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**SERIES 2025 PURCHASE AGREEMENT**

by and between

\_\_\_\_\_,  
as Seller

and

**CITY OF YUMA, ARIZONA,**  
as Purchaser

Dated as of \_\_\_\_\_ 1, 2025

The rights of \_\_\_\_\_, in its separate capacity as seller hereunder, have been assigned to \_\_\_\_\_, in its separate capacity as trustee under a Series 2025 Obligation Indenture, dated as of \_\_\_\_\_ 1, 2025.

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(This Table of Contents is for informational purposes only and is not to be considered a part of this Series 2025 Purchase Agreement)

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## **SERIES 2025 PURCHASE AGREEMENT**

This SERIES 2025 PURCHASE AGREEMENT, dated as of \_\_\_\_\_ 1, 2025 (this “*Purchase Agreement*”), by and between \_\_\_\_\_, a national banking association authorized to exercise trust powers in the State of Arizona, as trustee but in its separate capacity as seller (the “*Seller*”), and the CITY OF YUMA, ARIZONA, a municipal corporation of the State of Arizona, as purchaser (the “*City*”),

### **WITNESSETH:**

WHEREAS, pursuant to Ordinance No. \_\_\_\_-\_\_ adopted by the Mayor and Council of the City (the “*City Council*”) on October 1, 2025, it was found and determined to be advantageous and in the public interest that the Obligations (as defined herein) be sold and executed and delivered; and

WHEREAS, pursuant to this Purchase Agreement, the City has agreed to purchase the Projects (as defined herein) from the Seller;

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

## **ARTICLE I DEFINITIONS AND INTERPRETATION**

The words and terms used herein shall have the respective meanings assigned to them in the hereinafter defined Indenture. In addition, the following words and terms as used herein shall have the meaning indicated, unless the context or use requires a different meaning or intent. All accounting terms not otherwise so defined shall have the meanings assigned to them in accordance with generally accepted accounting principles.

“*Administrative Expenses*” means the reasonable cost or value of all services rendered by the City and its various departments with respect to the System.

“*Bond Year*” means a 12-month period beginning July 2 of the calendar year and ending on the next succeeding July 1.

“*Consultant*” means an independent utility consultant or firm of such consultants having a favorable reputation with respect to the matters in question.

“*Continuing Disclosure Undertaking*” means the Continuing Disclosure Undertaking, dated \_\_\_\_\_, 2025, from the City.

“*Corporation*” means City of Yuma Municipal Property Corporation, a corporation organized under the laws of the State of Arizona.

“*Fiscal Year*” means the 12-month period used by the City for its general accounting purposes as the same may be changed from time to time, said fiscal year currently extending from July 1 to June 30.

“*Indenture*” means the Series 2025 Obligation Indenture, dated as of \_\_\_\_\_ 1, 2025, by and between the Trustee and the City, as supplemented from time to time.

“*Independent Certified Public Accountant*” means a firm of certified public accountants which is not in the regular employ of the City on a salary basis.

“*Independent Engineer*” means an independent engineer or firm of such engineers having a favorable reputation with respect to the matters in question.

“*Interest Requirement*” means (i) with respect to the Obligations, as of any date of calculation, the interest amount on the Obligations due during the applicable Fiscal Year, and (ii) with respect to Parity Obligations, as of any date of calculation, the amount required to be paid by the City during the applicable Fiscal Year with respect to interest on Parity Obligations.

“*Net Revenues*” means that portion of the Revenues remaining after deducting sufficient funds for the Operation and Maintenance Expenses of the System.

“*Obligations*” means, collectively, the City of Yuma, Arizona Utility System Revenue Obligations, Series 2025A and the City of Yuma, Arizona Utility System Revenue Obligations, Series 2025B.

“*Operation and Maintenance Expenses*” means all costs reasonably incurred in connection with the operation, use and maintenance of the System, including (i) repairs necessary to keep the System in efficient and economical operating condition, (ii) the payments of premiums for insurance required to be carried on the System, (iii) payments of reasonable Administrative Expenses, and (iv) generally all expenses of the System except depreciation, interest expense on the Obligations or Parity Obligations, and interest expense on any obligations subordinate to the Obligations or Parity Obligations.

“*Parity Obligation Documents*” means any ordinance, indenture, contract or agreement of the City constituting or authorizing Parity Obligations.

“*Parity Obligations*” means the Series 2015 Bonds, the Series 2021 Obligations and Senior Obligations having a lien payable from Net Revenues of the System on a parity with the Series 2015 Bonds, the Series 2021 Obligations and the Obligations which may hereafter be issued by the City (or any financing conduit acting on behalf of the City) in compliance with the terms of Article IV hereof.

“*Parity Lien Test Debt Service*” means an amount of money equal to the highest aggregate Interest Requirement and Principal Requirement of all outstanding Senior Obligations to fall due and payable in the current or any future Fiscal Year. For purposes of determining Parity Lien Test Debt Service for any Fiscal Year, the interest requirement on the Senior Obligations shall be determined based on interest on all outstanding Senior Obligations to their stated maturity dates unless the City shall have given irrevocable instructions to redeem some or all outstanding Senior

Obligations pursuant to the Indenture or the Parity Obligation Documents, in which case the interest requirement on the Senior Obligations shall be determined based on interest on all outstanding Senior Obligations to their stated maturity or, with respect to Senior Obligations for which such irrevocable redemption instructions have been given, prior redemption dates. In case any Parity Obligations outstanding or proposed to be issued shall bear interest at a variable rate, the interest requirement of such Parity Obligations in each Fiscal Year during which such variable rate applies shall be computed at the lesser of (i) the maximum rate which such Parity Obligations may bear under the terms of their issuance, or (ii) the rate of interest established for long-term bonds by the 20-year bond index most recently published by *THE BOND BUYER* of New York, New York, prior to the date of computation (or in the absence of such published index, some other index selected in good faith by the Director of Financial Services of the City after consultation with one or more reputable, experienced investment bankers as being equivalent thereto).

