachuca City, Arizona
Pledged Revenue, Taxable Series 2019
(Assumes 15-years @ 5.90%)

Dated Date	12/19/2019
Delivery Date	12/19/2019
First Coupon	08/01/2020
Last Maturity	08/01/2034
Arbitrage Yield	5.898148%
True Interest Cost (TIC)	5.898148%
Net Interest Cost (NIC)	5.900000%
All-In TIC	7.476248%
Average Coupon	5.900000%
Average Life (years)	8.781
Duration of Issue (years)	6.667
Par Amount	377,000.00
Bond Proceeds	377,000.00
Total Interest	195,318.52
Net Interest	195,318.52
Total Debt Service	572,318.52
Maximum Annual Debt Service	41,195.00
Average Annual Debt Service	39,155.20
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	Duration	PV of 1 bp change
Bond Component	377,000.00	100.000	5.900%	8.781	6.667	244.13
	377,000.00			8.781		244.13

	TIC	All-In TIC	Arbitrage Yield
Par Value	377,000.00	377,000.00	377,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense			
- Other Amounts		-35,805.00	
Target Value	377,000.00	341,195.00	377,000.00
Target Date	12/19/2019	12/19/2019	12/19/2019
Yield	5.898148%	7.476248%	5.898148%

BOND PRICING

Town of Huachuca City, Arizona
Pledged Revenue, Taxable Series 2019
(Assumes 15-years @ 5.90%)

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	08/01/2020	10,000	5.900%	5.900%	100.000
	08/01/2021	18,000	5.900%	5.900%	100.000
	08/01/2022	19,000	5.900%	5.900%	100.000
	08/01/2023	20,000	5.900%	5.900%	100.000
	08/01/2024	21,000	5.900%	5.900%	100.000
	08/01/2025	22,000	5.900%	5.900%	100.000
	08/01/2026	23,000	5.900%	5.900%	100.000
	08/01/2027	25,000	5.900%	5.900%	100.000
	08/01/2028	26,000	5.900%	5.900%	100.000
	08/01/2029	28,000	5.900%	5.900%	100.000
	08/01/2030	30,000	5.900%	5.900%	100.000
	08/01/2031	30,000	5.900%	5.900%	100.000
	08/01/2032	35,000	5.900%	5.900%	100.000
	08/01/2033	35,000	5.900%	5.900%	100.000
	08/01/2034	35,000	5.900%	5.900%	100.000
		377,000			

Dated Date	12/19/2019	
Delivery Date	12/19/2019	
First Coupon	08/01/2020	
Par Amount	377,000.00	
Original Issue Discount		
Production	377,000.00	100.000000%
Underwriter's Discount		
Purchase Price	377,000.00	100.000000%
Accrued Interest		
Net Proceeds	377,000.00	

BOND DEBT SERVICE

Town of Huachuca City, Arizona
Pledged Revenue, Taxable Series 2019
(Assumes 15-years @ 5.90%)

Dated Date 12/19/2019
Delivery Date 12/19/2019

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/19/2019					
08/01/2020	10,000	5.900%	13,716.52	23,716.52	23,716.52
02/01/2021			10,826.50	10,826.50	
08/01/2021	18,000	5.900%	10,826.50	28,826.50	39,653.00
02/01/2022			10,295.50	10,295.50	
08/01/2022	19,000	5.900%	10,295.50	29,295.50	39,591.00
02/01/2023			9,735.00	9,735.00	
08/01/2023	20,000	5.900%	9,735.00	29,735.00	39,470.00
02/01/2024			9,145.00	9,145.00	
08/01/2024	21,000	5.900%	9,145.00	30,145.00	39,290.00
02/01/2025			8,525.50	8,525.50	
08/01/2025	22,000	5.900%	8,525.50	30,525.50	39,051.00
02/01/2026			7,876.50	7,876.50	
08/01/2026	23,000	5.900%	7,876.50	30,876.50	38,753.00
02/01/2027			7,198.00	7,198.00	
08/01/2027	25,000	5.900%	7,198.00	32,198.00	39,396.00
02/01/2028			6,460.50	6,460.50	
08/01/2028	26,000	5.900%	6,460.50	32,460.50	38,921.00
02/01/2029			5,693.50	5,693.50	
08/01/2029	28,000	5.900%	5,693.50	33,693.50	39,387.00
02/01/2030			4,867.50	4,867.50	
08/01/2030	30,000	5.900%	4,867.50	34,867.50	39,735.00
02/01/2031			3,982.50	3,982.50	
08/01/2031	30,000	5.900%	3,982.50	33,982.50	37,965.00
02/01/2032			3,097.50	3,097.50	
08/01/2032	35,000	5.900%	3,097.50	38,097.50	41,195.00
02/01/2033			2,065.00	2,065.00	
08/01/2033	35,000	5.900%	2,065.00	37,065.00	39,130.00
02/01/2034			1,032.50	1,032.50	
08/01/2034	35,000	5.900%	1,032.50	36,032.50	37,065.00
	377,000		195,318.52	572,318.52	572,318.52

BOND DEBT SERVICE

Town of Huachuca City, Arizona
Pledged Revenue, Taxable Series 2019
(Assumes 15-years @ 5.90%)

Dated Date 12/19/2019
 Delivery Date 12/19/2019

Period Ending	Principal	Coupon	Interest	Debt Service
08/01/2020	10,000	5.900%	13,716.52	23,716.52
08/01/2021	18,000	5.900%	21,653.00	39,653.00
08/01/2022	19,000	5.900%	20,591.00	39,591.00
08/01/2023	20,000	5.900%	19,470.00	39,470.00
08/01/2024	21,000	5.900%	18,290.00	39,290.00
08/01/2025	22,000	5.900%	17,051.00	39,051.00
08/01/2026	23,000	5.900%	15,753.00	38,753.00
08/01/2027	25,000	5.900%	14,396.00	39,396.00
08/01/2028	26,000	5.900%	12,921.00	38,921.00
08/01/2029	28,000	5.900%	11,387.00	39,387.00
08/01/2030	30,000	5.900%	9,735.00	39,735.00
08/01/2031	30,000	5.900%	7,965.00	37,965.00
08/01/2032	35,000	5.900%	6,195.00	41,195.00
08/01/2033	35,000	5.900%	4,130.00	39,130.00
08/01/2034	35,000	5.900%	2,065.00	37,065.00
	377,000		195,318.52	572,318.52

PROOF OF ARBITRAGE YIELD

Town of Huachuca City, Arizona
Pledged Revenue, Taxable Series 2019
(Assumes 15-years @ 5.90%)

Date	Debt Service	Present Value to 12/19/2019 @ 5.8981483189%
08/01/2020	23,716.52	22,881.44
02/01/2021	10,826.50	10,146.07
08/01/2021	28,826.50	26,240.94
02/01/2022	10,295.50	9,103.58
08/01/2022	29,295.50	25,161.90
02/01/2023	9,735.00	8,121.87
08/01/2023	29,735.00	24,097.14
02/01/2024	9,145.00	7,198.78
08/01/2024	30,145.00	23,049.85
02/01/2025	8,525.50	6,332.14
08/01/2025	30,525.50	22,022.70
02/01/2026	7,876.50	5,519.74
08/01/2026	30,876.50	21,017.98
02/01/2027	7,198.00	4,759.40
08/01/2027	32,198.00	20,679.83
02/01/2028	6,460.50	4,030.53
08/01/2028	32,460.50	19,671.09
02/01/2029	5,693.50	3,351.43
08/01/2029	33,693.50	19,265.24
02/01/2030	4,867.50	2,703.41
08/01/2030	34,867.50	18,810.67
02/01/2031	3,982.50	2,086.97
08/01/2031	33,982.50	17,297.92
02/01/2032	3,097.50	1,531.54
08/01/2032	38,097.50	18,297.43
02/01/2033	2,065.00	963.37
08/01/2033	37,065.00	16,796.27
02/01/2034	1,032.50	454.48
08/01/2034	36,032.50	15,406.30
	572,318.52	377,000.00

Proceeds Summary

Delivery date	12/19/2019
Par Value	377,000.00
Target for yield calculation	377,000.00

FORM 8038 STATISTICS

Town of Huachuca City, Arizona
Pledged Revenue, Taxable Series 2019
(Assumes 15-years @ 5.90%)

Dated Date 12/19/2019
 Delivery Date 12/19/2019

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Bond Component:						
	08/01/2020	10,000.00	5.900%	100.000	10,000.00	10,000.00
	08/01/2021	18,000.00	5.900%	100.000	18,000.00	18,000.00
	08/01/2022	19,000.00	5.900%	100.000	19,000.00	19,000.00
	08/01/2023	20,000.00	5.900%	100.000	20,000.00	20,000.00
	08/01/2024	21,000.00	5.900%	100.000	21,000.00	21,000.00
	08/01/2025	22,000.00	5.900%	100.000	22,000.00	22,000.00
	08/01/2026	23,000.00	5.900%	100.000	23,000.00	23,000.00
	08/01/2027	25,000.00	5.900%	100.000	25,000.00	25,000.00
	08/01/2028	26,000.00	5.900%	100.000	26,000.00	26,000.00
	08/01/2029	28,000.00	5.900%	100.000	28,000.00	28,000.00
	08/01/2030	30,000.00	5.900%	100.000	30,000.00	30,000.00
	08/01/2031	30,000.00	5.900%	100.000	30,000.00	30,000.00
	08/01/2032	35,000.00	5.900%	100.000	35,000.00	35,000.00
	08/01/2033	35,000.00	5.900%	100.000	35,000.00	35,000.00
	08/01/2034	35,000.00	5.900%	100.000	35,000.00	35,000.00
		377,000.00			377,000.00	377,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	08/01/2034	5.900%	35,000.00	35,000.00		
Entire Issue			377,000.00	377,000.00	8.7811	5.8981%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	35,805.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	41,195.00

UNDERWRITER EXCLUSION DISCLOSURE

**Town of Huachuca City, Arizona
Pledged Revenue, Taxable Series 2019
(Assumes 15-years @ 5.90%)**

Stifel, Nicolaus & Company, Incorporated ('Stifel') has been engaged or appointed to serve as an underwriter or placement agent with respect to a particular issuance of municipal securities to which the attached material relates and Stifel is providing all information and advice contained in the attached material in its capacity as underwriter or placement agent for that particular issuance. As outlined in the SEC's Municipal Advisor Rule, Stifel has not acted, and will not act, as your municipal advisor with respect to the issuance of the municipal securities that is the subject to the engagement.