*“Principal Requirement”* means (i) with respect to the Obligations, as of any date of calculation, the principal amount of the Obligations maturing or subject to mandatory redemption pursuant to the Indenture during the applicable Fiscal Year, and (ii) with respect to Parity Obligations, as of any date of calculation, the amount required to be paid by the City during the applicable Fiscal Year with respect to principal of Parity Obligations. In computing the Principal Requirement for Parity Obligations, an amount of Parity Obligations required to be redeemed pursuant to mandatory redemption in each year shall be deemed to fall due in that year and (except in case of default in observing a mandatory redemption requirement) shall be deducted from the amount of Parity Obligations maturing on the scheduled maturity date.

*“Projects”* means improvements to the System, particularly \_\_\_\_\_.

*“Purchase Event of Default”* means one of the events defined as such in Section 7.1.

*“Purchase Price”* means the sum of the payments paid pursuant to Section 5.4(i) and (ii) of the Indenture from amounts to be paid by or on behalf of the City as the purchase price for the Projects.

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

*“Revenues”* means and includes all income, moneys, and receipts to be received by the City, directly or indirectly, from the ownership, use, or operation of the System, including any waste material or by-products of the System, and also including investment income. Revenues shall include the allocable portion of any development, impact, connection or related fee or charge available as a result of the existence of the System.

*“Senior Obligations”* means any bond or other obligation payable from Net Revenues which enjoys a prior and paramount claim on Net Revenues (including the Obligations and any Parity Obligations).

*“Series 2015 Bonds”* means the Senior Lien Utility System Revenue Refunding Bonds, Series 2015 of the Corporation, dated October 21, 2015.

“*Series 2021 Obligations*” means the Utility System Revenue Obligations, Series 2021 of the City, dated December 28, 2021.

“*State*” means the State of Arizona.

“*System*” means and includes all of the properties and facilities of the complete waterworks and sewer plant and system of the City, whether lying within or without the boundaries of the City, as now existing and as they may hereafter be improved or extended, all improvements, additions and extensions thereto or replacements thereof hereafter constructed or acquired by purchase, contract or otherwise and all contracts, rights, agreements, leases and franchises of every nature owned by the City and used or useful or held for use in the operation of said plant and system or any part or portion thereof.

“*Tax Certificate*” means the Certificate Relating To Federal Tax Matters, dated \_\_\_\_\_, 2025, delivered by the City with respect to the Obligations.

Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa; references to an “Article” or a “Section” are to those of this Purchase Agreement; the terms “hereof,” “hereby,” “herein,” “hereto,” “hereunder” and similar terms refer to this Purchase Agreement; and the term “hereafter” means after, and the term “heretofore” means before, the date of this Purchase Agreement. Words of any gender include the correlative words of the other genders, unless the sense indicates otherwise. The captions and headings in this Purchase Agreement are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

## **ARTICLE II**

### **EXECUTION AND DELIVERY OF OBLIGATIONS; IMPROVEMENTS FUND; FEDERAL LAW COVENANTS**

*Section 2.1 Agreement to Cause Execution and Delivery of Obligations; Application of Proceeds.* In order to provide funds for payment of the costs of the acquisition, construction and improvement of the Projects, the Obligations shall be executed and delivered pursuant to the Indenture.

#### *Section 2.2 Improvements Fund.*

(a) The City shall establish and maintain a separate fund known as the “*Improvements Fund*,” which shall be funded from amounts transferred to the City by the Trustee pursuant to Section 5.2 of the Indenture. Moneys in the Improvements Fund shall be disbursed by the City for the following purposes and for no other purposes:

(i) to the extent not paid by the Trustee from the Costs of Issuance Fund established under the Indenture, the costs described in Section 5.5 of the Indenture;

(ii) payment for labor, services, materials and other necessities used or furnished in the acquisition, improvement and construction of the Projects, and all real and

personal property deemed necessary in connection with the Projects and for the miscellaneous expenses incidental to any of the foregoing including the premium on each performance and payment bond;

(iii) reimbursement of capital expenditures relating to the Projects advanced prior to the execution and delivery of the Obligations; and

(iv) payment of the portion of the Purchase Price representing interest on the Obligations during the acquisition, construction and improvement of the Projects.

(b) Before any of the foregoing payments may be made, the City shall maintain a record with respect to each such payment to the effect that: (i) none of the items for which the payment is proposed to be made has formed the basis for any payment previously made from the Improvements Fund, (ii) each item for which payment is proposed to be made is or was necessary in connection with the Projects, and (iii) each item for which payment is proposed to be made is for a purpose permitted by this Section.

(c) In the case of any contract providing for the retention of a portion of the contract price, subject to Sections 2.3 and 2.4, the City may pay from the Improvements Fund only the net amount remaining after deduction of any such portion.

(d) The City shall notify the Trustee of the completion date of the Projects by delivery of a certificate signed by the City Representative stating that (i) acquisition, construction and improvement of the Projects has been completed, and (ii) all obligations and costs in connection with the Projects and payable out of the Improvements Fund have been paid and discharged, except for amounts retained by the City for payment of costs of the Projects not yet due and payable. Any moneys held in the Improvements Fund upon delivery of such certificate that are not needed to pay costs of the Projects shall be transferred by the City to the Trustee for deposit to the Interest Account or the Principal Account as indicated in such certificate.

### *Section 2.3 General Federal Tax Covenants.*

(a) As provided in further detail in the Tax Certificate, the City shall not make or direct the making of any investment or other use of the proceeds of any of the Obligations or the Projects that would cause such Obligations to be “arbitrage bonds” as that term is defined in section 148 of the Code or “private activity bonds” as that term is defined in section 141 of the Code and shall comply with the requirements of such sections of the Code and the related Regulations throughout the term of the Obligations. Particularly, the City shall be the owner of the Projects for federal income tax purposes. The City shall not enter into (i) any management or service contract with any entity other than a governmental entity for the operation of any portion of the Projects unless the management or service contract complies with the requirements of such authority as may control at the time, or (ii) any lease or other arrangement with any entity other than a governmental entity that gives such entity special legal entitlements with respect to any portion of the Projects. Also, the payment of principal and interest with respect to the Obligations shall not be guaranteed (in whole or in part) by the United States or any agency or instrumentality of the United States. The proceeds of the Obligations, or amounts treated as proceeds of the Obligations, shall not be invested (directly or indirectly) in federally insured deposits or accounts,



except to the extent such proceeds (i) may be so invested for an initial temporary period until needed for the purpose for which the Obligations are being executed and delivered, (ii) may be so used in making investments of a *bona fide* debt service fund, or (iii) may be invested in obligations issued by the United States Treasury. In consideration of the purchase and acceptance of the Obligations by the Holders thereof from time to time and of retaining such exclusion and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, as amended, the City covenants, and the appropriate officials of the City are hereby directed, to take all action required by the Code to preserve such exclusion or to refrain from taking any action prohibited by the Code which would adversely affect in any respect such exclusion.

(b) The City shall comply with the procedures and covenants contained in any arbitrage rebate provision (initially, Section 2.4) or separate agreement executed in connection with the issuance of the Obligations for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Obligations.

(i) The City shall take all necessary and desirable steps to comply with the requirements hereunder in order to ensure that interest on the Obligations is excluded from gross income for federal income tax purposes under the Code; provided, however, compliance with any such requirement shall not be required in the event the City receives a Special Counsel's Opinion that either (A) compliance with such requirement is not required to maintain the exclusion from gross income of interest on the Obligations, or (B) compliance with some other requirement will meet the requirements of the Code. In the event the City receives such a Special Counsel's Opinion, this Purchase Agreement shall be amended to conform to the requirements set forth in such opinion.

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

(c) Written procedures have been established for the City to ensure that all nonqualified obligations are remediated according to the requirements under the Code and related Regulations and to monitor the requirements of section 148 of the Code relating to arbitrage, with which the City will comply.

#### *Section 2.4 Arbitrage Rebate Covenants.*

(a) Terms used in subsection (b) and not otherwise defined in Article I or in subsection (b) shall have the meanings given to them in the Code and the Regulations.

(b) For purposes of this Section, the following terms shall have the following meanings:

“*Bond Year*” shall have the meaning provided above, except that for purposes of this Section the first Bond Year shall begin on the date of issue of the Obligations and shall end on July 1, 2026, and the last Bond Year shall end on the date of retirement of the last Obligations.

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

“*Gross Proceeds*” means:

- (i) any amounts actually or constructively received by the City from the sale of the Obligations;
- (ii) transferred proceeds of the Obligations under Regulations section 1.148-9;
- (iii) any amounts actually or constructively received from investing amounts described in (i), (ii) or this (iii); and
- (iv) replacement proceeds of the Obligations within the meaning of Regulations section 1.148-1(c). Replacement proceeds include amounts reasonably expected to be used directly or indirectly to pay debt service on the Obligations, pledged amounts where there is reasonable assurance that such amounts will be available to pay principal or interest on the Obligations in the event the City encounters financial difficulties and other replacement proceeds within the meaning of Regulations section 1.148-1(c)(4). Whether an amount is Gross Proceeds is determined without regard to whether the amount is held in any fund or account established under the Indenture.

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

“*Issue Price*” is as indicated in the Tax Certificate and shall be determined as provided in Regulations section 1.148-1(b).

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

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

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

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

(c) Within 60 days after the end of each Bond Year, unless an exemption from the requirement to do so is provided by the Code and the Regulations, the City shall cause the Rebate Requirement to be calculated and shall pay to the United States of America:

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

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

Each payment required to be made under this Section shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201 (or at such other address then specified by the Internal Revenue Service), on or before the date such payment is due, and shall be accompanied by IRS Form 8038-T.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Section 2.5 Continuing Disclosure Undertaking.* The City shall comply with and carry out all of the provisions of the Continuing Disclosure Undertaking. Notwithstanding any other provision of this Purchase Agreement, failure of the City to comply with the Continuing Disclosure Undertaking shall not be considered a Purchase Event of Default, an Indenture Event of Default or other event of default; however, the Trustee (at the request of the registered Holders of at least 25 percent aggregate principal amount in Outstanding Obligations and receipt of indemnity to its satisfaction) shall take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Section.

### **ARTICLE III AGREEMENT OF SALE; PURCHASE PRICE**

*Section 3.1 Agreement of Sale.* For the amounts payable pursuant hereto (including the Purchase Price), the Trustee hereby sells and conveys to the City, without warranty, and the City hereby purchases from the Trustee, the Projects. In order to evidence such sale and conveyance, the Seller has executed and delivered to the City a bill of sale in substantially the form of the Exhibit attached hereto and incorporated herein by reference.

*Section 3.2 Possession of and Title to Projects; Authority of Seller to Pledge Its Interests.*

(a) The City shall be entitled to possession of, and full and unencumbered title to, the Projects, without suit, trouble or hindrance from the Seller. The Projects shall be made a part of the System and shall be used in accordance with all applicable laws.

(b) The Seller may mortgage, hypothecate or pledge all or any part of the interest of the Seller in this Purchase Agreement as security for the Obligations.

*Section 3.3 Amounts Payable After Execution and Delivery of Obligations.* After providing for any amounts due pursuant to Section 2.4(c), the Net Revenues received pursuant to Section 4.1 shall be paid for the following purposes and in the following order of priority, after

decreasing any such payment for any interest income or gain received, or increasing such payment for any loss realized, in the account to which such payment is to be deposited:

(i) Fees and expenses of the Trustee in accordance with the provisions of Section 8.8 of the Indenture to the Trustee.

(ii) The payments on the dates and in the amounts set forth in Schedule A and Schedule B attached hereto and incorporated herein by reference for deposit to the Interest Account and/or the Principal Account, as applicable.

In the event the City should fail to make when due any of the payments required by this Section, the installment so in default shall continue as an obligation of the City, payable solely from the Net Revenues, until the amount in default shall have been fully paid, and the City shall pay the same with interest thereon at the rate applicable to the corresponding maturities of Obligations, from the date said payment was to be made to the date of payment by the City until paid. This Purchase Agreement shall be deemed and construed to be a "*net purchase agreement*," and the payments provided for in this Section 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 City shall cause an amount of Revenues to be included in the annual budget for every Fiscal Year sufficient to meet all requirements of this Purchase Agreement.