Stifel is providing information and is declaring to the proposed municipal issuer and any obligated person that it has done so within the regulatory framework of MSRB Rule G-23 as an underwriter (by definition also including the role of placement agent) and not as a financial advisor, as defined therein, with respect to the referenced proposed issuance of municipal securities. The primary role of Stifel, as an underwriter, is to purchase securities for resale to investors in an arm's-length commercial transaction. Serving in the role of underwriter, Stifel has financial and other interests that differ from those of the issuer. The issuer should consult with its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

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RESOLUTION NO. 2019-34

RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF HUACHUCA CITY, ARIZONA REVOKING RESOLUTION NO. 2019-33 AND INSTEAD (1) PROVIDING FOR THE SALE AND EXECUTION AND DELIVERY PURSUANT TO A FIRST EXCISE TAX TRUST AGREEMENT OF AN EXCISE TAX REVENUE OBLIGATION, TAXABLE SERIES 2019, EVIDENCING ALL OF THE INTERESTS OF THE HOLDER THEREOF IN INSTALLMENT PAYMENTS OF THE PURCHASE PRICE TO BE PAID BY THE TOWN OF HUACHUCA CITY, ARIZONA, PURSUANT TO A FIRST EXCISE TAX PURCHASE AGREEMENT; (2) AUTHORIZING THE COMPLETION, EXECUTION AND DELIVERY WITH RESPECT THERETO OF AGREEMENTS NECESSARY OR APPROPRIATE AS PART OF THE FINANCING AND PAYING RELATED FINANCING COSTS; (3) DELEGATING TO THE MAYOR, THE TOWN MANAGER AND THE FINANCE DIRECTOR CERTAIN AUTHORITY WITH RESPECT TO THE PURPOSES HEREOF; (4) AUTHORIZING THE FINANCE DIRECTOR TO EXPEND ALL NECESSARY FUNDS THEREFOR; AND (5) DECLARING AN EMERGENCY

WHEREAS, by Resolution No. 2019-33 adopted on November 14, 2019 (the "Prior Resolution"), the Mayor and Council of the Town of Huachuca City, Arizona (the "Town"), determined that it was necessary, advisable and expedient to finance the costs of acquiring a building (the "Project"), and that the execution and delivery of certain obligations was necessary and advisable; and

WHEREAS, the Mayor and Council of the City has now determined that the Prior Resolution should be revoked and this Resolution should be adopted as it remains necessary, advisable and expedient to finance the costs of the Project but with the modified parameters provided in Section 1(a) hereof; and

WHEREAS, the Town will finance the costs of the Project by entering into a First Excise Tax Purchase Agreement, to be dated as of the first day of the month of the dated date of the hereinafter described Series 2019 Obligation (the "Purchase Agreement"), in substantially the form presented at the meeting at which this Resolution was adopted, by which the Town will agree to purchase the Project; and

WHEREAS, the acquisition of the Project will be financed through the sale and execution and delivery of all of the interests (the "Series 2019 Obligation") in the Purchase Agreement pursuant to, and secured by, a First Excise Tax Trust Agreement, to be dated as of the date of the Purchase Agreement (the "Trust Agreement"), from the Town to a trustee appointed as provided herein (including any successor appointed and acting in such capacity, the "Trustee"), in substantially the form presented at the meeting at which this Resolution was adopted; and

WHEREAS, the Mayor and Council of the Town will receive a proposal from Stifel, Nicolaus & Company, Incorporated, serving in the capacity of and designated as the placement

agent (the "Placement Agent"), and not acting as a municipal advisor as defined in the "Registration of Municipal Advisors" rule promulgated by the United States Securities and Exchange Commission, and has determined that the Series 2019 Obligation should be placed by the Placement Agent pursuant to the Strategic Alliance of Volume Expenditures (SAVE) Cooperative Response Proposal #C-005-1718; and

WHEREAS, the Placement Agent will submit such proposal to place the Series 2019 Obligation pursuant to a Placement Agent Agreement, in substantially the form presented at the meeting at which this Resolution was adopted, to be dated the date of placement of the Series 2019 Obligation (the "Placement Contract"), by and between the Town and the Placement Agent; and

WHEREAS, there have been presented to the Mayor and Council of the Town at the meeting at which this Resolution was considered the proposed forms of: (i) the Purchase Agreement; (ii) the Trust Agreement; and (iii) the Placement Contract; and

WHEREAS, the Town has the requisite power and authority to execute and deliver the Purchase Agreement and to cause the sale and execution and delivery of the Series 2019 Obligation, and all acts, conditions and things required by the Constitution and laws of the State of Arizona and the requirements of the Town to happen, exist and be performed precedent to and as a condition to the adoption of this Resolution have happened, exist and been performed in the time and manner required to make the Purchase Agreement a valid and binding limited, special obligation of the Town;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF HUACHUCA CITY, ARIZONA THAT THE PRIOR RESOLUTION IS REVOKED FOR ALL PURPOSES, and as follows:

Section 1. Authorization and Execution and Delivery of Documents and Obligation.

(a) For the purpose of providing funds to finance the costs of the Project and the related costs of the sale and execution and delivery of the Series 2019 Obligation, the Series 2019 Obligation shall be sold and executed and delivered. The Series 2019 Obligation shall be dated the date of its initial authentication and delivery and shall be issued in such form and denomination, shall be executed in such manner and shall have such other provisions as set forth in the form of the Trust Agreement, with such additions, deletions and modifications consistent with this Resolution as shall be approved by the officers of the Trustee executing and delivering the same on behalf of the Trustee, the execution and delivery thereof to constitute conclusive evidence of their approval and of such additions, deletions or modifications. The identity of the Trustee, the aggregate principal amount of the Series 2019 Obligation (but not to exceed \$390,000) and the dates the same shall be payable and prepayable, the period over which the Series 2019 Obligation shall become payable (but not later than August 1, 2034), the date on and price at which the Series 2019 Obligation shall be sold (including provisions for any premium or discount) and the entity or entities to which the Series 2019 Obligations shall be sold (the "Purchaser"), the provision of reserves for payment of the Series 2019 Obligation and the rates of interest the Series 2019 Obligation shall bear (but, except in the case of default, not greater than 6.25%) and the dates the same shall be payable shall be determined by the Mayor, the Town

Manager or the Finance Director of the Town or the designees of any of them (collectively, the "Authorized Representatives") to which such authority is hereby delegated.

(b) The Mayor or, in the absence thereof, the Vice Mayor are hereby authorized to execute, and the Clerk is hereby authorized to attest and deliver, respectively, the Purchase Agreement, the Trust Agreement and the Placement Contract, which are hereby approved, with such additions, deletions and modifications as shall be approved by those officers executing and delivering the same on behalf of the Town, the execution and delivery thereof to constitute conclusive evidence of their approval, and of such additions, deletions and modifications.

(c) The Trustee is hereby requested to execute and deliver the Series 2019 Obligation, the Purchase Agreement and the Trust Agreement to accomplish the purposes hereof.

(d) The Authorized Representatives are hereby authorized to cause the sale and execution and delivery of the Series 2019 Obligation pursuant to the Placement Contract and are hereby delegated the authority to complete any information missing in, or necessary for the consummation of the transactions contemplated by, the Purchase Agreement, the Trust Agreement and the Placement Contract. The Finance Director is hereby authorized to receive and expend such funds as necessary to accomplish the purposes of this Resolution, including payment of installment payments related to debt service on the Series 2019 Obligation.

Section 2. Pledge of Excise Taxes and State Shared Revenues. The covenants and agreements contained in the Purchase Agreement as to the pledge of and the lien on the revenues from the Excise Taxes and the State Shared Revenues and the restriction on the issuance of further parity obligations secured by such source are approved and confirmed.

Section 3. Severability. 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 4. Ratification of Actions. All actions of the officers, employees and agents of the Town including the Council conform to the purposes and intent of this Resolution and which further the actions contemplated by this Resolution, whether taken before or after adoption of this Resolution, are hereby ratified, confirmed and approved. The proper officers and agents of the Town are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the Town as may be necessary to carry out the terms and intent of this Resolution (including entering into any agreements for administrative or procedural requirements requested by the Purchaser).

Section 5. Emergency. The immediate operation of this Resolution is necessary for the preservation of the public health and welfare, particularly to be able to finance the capital needs of the Town on the most advantageous terms presently available, and an emergency is hereby declared to exist, and this Resolution shall be in full force and effect from and after its passage

and approval by the Mayor and Council of the Town, as required by law, and it is hereby exempt from the referendum provisions of the Constitution and laws of the State of Arizona.

[Remainder of page left blank intentionally.]

PASSED, ADOPTED, AND APPROVED this 5th day of December 2019.

.....
Mayor, Town of Huachuca City, Arizona

ATTEST:

.....
Clerk, Town of Huachuca City, Arizona

APPROVED AS TO FORM:

.....
Town Attorney, Town of Huachuca City, Arizona

CERTIFICATION

I hereby certify that the foregoing Resolution No. 2019-34 was duly passed and adopted by the Mayor and Council of the Town of Huachuca City, Arizona, at a regular meeting held on the 5th day of December 2019, and the vote was ayes and nays and that the Mayor and Councilmembers were present thereat.