*Section 3.4 Obligations of City Hereunder Unconditional.* The obligations of the City to make the payments required in Sections 3.3 and 3.8 and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, regardless of the continued existence of the Projects or their physical condition. The City: (a) shall not diminish, suspend or discontinue any payments provided for in Sections 3.3 and 3.8, (b) shall perform and observe all of its other agreements contained in this Purchase Agreement, and (c) shall not terminate this Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, loss, theft or destruction of or damage to the Projects, or any part thereof, frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof, or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Purchase 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 contained, and in the event the Seller shall fail to perform any such agreement on its part, the City may institute such action against the Seller as the City may deem necessary to compel performance or recover its damages for non-performance so long as such action shall not violate or impair the effectiveness of the agreements on the part of the City contained in the next two preceding sentences. The City may, however, at its own cost and expense and in its own name or in the name of the Seller, prosecute or defend any action or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure or protect its rights of ownership, possession and use hereunder, and in such event the Seller shall cooperate fully with the City and take all action necessary to effect the substitution of the City for the Seller in any such action or proceeding if the City shall so request.

*Section 3.5 Termination of Payment of Purchase Price; Excess Payments.*

(a) Subject to Article VI, upon full payment or provision for payment of the Purchase Price and provided that the City has performed all the covenants and agreements required by the City to be performed hereunder, this Purchase Agreement shall cease and expire. Upon the expiration of this Purchase Agreement, the Seller shall cause the Trustee under the Indenture to release any interest that the Trustee may have in the Projects or the Net Revenues from the lien of the Indenture.

(b) In the event of prepayment of the Purchase Price in full or provision for the payment of the Purchase Price in full such that the Indenture shall be discharged by its terms as a result of such prepayment and payment of any fees and charges due and owing to the Trustee, all amounts then on deposit in the Improvements Fund (except for amounts retained by the City for payment of costs of the Projects not yet due and payable in accordance with Section 2.2(c)) and the Obligation Fund shall be credited toward the amounts then required to be so prepaid at the direction of the City Representative. Upon the payment thereof in accordance with the Indenture such that the Indenture shall be discharged by its terms, any money remaining which is not otherwise required to be applied to the payment of debt service on the Obligations or to the payment of any other amounts due under the Indenture shall be paid over to the City.

*Section 3.6 Prepayment of Purchase Price Generally.* The City shall be permitted to prepay all or a part of the Purchase Price composed of the principal and interest components thereof to the extent and in the manner permitted by the Indenture for the redemption of the Obligations. If such prepayment is made in compliance with the terms of the Indenture, the Seller shall cause the Trustee under the Indenture to accept such prepayment to the extent required to provide for a permitted redemption or provision for payment of such Obligations as shall be directed by the City. No other prepayment of the Purchase Price shall be permitted.

*Section 3.7 Effect of Partial Payment or Prepayment.* Upon any partial payment or prepayment of the Purchase Price resulting in a redemption of Obligations, each installment of interest which shall thereafter be payable as a part of the Purchase Price shall be reduced, taking into account the interest rate or rates on the Obligations remaining Outstanding after the redemption of Obligations from the proceeds of such partial payment or prepayment so that the interest remaining payable as a part of the Purchase Price shall be sufficient to pay the interest on such Outstanding Obligations when due.

**ARTICLE IV**  
**SOURCE OF PURCHASE PRICE; RATE COVENANT;**  
**PARITY OBLIGATIONS**

*Section 4.1 Limitation of Source of City Payments.*

(a) This Purchase Agreement is a limited, special obligation of the City, payable solely and secured as to the payment in accordance with the terms and the provisions hereof.

(b) The Net Revenues are hereby pledged by the City to the payment of all amounts due with respect to the Obligations, and such amounts shall be secured by a prior and

paramount lien on and pledge of the Net Revenues on parity of lien with the pledge and lien granted by the City for the payment and security of the Parity Obligations. The amounts due with respect to the Obligations, the Parity Obligations and any additional Parity Obligations (exclusive of the City's repayment obligations with respect to reserve fund credit instruments, if any, in connection with the Parity Obligations, and any similar obligations with respect to reserve fund credit instruments to be entered into by the City with respect to additional obligations which shall be secured by Net Revenues on a subordinate basis), shall be equally and ratably secured by said pledge and lien without one having priority over the other. The City intends that this pledge shall be a prior and paramount lien on and a first pledge of such Net Revenues, as will be sufficient to make all payments with respect to the Obligations, and the City covenants to make the payments with respect to the Obligations from Net Revenues, except to the extent that it chooses to make such payments from other legally available funds at its sole option. In no event shall the City be required to make the payments with respect to the Obligations from any revenues, receipts or sources not derived from the Net Revenues of the System.

(c) Amounts payable by the City hereunder shall never constitute a general obligation of the City or a pledge of *ad valorem* property taxes by the City. Nothing contained in this Section shall be construed as limiting any authority granted elsewhere herein to incur this Purchase Agreement or Parity Obligations nor be deemed a limitation upon the issuance of bonds, notes or other obligations under any law pertaining to the City secured by moneys, income and funds other than the Net Revenues and other moneys and investments pledged hereunder or under the Indenture. After the application of the Net Revenues for the purposes herein, they may be used for any lawful purpose.

*Section 4.2 Rate Covenant.* The City shall continuously own, control, operate and maintain the System in an efficient and economical manner and on a revenue producing basis and shall at all times establish, fix, maintain and collect rates, fees and other charges for all utility services furnished by the System fully sufficient at all times:

- (a) To pay the Operation and Maintenance Expenses;
- (b) To produce an aggregate amount of Net Revenues in each Fiscal Year equal to the sum of (i) one hundred twenty percent (120%) of Interest Requirement and Principal Requirement for the then current Fiscal Year on all Senior Obligations then outstanding in such Fiscal Year, and (ii) one hundred percent (100%) of the aggregate of the debt service on comparable payments, separately payable and secured on a basis subordinate to the Senior Obligations by Net Revenues; and
- (c) To produce Net Revenues in each Fiscal Year which will remedy all deficiencies in payments into any of the funds and accounts described herein and in the Indenture required from prior Fiscal Years for the payment of the Purchase Price as well as the payment of principal of and interest on Parity Obligations.

The City shall cause an amount of Net Revenues to be included in the annual budget and appropriation for every Fiscal Year commencing with the Fiscal Year immediately following the delivery of this Purchase Agreement sufficient to meet all requirements of this Purchase Agreement.



*Section 4.3 Prior Lien Obligations.* The City shall not incur any obligations payable from the Net Revenues ranking prior to the obligations of the City under this Purchase Agreement.

*Section 4.4 Parity Obligations.* The City shall not incur any obligations payable from Net Revenues in the future on a parity with its obligations under this Purchase Agreement or any Outstanding Parity Obligations except for (a) additional Parity Obligations entered into or issued for the purpose of refunding the Senior Obligations if, upon the incurring of such Parity Obligations, the conditions specified in Section 4.5 hereof are met, or (b) additional Parity Obligations entered into or issued for purposes other than refunding the Senior Obligations and for the purpose of providing funds to make improvements and expansions to the existing System, to purchase capacity rights in sewage treatment plant facilities owned by other political subdivisions of the State, to purchase capacity rights in water treatment plant facilities owned by other political subdivisions of the State, to acquire land, rights in land or water rights for the System, to provide reasonable reserves for Senior Obligations, to refund Senior Obligations or to refund other bonds of the City, if any, whether revenue bonds, general obligation bonds or other bonds or obligations, issued to provide funds to construct or acquire additions, extensions, improvements, expansions or replacements to the System if, upon the incurring of such Parity Obligations, the conditions specified in Section 4.6 hereof are met.

*Section 4.5 Parity Obligations for Refunding Purposes.* Any or all of the Senior Obligations may be refunded at maturity, upon redemption in accordance with their terms or with the consent of the holders thereof, and the refunding Parity Obligations so entered into or issued shall constitute Parity Obligations; provided, however, that:

(a) The requirements in Section 4.6 hereof shall be satisfied, except that for the purpose of the calculation required in the first paragraph thereof, the percentage requirement on such Parity Obligations will be taken into consideration only in any future Fiscal Year in which any fractional part of such Parity Obligations will remain outstanding after the issuance of such Parity Obligations and the City Clerk shall have received a statement of an Independent Certified Public Accountant demonstrating the same; or

(b) All outstanding Senior Obligations are being refunded under arrangements which immediately result in making provision for the payment of the refunded Senior Obligations.

*Section 4.6 Additional Parity Obligations Generally.* Additional Parity Obligations may also be issued for other than refunding purposes as described above in Sections 4.4 and 4.5 if, prior to the issuance thereof, the City will not, at the time of the issuance thereof, be in default under any Senior Obligations or under this Purchase Agreement or Parity Obligation Documents or any related credit or reserve fund instrument, and there shall have been procured and filed with the City Clerk and the Trustee a certificate or report by an Independent Certified Public Accountant to the effect that the aggregate amount of Net Revenues for the last full Fiscal Year immediately preceding the issuance thereof were equal to the sum of (i) not less than one hundred twenty percent (120%) of Parity Lien Test Debt Service, including the obligations proposed to be issued, (ii) not less than one hundred percent (100%) of the aggregate amounts payable in such Fiscal Year and secured on a subordinate basis by Net Revenues, and (iii) not less than one hundred percent (100%) of any additional amounts required to maintain or fund necessary fund balances under this Purchase Agreement or Parity Obligation Documents.

Any statement of an Independent Certified Public Accountant required pursuant to this Section 4.6 may contain the following adjustments to Net Revenues for such most recently completed Fiscal Year:

(a) If Revenues have been increased as a result of construction of additions or acquisitions to the System made prior to the issuance thereof but during either the Fiscal Year in which the same are to be issued or in the preceding Fiscal Year, such increased Revenues may be treated as if such additions to the System were completed on the first day of the Fiscal Year used for purposes of the computation. The Revenues derived from such additions and acquisitions to the System may be converted for purposes of computation to estimated Net Revenues which would have been derived therefrom if said additions and acquisitions had actually been completed on the first day of the year used for computation purposes, such estimates to be made by an Independent Engineer.

(b) If all or part of the proceeds thereof are to be expended for the acquisition of existing water or wastewater properties or facilities, there may be added to the Net Revenues of such preceding Fiscal Year the Net Revenues which would have been derived from the operation of such properties or facilities if such properties or facilities had been acquired or operated by the City under the applicable rate schedule of the City during the entire preceding Fiscal Year, such Net Revenues to be estimated by an Independent Engineer.

(c) If prior to the issuance thereof and subsequent to the first day of such preceding Fiscal Year, the City shall have increased its rates or charges imposed for water or wastewater services, there may be added to the Net Revenues of such Fiscal Year the additional Net Revenues which would have been received from the operation of the System during such Fiscal Year had such increase been in effect throughout such Fiscal Year, such additional Net Revenues to be estimated by an Independent Engineer.

## **ARTICLE V COVENANTS REGARDING THE SYSTEM, MAINTENANCE, INVESTMENTS AND TAXES**

*Section 5.1 Utilities; Maintenance of the System in Good Condition.* All maintenance and repair of the Projects and utilities therefor shall be the responsibility of the City. (In exchange for the payment of the amounts due hereunder, the Seller shall provide nothing more than the Projects.) The City shall (a) maintain the System in good condition, (b) operate the same in a proper and economical manner and at reasonable cost, and (c) faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State.