.....
Clerk, Town of Huachuca City, Arizona

PLACEMENT AGENT AGREEMENT

_____, 2019

Mayor and Town Council
Town of Huachuca City, Arizona

Re: Town of Huachuca City, Arizona Excise Tax Revenue Obligations, Taxable
Series 2019

Upon the terms and conditions and based upon the representations, warranties and covenants set forth herein, Stifel, Nicolaus & Company, Incorporated (the "Placement Agent") offers to enter into this Placement Agent Agreement (this "Agreement") with the Town of Huachuca City, Arizona (the "Issuer"), which, upon acceptance of this offer, shall be binding upon the Issuer and the Placement Agent. This offer is made subject to acceptance of this Agreement by the Issuer before or on _____, 2019, and, if not so accepted, will be subject to withdrawal by the Placement Agent upon notice delivered to your office at any time prior to acceptance hereof. If the obligations of the Placement Agent shall be terminated for any reason permitted hereby, neither the Placement Agent nor the Issuer shall, except as otherwise permitted hereunder, be under further obligation hereunder.

The above-captioned Obligations (the "Obligations") are to be executed and delivered pursuant to a Resolution of the Mayor and Council of the Issuer adopted on November 14, 2019 (the "Resolution") and the hereinafter defined Trust Agreement.

1. Purchase, Sale and Delivery of Obligations. On the basis of the representations and agreements contained herein, but subject to the terms and conditions herein set forth, the Placement Agent agrees, on a best efforts basis, to locate a purchaser for the Obligations (the "Purchaser") at a purchase price equal to the principal amount thereof (the "Purchase Price") and on terms consistent with the Resolution. The maturities, principal amounts, interest rates and other terms and conditions of the Obligations shall be as set forth in the Trust Agreement.

For its services hereunder, and upon payment of the Purchase Price by the Purchaser to the Issuer (the date of such payment herein, the "Closing Date"), the Placement Agent shall receive compensation, payable by the Issuer, equal to \$ _____ (the "Fee"). On the Closing Date, the Issuer shall pay or cause to be paid the Fee to the Placement Agent by wire transfer of immediately available funds. The Fee does not include any services the Placement

Agent may render in the future to the Issuer with respect to any offering or placement of municipal securities other than the Obligations.

2. Representations, Warranties, and Covenants of the Issuer. The undersigned, on behalf of the Issuer, but not individually, hereby represents and warrants to the Placement Agent (and it shall be a condition of the obligation of the Placement Agent to perform under this Agreement that it shall be represented and warranted on the Closing Date) that:

(a) The Issuer is duly organized and validly existing under the laws of the State of Arizona (the "State") with the power to adopt the Resolution, perform the agreements on its part contained therein and in the agreements approved thereby and cause the execution and delivery of the Obligations.

(b) The Issuer has complied materially and, in all respects on the Closing Date will be in material compliance, with all of the provisions of applicable law of the State.

(c) The Issuer has duly adopted the Resolution, and the Issuer has duly authorized and approved the execution and delivery of this Agreement and the Purchase Agreement and the Trust Agreement (as such terms are defined in the Resolution and, with this Agreement, collectively, the "Documents"), as well as the performance of its obligations contained in the Obligations and the consummation by it of all other transactions contemplated hereby.

(d) The Documents have been duly authorized, executed and delivered by the Issuer, and, assuming due authorization, execution and delivery by the other parties thereto, as applicable, constitute legal, valid and binding agreements of the Issuer enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against the Issuer in the State.

(e) The Issuer is not in material breach of or material default under any applicable law or administrative regulation of the State or any department, division, agency or instrumentality thereof, or of the United States, or any applicable judgment or decree or any loan agreement, note, resolution, certificate, agreement or other instrument to which the Issuer is a party or is otherwise subject, which breach or default would materially and adversely affect the Issuer or its ability to perform its duties and obligations under the Documents, and the execution and delivery of the Documents, the adoption of the Resolution and the execution and delivery of the Obligations and compliance with the provisions of each will not conflict materially with or constitute a material breach of or default under any applicable law or administrative regulation of the State or under any certificate, agreement or other instrument to which the Issuer is a party or is otherwise subject, which breach or default would materially and adversely affect the Issuer or its ability to perform its duties and obligations under the Documents.

(f) No action, suit, proceeding or investigation at law or in equity before or by any court of governmental agency or body is pending or overtly threatened in any way affecting the existence of the Issuer or the title of the members of the Mayor and Council of the Issuer to their respective offices or seeking to restrain or to enjoin the sale or execution and delivery of the Obligations, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Obligations, or in any way contesting or affecting the validity or enforceability of the Obligations, the Resolution or the Documents, or contesting the powers of the Issuer or the members of the Mayor and Council of the Issuer with respect to the Obligations.

(g) The Issuer has furnished the Placement Agent with certain information and materials concerning the Issuer and the Obligations that the Placement Agent requested (the "Information Package"). The following documents and information comprise the Information Package: "Town audited financial statements for fiscal years ended June 30, 2014 through and including June 30, 2018," "Town unaudited financial statements for fiscal year ended June 30, 2019," "Town adopted budget for fiscal years 2018/19 and 2019/20," and "Historical and Projected Excise Tax and State Shared Revenues Collections." To the extent necessary under applicable law, if any, the Issuer represents and warrants that all information contained in the Information Package is, and will at all times during the period of the engagement of the Placement Agent hereunder be, true and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in light of the circumstances under which such statements are made.

3. Conditions to Closing. The obligations of the Placement Agent under this Agreement shall be subject, at the option of the Placement Agent, to the accuracy in all material respects of the representations, warranties and covenants on the part of the Issuer contained herein as of the date hereof and as of the Closing Date and to the performance by the Issuer of its obligations to be performed hereunder and under the Documents at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Obligations and the Documents shall have been duly authorized, executed and delivered by the respective parties thereto, in substantially the forms heretofore submitted to the Placement Agent with only such changes as shall have been agreed to by the Placement Agent, and the Documents shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Placement Agent, and there shall have been taken in connection therewith, with the issuance of the Obligations and with the transactions described therein and in this Agreement, all such action as the Placement Agent and hereinafter defined Special Counsel shall deem to be necessary and appropriate;

(b) At or prior to the Closing Date, the Placement Agent shall have received the following documents, in each case satisfactory in form and substance to the Placement Agent:

(1) The Documents (or certified copies thereof) duly executed and delivered by the respective parties thereto, with such amendments,

modifications or supplements as may have been agreed to by the Placement Agent;

(2) The opinion of Greenberg Traurig, LLP, Special Counsel, dated the Closing Date in form and substance satisfactory to the Placement Agent, relating to the validity of the Obligations, together with a letter from such counsel, dated the Closing Date and addressed to the Placement Agent to the effect that the foregoing opinion may be relied upon by the Placement Agent to the same extent as if such opinion was addressed to it and providing that the offer and sale of the Obligations shall be exempt from registration under the securities act of 1933, as amended, and that the Resolution does not need to be qualified pursuant to the Trust Indenture Act of 1939, as amended;

(3) A certificate of the Issuer, dated the Closing Date, in form and substance satisfactory to the Placement Agent, to the effect that:

(i) the Issuer has complied with and satisfied all the conditions on its part to be performed or satisfied under the Documents at or prior to the Closing Date and

(ii) the representations, warranties and covenants of the Issuer contained in this Agreement are true and correct as if made on the Closing Date.

(4) An Investor Letter, in the form attached to this Agreement as the Exhibit hereto and in form and substance acceptable to the Placement Agent, executed by the purchaser of the Obligations and addressed to the Placement Agent; and

(5) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Placement Agent or its counsel, if any, and Special Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the Issuer, and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer.

4. Termination. This Agreement may be terminated by either party upon ten (10) business days' prior written notice; provided, however, that, to the extent the Issuer may agree to do so pursuant to applicable law, the Fee shall be immediately due and payable by the Issuer if the Issuer terminates this Agreement and sells the Obligations to an investor identified by the Placement Agent to the Issuer prior to such termination and such sale occurs within six (6) months after termination of this Agreement.

5. Expenses. In addition to the Fee as provided in Section 1, hereof, there shall be paid solely from the proceeds of the sale of the Obligations, upon or promptly after the Closing Date: (a) the cost, if any, of the preparation and printing of the Obligations and (b) the fees and disbursements of Special Counsel and of any other counsel or consultants retained by the Issuer, counsel to the Purchaser and the fees of the trustee with respect to the Obligations.

The Placement Agent shall be under no obligation to pay any expenses incident to this Agreement.

6. Regulatory Disclosure: The Issuer acknowledges that, in connection with the purchase and sale of the Obligations, the offering of the Obligations for sale and the discussions and negotiations relating to the terms of the Obligations pursuant to and as set forth in this Agreement that (a) the Placement Agent has acted at "arm's length", is acting solely for its own account and is not agent of or advisor (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act)) and owes no fiduciary duty to, the Issuer or any other person, (b) the Placement Agent's duties and obligations to the Issuer shall be limited to those contractual duties and obligations set forth in this Agreement, (c) the Placement Agent may have interests that differ from those of the Issuer, and (d) the Issuer has consulted its legal and financial advisors to the extent it deemed appropriate in connection with the offering and sale of the Obligation. The Issuer further acknowledges and agrees that it is responsible for making its judgment with respect to the offering and sale of the Obligations and the process leading thereto. The Issuer agrees that it will not claim that the Placement Agent acted as a Municipal Advisor to the Issuer or rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Issuer, in connection with the offering or sale of the Obligations or the process leading thereto.

7. Survival of Certain Representations and Obligations. The respective agreements, covenants, representations, warranties and other statements of the Issuer and its officers set forth in or made pursuant to this Agreement shall survive delivery of and payment for the Obligations and shall remain in full force and effect, regardless of any investigation, or statements as to the results thereof, made by or on behalf of the Placement Agent.

8. Notices. Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to the Issuer at 500 Gonzales Blvd., Huachuca City, Arizona 85616, Attention: Town Manager. Any notice or other communication to be given to the Placement Agent under this Agreement may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, 2325 East Camelback Road, Suite 750, Phoenix, Arizona 85016, Attention: B. Mark Reader, Managing Director.

9. No Assignment. This Agreement has been made by the Issuer and the Placement Agent, and no person other than the foregoing shall acquire or have any right under or by virtue of this Agreement.

10. Applicable Law.

(a) This Agreement shall be interpreted, governed and enforced in accordance with the laws of the State.

(b) This Agreement as required by the provisions of Section 38-511, Arizona Revised Statutes, notice is hereby given that the State, its political subdivisions (including the Issuer) 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, 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 Issuer 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 Agreement and covenants that it shall take no action which would result in a violation of such Section.

11. Effectiveness. This Agreement shall become effective upon its execution by duly authorized officials of all parties hereto and shall be valid and enforceable from and after the time of such execution.

12. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

13. Counterparts. This Agreement may be executed in several counterparts (including counterparts exchanged by email in PDF format), each of which shall be an original and all of which shall constitute but one and the same instrument.

[Signature page follows.]

Respectfully submitted,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

.....
B. Mark Reader
Managing Director

ACCEPTED this ____ day of _____ 2019.

TOWN OF HUACHUCA CITY, ARIZONA

By.....
Mayor

ATTEST:

.....
Town Clerk

EXHIBIT

FORM OF INVESTOR LETTER

Town of Huachuca City, Arizona

Stifel, Nicolaus & Company, Incorporated

Re: Town of Huachuca City, Arizona Excise Tax Revenue Obligations, Taxable Series 2019

The undersigned (the "Investor") hereby acknowledges that it is purchasing \$.....,000 aggregate principal amount Town of Huachuca City, Arizona Excise Tax Revenue Obligations, Taxable Series 2019 (the "Obligations") executed and delivered pursuant to a Resolution (the "Resolution") of the Mayor and Council of the Town of Huachuca City, Arizona, adopted November 14, 2019, and the First Excise Tax Trust Agreement, dated as of _____, 2019 (the "Trust Agreement"), by and between Town of Huachuca City, Arizona (the "Issuer") and The Bank of New York Mellon Trust Company, N.A. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

This letter is being provided pursuant to a Placement Agent Agreement, dated _____, 2019, between the Issuer and Stifel, Nicolaus & Company, Incorporated (the "Placement Agent").

The Obligations were executed and delivered to finance the costs of the Project, and principal of the Obligations, together with interest thereon shall be payable from Excise Taxes.

In connection with the sale of the Obligations to the Investor, the Investor hereby makes the following certifications, representations and warranties upon which you may rely:

1. The Investor has the authority and is duly authorized to purchase the Obligations and to execute this letter and any other instruments and documents required to be executed by the Investor in connection with its purchase of the Obligations.

2. The Investor is (a) a "qualified institutional buyer" as that term is defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), or (b) an "accredited investor" as that term is defined in Regulation D under the Securities Act. The Purchaser (i) is a bank, any entity directly or indirectly controlled by the bank or under common control with the bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, or a consortium of such entities; and (ii) has the present intent to hold the Obligation to maturity or earlier redemption or mandatory tender.

3. The Investor is not purchasing the Obligations for more than one account. The Obligations are being acquired by the Investor solely for investment and not with a present view to, or for resale in connection with, any distribution of the Obligations, and the Investor presently

intends to hold the Obligations solely for its own account for investment purposes for an indefinite period of time, and does not presently intend to dispose of all or any part of the Obligations. However, the Investor may sell the Obligations at any time the Investor deems appropriate, subject to the transfer restrictions set forth in the Obligations and in the Trust Agreement. The Investor understands that it may need to bear the risks of this investment for an indefinite period of time, since a sale of the Obligations, or any portion thereof, prior to maturity may not be possible.

4. The Investor understands that the Obligations are not, and are not intended to be, registered under the Securities Act and that such registration is not legally required as of the date hereof and further understands that the Obligations (a) are not being registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating agency, and (d) will be delivered in a form that may not be readily marketable.

5. The Investor acknowledges that it has either been supplied with or been given access to information, financial statements and other financial information to which a reasonable investor would attach significance in making investment decisions, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer and the Obligations and the security therefor so that, as a reasonable investor, the Investor has been able to make a decision to purchase the Obligations. The Investor has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Obligations.

6. The Investor acknowledges that the Obligations are payable solely from, and secured solely by, revenues from the Excise Taxes and the State Shared Revenues.

7. The Investor has made its own inquiry and analysis with respect to the Obligations and the security therefor, and other material factors affecting the security and payment of the Obligations. The Investor is aware that there are certain economic and regulatory variables and risks that could adversely affect the security for the Obligations. The Investor has reviewed the documents executed in conjunction with the execution and delivery of Obligations, or summaries thereof, including, without limitation, the Resolution, the Trust Agreement and the Purchase Agreement.

8. The Investor acknowledges and agrees that the Issuer takes no responsibility for, and makes no representation to the Investor, or any subsequent purchaser, with regard to, a sale, transfer or other disposition of the Obligations in violation of the provisions hereof, or any securities law or income tax law consequences thereof. The Investor also acknowledges that, with respect to the Issuer's obligations and liabilities, the Investor is solely responsible for compliance with the sales restrictions on the Obligations in connection with any subsequent transfer of the Obligations made by the Investor.

9. The Investor agrees that it is bound by and will abide by the provisions of the Trust Agreement relating to transfer, the restrictions noted on the face of the Obligations and this Investor Letter. The Investor shall comply with all applicable federal and state securities laws, rules and regulations in connection with any resale or transfer of the Obligations by the Investor.

10. The Investor acknowledges that the sale of the Obligations to the Investor is made in reliance upon the certifications, representations and warranties herein by the addressees hereto.

The interpretation of the provisions hereof shall be governed and construed in accordance with the laws of the State of Arizona without regard to principles of conflicts of laws.

All representations of the Investor contained in this letter shall survive the execution and delivery of the Obligations to the Investor as representations of fact existing as of the date of execution and delivery of this Investor Letter.

Date:, 2019

Very truly yours,

Investor:

By:.....

Printed Name:.....

Title:

FIRST EXCISE TAX PURCHASE AGREEMENT

by and between

as Seller

and

THE TOWN OF HUACHUCA CITY, ARIZONA,
as Purchaser

Dated as of _____ 1, 2019

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FIRST EXCISE TAX PURCHASE AGREEMENT

THIS FIRST EXCISE TAX PURCHASE AGREEMENT, dated as of _____, 2019 (this "Agreement"), by and between the TOWN OF HUACHUCA CITY, ARIZONA, a municipal corporation under the laws of the State of Arizona (the "Town"), as purchaser hereunder, and _____, a national banking association, as trustee under the First Excise Tax Trust Agreement, dated as of even date herewith (the "Trust Agreement"), but in its separate capacity as seller (the "Seller") hereunder,

WITNESSETH:

WHEREAS, pursuant to Resolution No. _____ adopted on November 14, 2019, the Mayor and Council of the Town determined to finance the costs of the Project (as such term and all other terms not otherwise defined herein are defined in the Trust Agreement); and

WHEREAS, for the purpose of financing the costs of the Project, the Mayor and Council of the Town requested that the Trustee sell and execute and deliver the Obligation; and

WHEREAS, the Town is a municipal corporation duly incorporated and validly existing under the laws of the State; the Constitution and the laws of the State authorize the Town to enter into this Agreement and the transactions contemplated by this Agreement; the Town has duly authorized and executed this Agreement; this Agreement is a lawful, valid and binding obligation of the Town, enforceable against the Town 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 the Town is now a party or by which the Town is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Town; and the Project complies 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 Project; and

WHEREAS, the Seller 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 Project, the Town sells and conveys any interests it has in the Project to the Seller, without warranty, for the sum of \$10.00 and other valuable consideration had and received. For the amounts payable pursuant hereto (including the Payments), the Seller in turn hereby sells and conveys back to the Town, without recourse, representation or warranty, and the Town hereby purchases from the Seller, any interests the Seller has in the Project. The Seller shall have no further obligation to provide funds for the Project, and the Town shall be entitled to sole and exclusive possession of the Project.

(b) As the purchase price, the Town shall pay the Payments to the Seller.

The Town shall also pay to the Seller its fees and expenses in accordance with the provisions of the Trust Agreement.

The Town 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 Obligation on the next date for payment thereof, the Town shall pay any such deficiency in sufficient time to prevent default in the payment of principal or interest on the Obligation falling due on such date.

(c) This Agreement shall be deemed and construed to be a "*net purchase agreement*," and the Payments shall be an absolute net return to the Seller, free and clear of any expenses or charges whatsoever, except as otherwise specifically provided herein. The obligation of the Town to pay the amounts described in paragraph (b) hereof (including the Payments) from the sources described herein and to comply with the other provisions hereof shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, abatement, counterclaim, or recoupment arising out of any breach by the Seller of any obligation to the Town or otherwise, or out of indebtedness or liability at any time owing to the Town by the Seller. Until such time as all of the payments described in paragraph (b) hereof (including the Payments) shall have been fully paid or provided for, the Town (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 Project, the taking by *eminent domain* of title to or temporary use of any or all of the Project, commercial frustration of purpose, abandonment of the Project by the Town, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of the Seller to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Trust Agreement or this Agreement. Nothing contained in this Section shall be construed to release the Seller from the performance of any of the agreements on its part herein or in the Trust Agreement contained and in the event the Seller shall fail to perform any such agreements on its part, the Town may institute such action against the Seller as the Town may deem necessary to compel performance

so long as such action does not abrogate the obligations of the Town contained in the first sentence of this paragraph.

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

(e) Amounts payable to the Seller shall be paid by means instructed to the Town in writing.