*Section 5.2 Insurance.* The City shall maintain insurance on the System (which may take the form of or include an adequately-funded program of self-insurance), for the benefit of the Holder or Holders of the Obligations payable wholly or in part from the Revenues, for the full insurable value of all buildings and machinery and equipment therein, against loss or damage by fire, lightning, tornado or winds, and all other combustible property against loss or damage by fire or lightning, and other coverages and amounts of insurance (including public liability and damage to property of others to the extent deemed prudent by the City), normally carried by others on similar operations. The cost of such insurance may be paid as an Operation and Maintenance

Expense. All money received for losses under any such insurance policies, except public liability policies, is hereby pledged by the City as security for the payment of this Purchase Agreement until and unless such proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, including repairing the System. Self-insurance may be maintained for the System either separately or in connection with any general self-insurance retention program or other insurance program maintained by the City; provided that (a) any such program has been adopted by the City, and (b) an independent insurance or actuarial consultant appointed by the City annually reviews and reports to the City in writing that any such program is adequate and actuarially sound. All proceeds of any condemnation awards with respect to the System shall be deposited with the Trustee and applied to the *pro rata* payment of the Obligations.

*Section 5.3 No Sale; Lease or Encumbrance Exceptions.*

(a) The City shall not sell, lease, encumber or in any manner dispose of the System as a whole until all of the Obligations and all interest thereon and related costs of administration shall have been paid in full or provision for payment has been made in accordance with the Indenture.

(b) The City may sell, lease or otherwise dispose of any of the property comprising a part of the System in the following manner, if any one of the following conditions exists: (a) such property is not necessary for the operation of the System, (b) such property is not useful in the operation of the System, (c) such property is not profitable in the operation of the System, or (d) the disposition of such property will be advantageous to the System and will not adversely affect the security for the Holders of the Obligations. In addition, the City may sell to any other municipality or political subdivision of the State or any agency of any one or more of them, any portion of the System if there is filed with the City Clerk a certificate executed by the Consultant showing that, in the opinion of the Consultant, the proposed sale will not reduce the Net Revenues to be received in the full Fiscal Year next succeeding such sale to an amount less than 120% of Parity Lien Test Debt Service. In making such computation, the Consultant shall consider such matters as such Consultant deems appropriate including: (i) anticipated diminution of Revenues; (ii) anticipated increase or decrease in Operation and Maintenance Expenses attributable to the sale; and (iii) reduction, if any, in annual principal and interest requirements attributable to the application of the sale proceeds for payment of Obligations theretofore Outstanding.

(c) The City may sell or otherwise transfer the System as a whole to any municipality or political subdivision or agency of one or more political subdivisions of the State to which may be delegated the legal authority to own and operate the System on behalf of the public, and that undertakes in writing, filed with the City Clerk, the City's obligations hereunder; provided that there shall be first filed with the City Clerk (1) a Special Counsel's Opinion to the effect that (A) such sale will not cause interest on any of the Obligations to become subject to federal income taxation, (B) such sale will not materially diminish the security of the Holders of the Obligations (which opinion may be based on the Consultant's report described in clause (2), below), and (C) the obligations of the City hereunder have been validly assumed by such transferee and are the valid and legally binding obligations of such transferee, and (2) an opinion of a Consultant expressing the view that such transfer in and of itself will not result in any diminution of the Net Revenues to the extent that in the full Fiscal Year next succeeding such transfer the Net

Revenues will be less than 125% of Parity Lien Test Debt Service. In reaching this conclusion, the Consultant shall take into consideration such factors as he may deem significant including any rate schedule to be imposed by said political subdivision or agency.

(d) Notwithstanding the above provisions, the City may sell or lease all or any part of the System in connection with the issuance of additional Parity Obligations to finance additional improvements to the System or refinance the Obligations or Parity Obligations provided that such sale or lease does not permit foreclosure, or other loss by the City, of such portion of the System.

*Section 5.4 Books, Records and Accounts.* The City shall cause to be kept proper books, records and accounts of the System in accordance with standard accounting practices and procedures customarily used for systems of similar nature.

*Section 5.5 Satisfaction of Liens.* The City shall, from time to time, duly pay and discharge or cause to be paid and discharged all taxes, assessments and other governmental charges, if any, lawfully imposed upon the System or any part thereof or upon the Net Revenues, as well as any lawful claims for labor, materials or supplies that if unpaid might by law become a lien or charge upon the System or the revenues or any part thereof or that might impair the security of the Obligations, except when the City in good faith contests its liability to pay the same.

*Section 5.6 Disconnection of Service for Non-Payment; No Free Service.*

(a) The City shall diligently enforce payment of all bills for services supplied by the System. If a bill becomes delinquent and remains so for a period to be determined in accordance with City policy from time to time, the City shall discontinue service in accordance with the laws of the State to any premises the owner or occupant of which shall be so delinquent, and will not recommence such service to such premises until all delinquent charges with penalties shall have been paid in full or provisions for such payment satisfactory to the City shall have been made. The City shall do all things and exercise all remedies reasonably available to assure the prompt payment of charges for all services supplied by the System.

(b) No free service shall be furnished by the System to the City or any department thereof or to any person, firm or corporation, public or private, or to any public agency or instrumentality, except as provided herein. The reasonable cost and value of all service rendered to the City and its various departments by the System shall be charged against the City and will be paid for as the service occurs from the City's current funds. All payments so made shall be considered Revenues and shall be applied in the manner herein provided for the application of the Revenues of the System.

*Section 5.7 No Competing System.* The City shall not, to the extent permitted by law, grant a franchise or permit for the operation of any competing system in the City.

*Section 5.8 Taxes.* All taxes of any type or nature charged to the Seller by reason of this Purchase Agreement or affecting the Projects or affecting the amount available to the Seller from payments received hereunder for the payment of the Obligations (including charges assessed or levied by any governmental agency, district or corporation having power to levy taxes) shall upon receipt of invoices therefor be paid by the City. Upon written request of the City, the Seller

shall take whatever steps are necessary to contest the amount of tax, or to recover any tax paid if the City believes such tax or assessment to be improper or invalid. The City shall reimburse the Seller for any and all costs, including reasonable attorneys' fees, thus incurred by the Seller.