Section 2. *Pledge; Limited Obligations.*

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

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

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

Section 3. *Surplus and Deficiency of the Revenues from the Excise Taxes and the State Shared Revenues.* Subject to the rights with respect to the revenues from the Excise Taxes and the State Shared Revenues with respect to any Parity Lien Obligations, the revenues from the Excise Taxes and the State Shared Revenues in excess of amounts, if any, required to be deposited with or held by the Seller for payments due under this Agreement shall constitute

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

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

Section 5. Town Control over Revenue Collection. To the extent permitted by applicable law, the revenues from the Excise Taxes shall be retained and maintained so that the amounts received from the revenues from the Excise Taxes and the State Shared Revenues, when combined mathematically for such purpose only, all within and for the most recently completed fiscal year of the Town, shall have been equal to at least two (2) times the total of interest and principal requirements for the current fiscal year of the Town for this Agreement and any Parity Lien Obligations. If the revenues from the Excise Taxes and the State Shared Revenues for any such fiscal year shall not have been equal to at least one and one-quarter (1-1/4) times the total of the interest and principal requirements for the current fiscal year of the Town for this Agreement and any Parity Lien Obligations or if at any time it appears that the revenues from the Excise Taxes and the State Shared Revenues will not be sufficient to meet such requirements, the Town shall, to the extent permitted by applicable law, impose new exactions of the type of the Excise Taxes which will be part of the Excise Taxes or increase the rates for the Excise Taxes currently imposed fully sufficient at all times, after making allowance for contingencies and errors, in each fiscal year of the Town in order that (a) the revenues from the Excise Taxes and the State Shared Revenues will be sufficient to meet all current requirements hereunder and (b) the revenues from the Excise Taxes and the State Shared Revenues will be reasonably calculated to attain the level as required by the first sentence of this subsection.

Section 6. Certain Matters with Respect to the Project; Town Appointed as Agent.

(a) (i) Except with respect to its power and authority to enter into this Agreement and to perform its covenants hereunder, the Seller 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 Project for any particular purpose or the conformity of the Project to any plans, specifications, construction contract, purchase order, model or sample, or as to their design, construction, delivery, installation, construction oversight and operation or their suitability for use by the Town after completion. All such risks shall be borne by the Town without in any way excusing the Town from its obligations under this Agreement, and the Seller shall not be liable to the Town for any damages on account of such risks. Except with respect to any acts by the Seller which are not undertaken at the request of the Town or with the prior approval of the Town, the Town waives all claims against the Seller growing out of the acquisition of the Project. The Seller shall have no liability to the Town for any failure of any contractor to perform any contract or other undertaking with respect to the Project in any respect. The Seller shall have no obligation to obtain or insure compliance with any required permits or approval procedures with respect to the Project. In the event of any defect in any item of the Project or other claim with respect to the Project, recourse of the Town shall be against the contractors, manufacturers, suppliers, etc. of the Project and, where applicable, the person selling the property to the Seller, and not against the Seller. For such purpose, the Seller hereby assigns and transfers to the Town the right, title and interest of the Seller in and to all representations, warranties, guarantees and service agreements relating to the Project made or entered into by the Seller and by any contractor, manufacturers, suppliers, etc. of the Project. Town shall have the right to initiate and take all actions necessary to enforce any and all construction contracts and all such warranties and service agreements. The Seller is entering into this Agreement solely as the Seller, shall not be personally liable hereunder and shall be afforded the same rights, protections, immunities and indemnities acting hereunder as afforded to it as the Trustee under the Trust Agreement. Notwithstanding anything to the contrary herein, at no time shall the Seller be listed in the chain of title to the Project. Provisions governing the rights, immunities and protections of the Trustee under the Trust Agreement are herein incorporated by reference into this agreement as though fully set forth herein.

(ii) The Town, 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 Project, without suit, trouble or hindrance from the Seller. The Town hereby grants and conveys to the Seller, and all persons claiming by, through or under the Seller, including its successors and assigns under the Trust Agreement and the Owners for whom it acts, a nonexclusive easement upon, in and to the Project for the purpose of permitting the Project to be maintained upon the premises.

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

(b) The Seller is irrevocably appointed by the Town as its sole and exclusive agent to act for and on behalf of the Seller in acquiring, constructing, installing, improving or otherwise providing for the Project. As such agent, the Town shall have full authority to do all things necessary to bring about the financing of the Project. The Seller shall not be liable, responsible or accountable for the acts of the Town as its agent hereunder, and the Town hereby assumes all responsibility for the performance of such duties. The Town, as agent for the Seller, shall be responsible for acquiring the Project. The Town shall have full authority to do all things necessary to bring about the financing of the Project. The Seller shall not be liable, responsible or accountable for the acts of the Town as its agent hereunder, and the Town hereby assumes all responsibility for the performance of such duties. Should any shortfall or deficiency occur in the Acquisition Fund, the Town shall immediately pay such amounts to the Trustee for deposit in the Acquisition Fund

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

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

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

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

Section 8. Term of Agreement. This Agreement shall not terminate so long as any payments are due and owing pursuant to the Obligation. Subject to Section 7 hereof, upon full payment or provision for payment and in consideration of the timely payment of all of the amounts described in Subsection 1(b) hereof (including the Payments) and provided that the Town has performed all the covenants and agreements required by the Town to be performed, this Agreement shall cease and expire. The obligations of the Town under this Agreement, including, without limitation, its obligation to pay the Payments, shall survive any action brought as provided in the next Section hereof, and the Town shall continue to pay the Payments and perform all other obligations provided in this Agreement; provided, however, that the Town shall be credited with any amount received by the Seller pursuant to actions brought under the next Section hereof.

Section 9. Default; Remedies Upon Default.

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

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

(iii) subject to the limitations of the Trust Agreement, the Seller 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 Town under the Trust Agreement or this Agreement then due (but not the Payments and such other amounts accruing), or to enforce performance and observance of any pledge, obligation, agreement or covenant of the Town under the Trust Agreement or this Agreement, and with respect to the revenues from the Excise Taxes and the State Shared Revenues, without notice and without giving any bond or surety to the Town or anyone claiming under the Town, have a receiver appointed of the revenues from the Excise Taxes and the State Shared Revenues which are pledged to the payment of amounts due hereunder, with such powers as the court making such appointment shall confer (and the Town does hereby irrevocably consent to such appointment); provided, however, that under no circumstances may the Payments be accelerated.

Each right, power and remedy of the Seller provided for in this Agreement shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for herein, or, unless prohibited by the terms hereof, now or hereafter existing at law or in equity or by statute or otherwise, in any jurisdiction where such rights, powers and remedies are sought to be enforced, and the exercise or beginning of the exercise by the Seller of any one or more of the rights, powers or remedies provided for herein or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by either party of any or all of such other rights, powers or remedies. The failure to insist upon strict performance of any of the covenants or agreements herein set forth shall not be considered or taken as a waiver

or relinquishment for the future of the rights of the Seller to insist upon a strict compliance by the Seller with all the covenants and conditions hereof. The Town shall, upon not less than 10 days' prior request by the Seller, execute, acknowledge and deliver to the Seller a statement in writing certifying that this Agreement is unmodified and in full force and effect (or, if this Agreement has been modified, that it is in full force and effect except as modified, and stating the modification), and the dates to which the amounts payable hereunder have been paid in advance, if any.

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

Section 10. Assignment.

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

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

Section 11. [Reserved].

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

(a) To the extent applicable by provision of law, the Seller acknowledges that this Agreement is subject to cancellation pursuant to Section 38-511, Arizona Revised Statutes, the provisions of which are incorporated herein and which provides that the Town may within three (3) years after its execution cancel any contract (including this Agreement) without penalty or further obligation made by the Town if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the Town is at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract. The cancellation shall be effective when written notice is received by all other parties to the contract unless the notice specifies a later time. The Seller covenants not to employ as an employee, an agent or, with respect to the subject matter of this Agreement, a consultant, any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of the Seller within three years from the execution of this Agreement, unless a waiver of Section 38-511, Arizona Revised

Statutes, is provided by the Town. No basis exists for the Town to cancel this Agreement pursuant to Section 38-511, Arizona Revised Statutes, as of the date hereof.

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, the Seller shall comply with all federal immigration laws and regulations that relate to its employees and its compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes. The breach by the Seller of the foregoing shall be deemed a material breach of this Agreement and may result in the termination of the services of the Seller by the Town. To the extent permitted by law, the Town retains the legal right to randomly inspect the papers and records of the Seller to ensure that the Seller is complying with the above-mentioned warranty. The Seller shall keep such papers and records open for random inspection during normal business hours by the Town. The Seller shall cooperate with the random inspections by the Town including granting the Town entry rights onto its property to perform such random inspections and waiving its respective rights to keep such papers and records confidential. To the extent permitted by law, the Town shall preserve the confidentiality of any information, records or papers the Town needs, accesses or otherwise obtains during any and every such random inspection, including, without limitation, such information.

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

Section 13. Miscellaneous.

(a) No covenant or obligation herein to be performed by the Town may be waived except by the written consent of the Seller, and a waiver of any such covenant or obligation or a forbearance to invoke any remedy on any occasion shall not constitute or be treated as a waiver of such covenant or obligation as to any other occasion and shall not preclude the Seller from invoking such remedy at any later time prior to the cure by the Town of the condition giving rise to such remedy.

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

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

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

to the extent reasonably possible, causing the remainder of this Agreement to be invalid, prohibited by law or unenforceable.

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

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

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

[Signature page follows.]

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

The Seller:

_____, as seller

By _____
[Name], [Title]

The Town:

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

By _____
Mayor

ATTEST:

By _____
Town Clerk

SCHEDULE

FIRST EXCISE TAX TRUST AGREEMENT

by and between

as Trustee

and

THE TOWN OF HUACHUCA CITY, ARIZONA,
as Purchaser

Dated as of _____ 1, 2019

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FIRST EXCISE TAX TRUST AGREEMENT

THIS FIRST EXCISE TAX TRUST AGREEMENT, made and entered into as of the first day of _____ 2019 (this "Trust Agreement"), by and between the TOWN OF HUACHUCA CITY, ARIZONA, a municipal corporation under the laws of the State of Arizona (the "Town") and _____, a national banking association authorized to exercise trust powers in the State of Arizona, as trustee, and any successor to its duties hereunder (the "Trustee"), and;

WITNESSETH:

WHEREAS, pursuant to Resolution No. _____ adopted on November 14, 2019, the Mayor and Council of the Town determined to finance the costs of acquiring a building (the "Project"); and

WHEREAS, for such purpose, the Mayor and Council of the Town requested that the Trustee sell and execute and deliver the Excise Tax Revenue Obligation, Taxable Series 2019, in the principal amount of \$_____,000 (the "Obligation"), and the Trustee has, as described in this Trust Agreement, caused deposits to be made to the Acquisition Fund (as such term and all other terms not hereinabove defined are defined in Section 1.1 hereof) and the Costs of Issuance Fund;

GRANTING CLAUSES

NOW, THEREFORE, in order to secure the payment of principal and interest (to the extent provided herein) related to the Obligation, the rights of the Owner and the performance and the observance of the covenants and conditions contained in the Obligation, the Purchase Agreement and herein, and the performance and the observance of all of the covenants and conditions contained therein, the Town absolutely and irrevocably pledges and assigns to the Trustee, and the Trustee hereby declares an irrevocable trust and acknowledges its acceptance of, all right, title and interest in and to the following described trust estate, which shall be administered by the Trustee according to the provisions of this Trust Agreement:

A. All right, title and interest of the Trustee, in its capacity as seller, in, under and pursuant to the Purchase Agreement, the Payments and any other amounts payable by the Town 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 Obligation, 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 benefit and security of the Owner, conditioned, however, that if the Town 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 Town 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 in the Recitals hereto 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 by that name established pursuant to Article III and held by the Trustee.

"Authorized Denomination" means principal of the Obligation due at maturity unless the Obligation is transferred or replaced and then the principal then remaining unpaid.

"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.

"Certificate of Completion" means the notice of completion, filed with the Trustee by the Town Representative, stating that the Project has been substantially completed.

"Closing Date" means _____, 2019.

"Completion Date" means the date on which the Certificate of Completion is filed with the Trustee by the Town Representative.

“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 hereof and held by the Trustee.

“Defaulted Interest” has the meaning provided in Section 2.10(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, or any combination thereof.

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

“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 described in Section 9 of the Purchase Agreement.

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

“Fiscal Year” means the period beginning July 1 and ending June 30.

“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 Town or the Trustee and which may include the counsel giving a Special Counsel's Opinion.

"Interest Payment Date" means each February 1 and August 1, while principal related to the Obligation is outstanding provided that, pursuant to Section 9.6, if any such day is not a Business Day, any payment due on such date may be made on the next Business Day, without additional interest and with the same force and effect as if made on the specified date for such payment.

"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.

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

"Notification" shall have the meaning provided in Section 10.3(b).

"Owner" or any similar term, when used with respect to an Obligation means _____ or the entity provided in Section 2.8.

"Parity Lien Obligations" means an obligation issued on a parity with the Purchase Agreement, as permitted by the terms thereof.

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

"Payments" means the Payments required to be paid by the Town pursuant to Subsection 1(b) of the Purchase Agreement and as set forth in the Schedule to the Purchase Agreement, subject to the provisions of Subsection 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, with respect to the Project, all architectural, engineering, soils, survey, archaeology, demolition, construction management fees, development fees, contingencies and other related costs of acquiring, installation, improvement and other matters necessary for the Project or incurred by Trustee or the Town with respect to the transaction to which this Trust Agreement pertains.

"Purchase Agreement" means the First Excise Tax Purchase Agreement, dated as of _____ 1, 2019, by and between the Town and the Trustee, in its capacity as "Seller."

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

“Responsible Officer” means, when used with respect to the Trustee, the president, any vice president, any assistant vice president, 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.

“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 Town.

“Special Record Date” has the meaning provided in Section 2.10(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 Town, except the Town’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.

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

Words importing persons include firms, associations and corporations, and the singular and plural forms of words shall be deemed interchangeable wherever appropriate.

Section 1.2. Interpretation.

(a) Any reference herein to the Mayor and Council of the Town or any officer of the Town 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 Agreement.

Section 1.3. Obligation Not General Obligation of the Town. The Obligation shall be payable solely out of the revenues and other security pledged hereby and shall not constitute an indebtedness or general obligation of the Town within the meaning of any State constitutional provision or statutory limitation and shall never constitute or give rise to a

pecuniary liability of the Town or be a charge against the Town's general credit or a charge against the general credit or the taxing powers of the State or any political subdivision thereof.

ARTICLE II EXCISE TAX REVENUE OBLIGATION

Section 2.1. Authorization of the Obligation. The Trustee is hereby authorized and directed by the Town to execute and deliver to the Owner, the Obligation in the principal amount of \$____,000, evidencing a one hundred percent (100%) proportionate ownership interest in the Payments. In no event shall the Obligation be deemed a liability, debt or obligation of the Trustee.

Section 2.2. Date; Interest Accrual. The Obligation shall be dated the Closing Date, and interest related 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 Obligation. The Obligation shall be in Authorized Denominations.

Section 2.3. Payment Amount and Date and Interest Rate. The Obligation shall be payable on August 1, 20__, in the principal amount of \$____,000 and interest represented thereby shall be computed at the rate of ____%.

Section 2.4. Interest on Obligation. Interest related to the Obligation shall be payable semiannually on February 1 and August 1 of each year commencing _____ 1, 20__, to and including the date of payment or prepayment of the amount of principal of the Obligation. 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 Obligation. The proportionate share of the portion of the Payments designated as interest with respect to the Obligation shall be computed by multiplying the portion of Payments designated as principal with respect to the Obligation by ____% (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 date of initial execution and delivery to _____ 1, 20__.

Section 2.5. Form. The Obligation shall be in the form of one fully registered, physically certificated Obligation registered in the name of the Owner, substantially in the form attached hereto as Exhibit A. The Obligation shall not be rated by any rating agency or rating service, shall not be assigned a CUSIP number and shall not be made subject to a book-entry system of any securities depository, and payments of principal and interest with respect to the Obligation shall be made as provided herein, without regard to references, if any, to securities depositories or their operational requirements in any of the documents associated therewith.

Section 2.6. Execution. The Obligation shall be executed by and in the name of the Trustee by the manual signature of an authorized representative of the Trustee. If the representative whose signature appears on the 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. The Obligation may be executed on behalf of the Trustee by such person as at the actual date of the execution of the Obligation shall be the proper authorized representative of the Trustee although at the nominal date of the Obligation such

person shall not have been such authorized representative of the Trustee. The Obligation shall not 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 has been duly authorized and delivered hereunder and is entitled to the security and benefit of this Trust Agreement.

Section 2.7. Application of Proceeds. The proceeds received by the Trustee from the sale of the Obligation shall forthwith be transferred by the Trustee as follows:

- (a) \$ _____ shall be deposited in the Costs of Issuance Fund; and
- (b) \$ _____ shall be deposited in the Acquisition Fund.

Section 2.8. Transfer and Exchange.

(a) The Obligation may, in accordance with its terms, be transferred upon the registration books for the Obligation required to be kept pursuant to the provisions of Section 2.12 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; provided, that the transferee represents to the Trustee that: (i) it has sufficient knowledge and experience in financial and business matters to be able to evaluate the risks and merits of the investment in the Obligation; (ii) it understands that neither this Trust Agreement nor the Obligation will be registered pursuant to the Securities Act of 1933, as amended; (iii) it is (A) an affiliate of _____, (B) a "Bank" as defined in Section 3(a)(2) of the Securities Act of 1933, as amended, (C) an "accredited investor" within the meaning of Regulation D promulgated pursuant to the Securities Act of 1933, as amended, or (D) a qualified institutional buyer within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended; and (iv) its present intention is to acquire such interest (A) for investment for its own account, or (B) for resale in a transaction exempt from registration under the Securities Act of 1933, as amended; *provided, however*, that there shall be only be one outstanding Obligation at any time. The foregoing transfer restriction shall be set forth on the face of each Obligation. Whenever the Obligation shall be surrendered for transfer, the Trustee shall execute and deliver a new Obligation in fully registered, physically certificated form for the payment amount then remaining unpaid with respect to such Obligation.

(b) The Obligation may be exchanged at the Designated Office for a like aggregate principal amount of Obligation of Authorized Denomination. In connection with any such exchange or transfer of an Obligation, 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 Town (which will not be payable by the Trustee), or any fee or expense of the Trustee or the Town with respect to such exchange or transfer.

(c) Prior to any transfer of the Obligation, the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply

with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Section 6045 of the Internal Revenue Code of 1986, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 2.9. Obligations Mutilated, Lost, Destroyed or Stolen. If the Obligation shall become mutilated, the Trustee, at the expense of the Owner, shall execute and deliver a new Obligation of like tenor and payment date and for the remaining unpaid principal 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. If the 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, shall execute and deliver a new Obligation of like tenor and payment date and for the remaining unpaid principal amount, 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. Notwithstanding any other provision of this Section, in lieu of delivering a new Obligation for an Obligation which has been mutilated, lost, destroyed or stolen, and which has become due, the Trustee may make payment with respect to such Obligation upon receipt of the aforementioned indemnity.

Section 2.10. Payment.

(a) Payment of interest related to the Obligation on any Interest Payment Date shall be made to the Owner as of the Regular Record Date immediately preceding such Interest Payment Date.

(b) The principal and interest related to the Obligation shall be payable in lawful money of the United States of America.

(c) Interest and principal payable to the Owner shall be paid by wire transfer in immediately available funds to an account in the United States of America as directed by the Owner specifying the account address without surrender of the Obligation except as set forth below. The notice may provide that it shall remain in effect for subsequent payments until otherwise requested in a subsequent written notice. Notwithstanding the foregoing, the final payment of interest and principal to the Owner will be payable at the Corporate Trust Office upon surrender of the Obligation.

(d) Any interest related to the 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 at the same rate as the

Obligation 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 Town) to the Owner 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 the Owner 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 Owner on such Special Record Date.

(e) In the event the Obligation is not presented for payment at maturity, if moneys sufficient to pay the principal and interest related to the Obligation have been deposited pursuant hereto for such payment, all liability to the Owner thereof for the payment thereof will forthwith cease and be completely discharged, and thereupon it will be the duty of the Trustee to hold such moneys as provided herein, without liability for interest thereon, for the benefit of the Owner, who will thereafter be restricted exclusively to such moneys, for any claim of whatever nature on his part hereunder or on, or with respect to, the Obligation.