*Section 5.9 Conflicts with Outstanding Parity Obligations.* To the extent of any conflict between the provisions of this Article and those of the Parity Obligation Documents for the Series 2015 Bonds, the provisions of such Parity Obligation Documents shall prevail so long as amounts remain unpaid or unprovided for pursuant to the Series 2015 Bonds.

## **ARTICLE VI INDEMNIFICATION**

To the extent permitted by law, the City hereby indemnifies and holds the Seller, its directors, officers, agents, attorneys and employees, harmless for, from and against any and all claims, expenses, liens, judgments, liability or loss whatsoever, including reasonable legal fees and expenses, relating to or in any way arising out of (a) this Purchase Agreement, the Indenture, financing statements, supplements, amendments or additions thereto or the enforcement of any of the terms thereof; (b) the Obligations; (c) any official statement or disclosure documents, either preliminary or final, pertaining to such Obligations; (d) the sale and execution and delivery of the Obligations or the transactions contemplated in any of the aforementioned acts, agreements or documents; or (e) the acquisition, purchase, ownership, lease, possession, rental, use, operation, sale or disposition of the Projects hereunder or in connection herewith (including, without limitation, expense, liability or loss relating to or in any way arising out of injury to persons, property or the environment, patent or invention rights or strict liability in tort). The right of the Seller to indemnification from the City shall not extend to claims, suits and actions successfully brought against the Seller for, or losses, liabilities or expenses incurred as a result of, the negligence, bad faith, willful misconduct or breach of trust of the Seller. To the extent that the City makes or provides for payment to the satisfaction of the Seller under the indemnity provisions hereof, the City shall be subrogated to the rights of the Seller with respect to such event or condition and shall have the right to determine the settlement of claims thereon, it being agreed that, except to the foregoing extent, the Seller shall have the right to determine such settlement. The City shall pay all amounts due hereunder promptly upon notice thereof from the Seller. In case any action, suit or proceeding is brought against the Seller, if any, by reason of any act or condition which requires indemnification by the City hereunder, the Seller shall notify the City promptly of such action, suit or proceeding, and the City may (and shall upon the request of the Seller), at the expense of the City, resist and defend such action, suit or proceeding, or cause the same to be resisted and defended, by counsel designated by the City and approved by the Seller. If the Seller desires to participate in the defense of such action, suit or proceeding through its own counsel, it may do so at its own expense. The Seller may, however, retain its own counsel and still be indemnified against the cost of employing counsel and all other expenses despite an assumption of the defense by the City if the Seller believes in good faith that there are defenses available to it that are not available to the City or that are adverse to or in conflict with those available to the City and that the Seller believes in good faith cannot be effectively asserted by common counsel. The Seller, its directors, officers, agents, attorneys, and employees, shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in connection with the Projects. These indemnity

provisions shall survive the satisfaction and expiration of this Purchase Agreement and the Indenture.

## **ARTICLE VII DEFAULT AND REMEDIES**

*Section 7.1 Purchase Events of Default.* Any one or more of the following events (“*Purchase Events of Default*”) shall constitute a default hereunder:

(a) The City shall fail to make any payment when due under Section 3.3(ii) or Section 3.8; or

(b) The City shall fail to make any payment under Section 3.3(i) for a period of 30 days after notice of such failure shall have been given in writing to the City by the Seller or by the Trustee; or

(c) The City shall fail to perform any other covenant herein for a period of 30 days after written notice specifying such default shall have been given to the City by the Seller or the Trustee, provided that if such failure is a type that cannot be remedied within such 30 day period, it shall not be deemed a Purchase Event of Default so long as the City diligently tries to remedy the same, which it shall certify in writing to the Trustee; or

(d) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the federal bankruptcy statutes, as amended, or under any similar acts which may hereafter be enacted.

*Section 7.2 Remedies on Default by City.* Upon the occurrence of a Purchase Event of Default, the Seller shall, but only if requested to do so by the Trustee, without further demand or notice, exercise any of the available remedies at law or in equity, including, but not limited to, specific performance, however, under no circumstances may amounts due hereunder be accelerated. Upon the filing of suit by the Trustee, any court having jurisdiction of the action may appoint a receiver to administer the System for the City with power to charge and collect fees sufficient to pay all of the Operation and Maintenance Expenses and to make all required payments hereunder. The Seller may assign any or all of its rights and privileges under this Section to the Trustee, and upon furnishing evidence of such assignment to the City, the Trustee may exercise any or all of such rights or privileges as it may deem advisable.

*Section 7.3 Default by Seller.* 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 thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the City to the Seller properly specifying how the Seller has failed to perform any such obligation. No default by the Seller shall relieve the City of its obligations to make the various payments herein required, so long as any of the Obligations remain Outstanding; however, the City may exercise any other remedy available at law or in equity to

require the Seller to remedy such default so long as such remedy does not interfere with or endanger the payments required to be made to the Trustee under the Indenture.

## **ARTICLE VIII MISCELLANEOUS**

### *Section 8.1 Arizona Law to Govern; Entire Agreement.*

(a) This Purchase Agreement shall be governed exclusively by the provisions hereof and by the laws of the State as the same from time to time exist.

(b) This Purchase Agreement expresses the entire understanding and all agreements of the parties hereto with each other and neither party hereto has made or shall be bound by any agreement or by representation to the other party with respect to the matters covered hereby which is not expressly set forth in this Purchase Agreement.

*Section 8.2 Amendments for Securities and Exchange Commission, Blue Sky and Other Limited Purposes.* If it shall ever become necessary to make any amendment to this Purchase Agreement or to the Indenture in order to permit the qualification of the Indenture under the Trust Indenture Act of 1939 or the registration of the Obligations with the Securities and Exchange Commission or the sale of the Obligations in accordance with the “blue sky” laws of any state, the City and the Seller shall agree to such amendments to both this Purchase Agreement and the Indenture as may be necessary or advisable, based on an Opinion of Counsel, to permit such qualification, registration or sale.

*Section 8.3 Assignment and Pledge of Seller’s Interest in Purchase Agreement.* The Seller assigns, mortgages, hypothecates and pledges to the Trustee all and every part of the right, privilege and interest of the Seller in this Purchase Agreement. The City consents to such assignment, mortgage, hypothecation and pledge.