Section 2.11. 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 Owner may be in any number of concurrent instruments of similar tenor, and may be signed or executed by the Owner in person or by its attorney or agent appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for the Obligation. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of the Obligation shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if the fact and date of the execution by the 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.

(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 shall bind every future Owner in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent. The fact of ownership of the Obligation by any person and the amount, the payment date and the number of such Obligation and the date of such

person's holding the same shall be provided on the registration books maintained pursuant to Section 2.12.

Section 2.12. Obligation Register. The Trustee will keep or cause to be kept, at the Corporate Trust Office, sufficient books for the registration and transfer of the Obligation which shall at all times during regular business hours on any Business Day be open to inspection by the Town 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, Obligation as hereinbefore provided.

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 "Town of Huachuca City Excise Tax Revenue Obligation Costs of Issuance Fund (Series 2019)," 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 Town 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.

(c) On the earlier of April 1, 2020, or when all Delivery Costs associated with the Obligation have been paid (as shown by a certificate of a Town 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 "Town of Huachuca City Excise Tax Revenue Obligation Acquisition Fund (Series 2019)" (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 Town has irrevocably been appointed as the sole and exclusive agent to act for and on behalf of the Trustee in the acquisition of the Project. 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 Town 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 Town 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 Town for any Project Costs incurred or advanced by the Town 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 Town Representative. The Town 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 payee named in the Payment Request Form unless the payee named or the Town Representative request payment to be made to 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 Town 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 Obligation 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 Town 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 Obligation.

ARTICLE IV PREPAYMENT OF OBLIGATION

Section 4.1. Prepayment Provisions.

(a) Principal represented by the Obligation is not subject to optional prepayment.

(b) Principal represented by the Obligation shall be prepaid on August 1 of the years indicated and in the amounts indicated at a price equal to the amount thereof plus interest accrued to the date of prepayment, but without premium:

Year Prepaid

Principal Amount Prepaid

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 Owner.

Section 5.2. Establishment and Application of Payment Fund.

(a) The Trustee shall establish a special trust fund designated as the "Town of Huachuca City Excise Tax Revenue Obligation Payment Fund (Series 2019)." So long as the Obligation is outstanding, the Town shall have no beneficial right or interest in the Payment Fund or the moneys deposited therein, except only as provided in this Trust Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

(b) Not less than thirty (30) Business Days prior to each Interest Payment Date, the Trustee shall notify the Town of the amount required to be paid, after taking into account amounts which will be transferred to the Payment Fund in accordance herewith, on or before such Interest Payment Date, so that a sufficient amount will then be on deposit for both principal and interest related to the Obligation. All amounts received by the Trustee as Payments pursuant to the Purchase Agreement and transfers pursuant hereto shall be deposited in the Payment Fund.

(c) All amounts in the Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal and interest related to the Obligation 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 Town, the Trustee shall, on or before the next Interest Payment Date occurring on August 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 payment or provision for payment of the Obligation, including accrued interest and payment of any applicable fees, expenses or indemnities to the Trustee, or provision for such payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the Town.

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 Owner 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 Town or the Owner.

Section 6.2. Investments Authorized. Upon written order of the Town Representative, moneys held by the Trustee hereunder shall be invested and reinvested by the Trustee, to the maximum extent practicable in Permitted Investments. The Town Representative shall direct such investment in specific Permitted Investments. The Town Representative shall be solely responsible for ascertaining that all proposed investments and reinvestments are Permitted Investments and that they comply with federal, state and local laws, regulations and ordinances governing investment of such funds and for providing appropriate notice to the Trustee for the reinvestment of any maturing investment. 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 Town 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 Town Representative as to both the suitability and legality of the directed investments. The Town acknowledges that regulations of the Comptroller of the Currency grant the Town the right to receive brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the Town specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Trustee that no brokerage confirmations need be sent relating to the security transactions as they occur.

Section 6.3. Accounting. The Trustee shall furnish to the Town, 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.

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 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.

ARTICLE VII THE TRUSTEE

Section 7.1. Appointment of Trustee. The Town 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 Town 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 the Obligation is 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 Obligation shall be taken as statements, covenants and agreements of the Town, 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 Obligation or shall incur any responsibility in respect hereof or thereof, other than in connection with the duties or obligations herein or in the Obligation 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 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 take any action at the request of the Owner unless the Obligation shall be deposited with 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 Town 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 acquire and dispose of other bonds or evidence of indebtedness of the Town 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 the Owner, whether or not such committee shall represent the Owner.

(d) The recitals, statements and representations by the Town contained in this Trust Agreement, the Purchase Agreement or the Obligation shall be taken and construed as made by and on the part of the Town 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 Town 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 Town of the Project. 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 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 Town or the Owner.

(j) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Trust Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.); provided, however, that the Town shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Town, whenever a person is to be added or deleted from the listing. If the Town elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Town understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Town shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Town and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Town. 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 directions conflict or are inconsistent with a subsequent written instruction. The Town agrees: (i)

to assume all risks arising out of the use of Electronic Means to submit Instructions 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; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Town; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(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 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 Project.

(m) 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 related to the Obligation 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.

(n) 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 Owner 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.

Section 7.5. Compensation of Trustee. The Town shall from time to time, pursuant to a fee schedule agreed to between the Town and the Trustee (which 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 Town (but only if no Event of Default has occurred and is continuing) or the Owner, 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 Town. Upon receiving such notice of resignation, the Town shall promptly appoint a successor trustee by an instrument in writing; provided, however, that in the event that the Town 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 Town 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 Owner at its addresses set forth on the registration books for the Obligation maintained pursuant to Section 2.12.

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 Town, or any of its agents, at any time, upon reasonable prior notice, during regular business hours. The Trustee shall provide the Town 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 Owner 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 Owner shall have been filed with the Trustee. No such modification or amendment shall 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 Owner, 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 the Owner, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein reserved to the Trustee (for its own behalf) or the Town, (2) to secure additional revenues or provide additional security or reserves for payment of the Obligation, (3) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder, (4) to provide for the appointment of a successor trustee pursuant to the terms hereof, (5) to cure, correct or supplement any ambiguous or defective provision contained herein or therein, or (6) 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 Owner as evidenced by a Special Counsel's Opinion delivered by the Town 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 under Section 8.1 or Section 8.2 complies with this Article.

Section 8.2. Procedure for Amendment With Written Consent of Owner.

(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 Owner is required pursuant to Section 8.1. A copy of such supplemental or amending agreement, together with a request to the Owner for its consent thereto, shall be mailed by the Trustee to the Owner, 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 8.2.

(b) Such supplemental or amending agreement shall not become effective unless there shall be filed with the Trustee the written consent of the Owner and a notice shall have been mailed as hereinafter in this Section provided. The consent of the Owner shall be effective only if accompanied by proof of ownership of the Obligation, which proof shall be such as is permitted by Section 2.11. Any such consent shall be binding upon the Owner and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless

such consent is revoked in writing by the Owner 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 Owner shall have filed its consent to such supplemental or amending agreement, the Trustee shall mail a notice to the Owner 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 Owner 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 Owner 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 sixty (60) days.

Section 8.3. 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 the Owner, 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.

Section 8.4. Endorsement or Replacement of Obligations Delivered After Amendments. The Trustee may determine that any Obligation 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, 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 the Owner's action, which substitute Obligation shall thereupon be prepared, executed and delivered. In that case, upon demand of the Owner, such substitute Obligation shall be exchanged at the Corporate Trust Office of the Trustee, without cost to the Owner, for the Obligation then outstanding, upon surrender of such outstanding Obligation.

Section 8.5. Amendatory Endorsement of Obligation. The provisions of this Article shall not prevent the Owner from accepting any amendment or supplement as to the Obligation, provided that proper notation thereof is made on the Obligation.

ARTICLE IX COVENANTS, NOTICES

Section 9.1. *Compliance With and Enforcement of Purchase Agreement.* The Town 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 Town, 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 Town 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 Town, 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 Town 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 which has not duty or obligation to impose such requirements), 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 Owner.

Section 9.4. *Further Assurances.* The Trustee (at the reasonable request of the Town) and the Town 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 Owner the rights and benefits provided herein.

Section 9.5. *Notification to the Town of Failure to Make Payments.* The Trustee shall notify the Town of any failure by the Town to make any Payment or other payment required under the Purchase Agreement to be made to the Trustee, in writing and within one (1) Business Day of any such failure. Such notice shall not be a prerequisite for the occurrence of an Event of Default.

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

ARTICLE X LIMITATION OF LIABILITY

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

Section 10.2. No Liability of the Town for Trustee Performance. The Town shall have no obligation or liability to any of the other parties or to the Owner 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 Town 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 Project or any portion thereof or interest therein by the Town; (2) any breach or default on the part of the Town in the performance of any of its obligations under this Trust Agreement and any other agreement made and entered into for purposes of the Project or any interest therein; (3) any act of negligence of the Town or of any of its agents, contractors, servants, employees or licensees with respect to the Project; (4) any act of negligence of any assignee of, or purchaser from, the Town or of any of its or their agents, contractors, servants, employees or licensees with respect to the Project; (5) the acquisition of the Project or any interest therein; (6) the actions of any other party, including but not limited to the operation or use of the Project or interest therein by the Town; (7) the ownership of the Project or interest therein or (8) the exercise and performance by the Trustee of its powers and duties hereunder, under the Purchase Agreement or the Obligation or in connection with any document or transaction contemplated herewith or therewith. No indemnification will be made under this Section or elsewhere in this Trust Agreement for willful misconduct or negligence under this Trust Agreement by the Trustee, or by its officers, agents, employees, successors or assigns. As security for the payment of amounts due under Section 7.5 and this Section, the Trustee shall be secured under this Trust Agreement by a lien prior to that for the Obligation. The obligations of the Town hereunder for indemnification under this Section shall remain valid and binding notwithstanding, and shall survive, the payment of principal related to the Obligation 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 Town 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 Town 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 Town in order that the Town may defend, compromise or settle any

such matters or actions which may result in payment by the Town hereunder. The Town shall give the Trustee notice of its election within fifteen (15) days after receiving the Notification whether the Town, 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 Town 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 Town hereunder. The Town 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 Town shall pay all losses and the Trustee shall be fully released from such claim or action. If the Town either fails to timely give its notice or notifies the Trustee that the Town 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 Town. In the event the Town is required to and does indemnify the Trustee as herein provided, the rights of the Town 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 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 OWNER

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 the revenues from the Excise Taxes and the State Shared Revenues for the payment of the Obligation.

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 Owner and receiving indemnity satisfactory to it shall, exercise one or more of the remedies granted pursuant to the Purchase Agreement; provided, however, that notwithstanding anything herein or in the Purchase Agreement to the contrary, there shall be no right under any circumstances to accelerate the payment date of the Obligation 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:

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

Second, to the payment of the whole amount then owing and unpaid with respect to the Obligation and, in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Obligation, 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 Owner, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owner by a suit in equity or action at law for the specific performance of any covenant or agreement contained herein. Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owner so affected.

Section 11.5. Non-waiver. Except as otherwise provided in this Article, the Owner has 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 the Owner 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 Owner may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Owner.

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 Owner, it shall have full power, in the exercise of its discretion for the best interests of the Owner, 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 Owner.

Section 11.7. Limitation on Owner's Right to Sue.

(a) The Owner shall not 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) the Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (2) the Owner 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) the Owner 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 the Owner of any remedy hereunder; it being understood and intended that the Owner shall not have any right in any manner whatever by its 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 benefit of the Owner.

(c) The right of the Owner 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 portion of the Obligation shall be paid and discharged in any one or more of the following ways:

(1) By paying or causing to be paid the principal and interest related to the Obligation, as and when the same become due and payable;

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

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

(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 Owner or for the payment of any other amounts due and payable by the Town hereunder or under the Purchase Agreement, shall be paid over to the Town.

(c) The Obligation may be paid and discharged as provided in this Section; provided however, that if the Obligation will not be payable within sixty (60) days of the deposit referred to in subsections (a)(2) or (3) of this Section, the Trustee shall give notice of such deposit by first class mail to the Owner.

(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 Town may rely upon a Special Counsel's Opinion to the effect that the provisions of this Subsection will not be breached by so providing for the payment of any Obligation.

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 Town: Town of Huachuca City, Arizona
500 Gonzales Blvd.
Huachuca City, Arizona 85616
Attention: Town Manager

If to the Trustee: _____

Attention: Corporate Trust Services

Section 12.3. Incorporation of State Statutes.

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

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, the Trustee shall comply with all federal immigration laws and regulations that relate to

its employees and its compliance with the "e-verify" requirements under Section 23-214(A), Arizona Revised Statutes. The breach by the Trustee of the foregoing shall be deemed a material breach of this Trust Agreement and may result in the termination of the services of the Trustee. The Town 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 Town including granting the Town entry rights onto its property to perform such random inspections. To the extent permitted by law, the Town shall preserve the confidentiality of any information, records or papers the Town needs, accesses or otherwise obtains during any and every such random inspection, including, without limitation, such information.

(c) Pursuant to Section 35-393 et seq., Arizona Revised Statutes, the Trustee hereby certifies it is not currently engaged in, and for the duration of this Agreement shall not engage in, a boycott of Israel. The term "Boycott" has the meaning set forth in Section 35-393, Arizona Revised Statutes. If the Town determines that the Trustee's certification above is false or that it has breached such agreement, the Town 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 Town 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 Town or the Trustee shall bind and inure to the benefit of their 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 Town of the Obligation, the Trustee may destroy the Obligation and, upon the Town's request, deliver a certificate of such destruction to the Town 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 Obligation, 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 Town, the Trustee and the Owner, 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 Town shall be for the sole and exclusive benefit of the Town, the Trustee and the Owner.

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 Obligation 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 Obligation pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

[Signature page follows.]

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

_____ as Trustee

By.....
[Name], [Title]

TOWN OF HUACHUCA CITY, ARIZONA

By.....
Mayor

ATTEST:

.....
Town Clerk

EXHIBIT A

(Form of Obligation)

**THIS OBLIGATION IS SUBJECT TO RESTRICTIONS
ON TRANSFER PROVIDED IN SECTION 2.8(a) OF
THE HEREIN DESCRIBED TRUST AGREEMENT**

Number: R-.....

Principal Amount: \$____,000

**TOWN OF HUACHUCA CITY, ARIZONA
EXCISE TAX REVENUE OBLIGATION, TAXABLE SERIES 2019**

Interest Rate:

Payment Date:

Dated Date:

____%

August 1, 20__

____, 2019

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns, as the registered owner of this Excise Tax Revenue Obligation, Taxable Series 2019 (this "Obligation") is the owner of all of the interests in the right to receive certain "Payments" under and defined in that certain First Excise Tax Purchase Agreement, dated as of _____ 1, 2019 (the "Purchase Agreement"), by and between (the "Trustee"), and the Town of Huachuca City, Arizona, a municipal corporation under the laws of the State of Arizona (the "Town"), which Payments and other rights and interests under the Purchase Agreement are held by the Trustee in trust under that certain First Excise Tax Trust Agreement, dated as of _____ 1, 2019 (the "Trust Agreement"), by and between the Town and the Trustee. The Trustee maintains a corporate trust office for transfer of this Obligation (the "Designated Office").

The registered owner of this Obligation is entitled to receive, subject to the terms of the Purchase Agreement, on the payment date set forth above, the principal amount set forth above, representing a portion of the payments due designated as principal coming due, and to receive semiannually on February 1 and August 1 of each year commencing _____ 1, 20__ (the "Interest Payment Dates"), until payment in full of said portion of principal, the registered owner's proportionate share of the portion 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. Interest shall be calculated on the basis of a 360-day year composed of twelve (12) months of thirty (30) days each. Said interest is the result of the multiplication of said principal by the interest rate per annum set forth above.

Principal and interest related to this Obligation and the other amounts due with respect hereto are payable in lawful money of the United States of America by wire transfer in immediately available funds without surrender of the Obligation, except that the final payment of principal and interest, when due, will be paid upon surrender of this Obligation at the Designated Office.

The Trustee has no obligation or liability to the registered owner of this Obligation for the payment of interest or principal related to this Obligation. The Trustee's sole obligations are to administer, for the benefit of the registered owner of this Obligation, 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 Town, 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 Town is authorized to enter into the Purchase Agreement and the Trust Agreement under the laws of the State of Arizona and by resolution of the Mayor and Council of the Town adopted November 14, 2019. 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 this Obligation is delivered, the rights thereunder of the registered owner of this Obligation, 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 Town under the Purchase Agreement (including with respect to certain obligations secured on a prior lien basis, and to be secured on a parity lien basis, with the security for the Payments and to certain limitations on such security), to all of the provisions of which Purchase Agreement and Trust Agreement the registered owner of this Obligation, by acceptance hereof, assents and agrees. (To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement and the Purchase Agreement may be amended by the parties thereto with the written consent of the owner this Obligation, and may be amended without such consent under certain circumstances but in no event such that the interest of the owner of this Obligation is adversely affected, provided that no such amendment shall impair the right of the owner to receive in any case the owner's proportionate share of any Payment thereof in accordance with this Obligation.)

The obligation of the Town to make the Payments does not represent or constitute a general obligation of the Town for which the Town 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 Town, 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 owner of this Obligation shall have any right under any circumstances to accelerate the payment date of this Obligation 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 Town (as described herein),

and no member of the Mayor and Council, officer or agent, as such, past, present or future, of the Town shall be personally liable for the payment hereof.)

This Obligation is executed and delivered only in fully registered form and shall not be transferable or exchangeable, except as provided in the Trust Agreement.

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

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

Principal of this Obligation is not subject to optional prepayment prior to its payment date.

Principal of this Obligation shall be prepaid on August 1 of the years indicated and in the principal amounts indicated at a price equal to the principal amount thereof plus interest accrued to the date of prepayment, but without premium:

Year Prepaid

Principal Amount Prepaid

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

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

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

Date of Execution:

....., as Trustee

By.....
Authorized Representative

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFeree

.....
.....

the within Obligation and all rights thereunder, and hereby irrevocably constitutes and appoints as attorney to register the transfer of the within Obligation, with full power of substitution in the premises.

Date:

.....
NOTICE: No transfer will be registered and no new Obligation 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 Obligation 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 Obligation, 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

Payment Request Form

Application No.

The Trustee is hereby requested to pay from the "Acquisition Fund" established by the First Excise Tax Trust Agreement, dated as of _____ 1, 2019 (the "Trust Agreement"), between Town of Huachuca City, Arizona (the "Town"), and _____, 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) described below. The amount shown below is due and payable under a purchase order or contract with respect to the Project Costs described below and has not formed the basis of any prior request for payment.

Payee:

Address or Wiring Instructions:

Amount:

Description of Project Costs or portion thereof authorized to be paid to the

Payee:

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

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

DATED:, 20....

.....
Town Representative

Please forward payment to Payee at the following address:

EXHIBIT C

Reimbursement Request Form

Application No.

The Trustee is hereby requested to pay from the "Acquisition Fund" established by the First Excise Tax Trust Agreement, dated as of _____ 1, 2019 (the "Trust Agreement"), between Town of Huachuca City, Arizona (the "Town"), and _____, as trustee (the "Trustee"), to the Town, the sum set forth below as reimbursement of (all/a portion) of the Project Costs (as such term and all other undefined terms used herein are defined in the Trust Agreement) described below. Payment of the amount, shown below was made by the Town on _____, 20..., as evidenced by _____, attached hereto, as full/partial payment of _____, also attached hereto. The amount shown below was paid by the Town as Project Costs and has not formed the basis of any prior request for payment.

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

Amount:

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

DATED:, 20....

.....
Town Representative

Dated Received:, 20....