*Section 8.4 Recordation and Filing of Instruments.* The City shall prepare all documents of every kind and description, make all filings and recordings and shall deliver all Opinions of Counsel to the Seller and to the Trustee required under any provision of the Indenture.

*Section 8.5 Right of Seller and Trustee to Perform City’s Obligations Hereunder.* In the event that the City should fail for any reason to make any payment or perform any obligation hereunder, and such failure shall continue for a period of 30 days after written notice has been given to the City by the Seller or the Trustee specifying such failure and requesting that it be remedied, the Seller, or the Trustee on its behalf, may but shall not be required to make any such payment or to perform any such duty. The amount of such payment and all expenses reasonably incurred by the Seller, or the Trustee on its behalf, in making such payment and performing such duty shall be additional items payable hereunder and shall be paid by the City immediately upon invoices by the Seller or the Trustee with interest at the average rate of interest applicable to the Obligations from the date said payment was due or expenses incurred to the date of payment by the City. Except as to defaults described in Section 7.1(a) and 7.1(b) of which the Seller is deemed to have notice, the Seller shall have no duty of inquiry with respect to any default or Purchase

Event of Default described herein without receipt by the Seller of written notice of a default from the City or any Holder.

*Section 8.6 Notices; Mailing Addresses.* All notices, consents or other communications required or permitted hereunder shall be deemed sufficient if given in writing addressed and mailed by registered or certified mail, delivered, or transmitted by telecopy, telex or other electronic transmission that produces written evidence of its delivery, to the party for which the same is intended, as follows:

To the Seller:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: Global Corporate Trust

To the City:

City of Yuma, Arizona  
One City Plaza  
Yuma, Arizona 85364  
Attention: City Administrator

With a copy to:

Greenberg Traurig, LLP  
2375 East Camelback Road  
Suite 800  
Phoenix, Arizona 85016  
Attention: Paul Gales

To the Trustee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: Global Corporate Trust

or to such other address as such party may hereafter designate by notice in writing addressed and mailed or delivered to the other party hereto. Unless otherwise provided herein, all notices, approvals, consents, requests and any communications to the Seller or the Trustee hereunder must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider acceptable to the Seller and the Trustee). Electronic signatures believed by the Seller and the Trustee to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If the City chooses to use electronic signatures to sign documents delivered to the Seller and the Trustee, the City agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Seller and the Trustee acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Seller or the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Seller or Trustee in lieu of, or in addition to, any document signed via electronic signature.



*Section 8.7 Amendments Hereto.* This Purchase Agreement may only be amended with the express written consent of the Trustee and in accordance with the provisions of the Indenture.

*Section 8.8 Severability.* If any term or provision of this Purchase Agreement or the application thereof to any person or circumstance, shall to any extent be invalid or unenforceable, the remainder of this Purchase Agreement or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Purchase Agreement shall be valid and be enforced to the fullest extent permitted by law.

*Section 8.9 Counterparts.* This Purchase Agreement may be simultaneously executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all together shall constitute but one Series 2025 Purchase Agreement, and it is also understood and agreed that separate counterparts of this Purchase Agreement may separately be executed by the Seller and the City, all with the same full force and effect as though the same counterpart had been executed by both the Seller and the City.

*Section 8.10 Assignment by City.* Neither this Purchase Agreement nor any interest of the City herein may at any time after the date hereof, without the prior written consent of the Trustee, be mortgaged, pledged, assigned or transferred by the City by voluntary act or by operation of law or otherwise. The City shall at all times remain liable for the performance of all of the covenants and conditions on its part to be performed, notwithstanding any such action.

*Section 8.11 Interested Parties Herein.* Nothing in this Purchase Agreement expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the City, the Trustee, the Paying Agent, if any, and the holders of the Obligations, any right, remedy or claim under or by reason of this Purchase Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Purchase Agreement contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Trustee, the Paying Agent, if any, and the holders of the Obligations.

*Section 8.12 Certain Statutory Notices.*

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

(b) To the extent applicable under Section 41-4401, Arizona Revised Statutes, as amended, 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, as amended. The breach by the Seller of the foregoing shall be deemed

a material breach of this Purchase Agreement and may result in the termination of the services of the Seller by the City. The City retains the legal right to randomly inspect the documents and records of the Seller to ensure that the Seller is complying with the above-mentioned warranty. The Seller shall keep such documents and records open for random inspection during normal business hours by the Seller. The Seller shall cooperate with the random inspections by the City including granting the City entry rights onto its property to perform such random inspections and waiving its respective rights to keep such documents and records confidential. The City shall preserve the confidentiality of any information, records or documents the City views, accesses or otherwise obtains during any and every such random inspection, including, without limitation, such information.

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

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

*Section 8.13 Holidays.* When any action is provided herein to be done on a day named or within a time period named, and the day or the last day of the period falls on a day other than a Business Day, it may be performed on the next ensuing Business Day with effect as though performed on the appointed day or within the specified period.

[Signature page follows.]

IN WITNESS WHEREOF, the City and the Seller have caused their respective corporate names to be signed hereto by their respective officers thereunto duly authorized, all as of the day and year first above written.

\_\_\_\_\_, as Seller

By.....  
Authorized Representative

CITY OF YUMA, ARIZONA, as purchaser

By.....  
John D. Simonton, Interim City Administrator

ATTEST:

.....  
Lynda L. Bushong, City Clerk

APPROVED AS TO FORM:

.....  
Richard W. Files, City Attorney

ACKNOWLEDGEMENT AND ACCEPTANCE

\_\_\_\_\_, as trustee (the “*Trustee*”) under the Series 2025 Obligation Indenture, dated as of the date of this Purchase Agreement, between the City and the Trustee, has caused its corporate name to be signed to this Purchase Agreement by its duly authorized officer, all as of the day and year first above written, for purposes of acknowledging receipt of this Purchase Agreement and accepting the assignment and pledge of the Seller contained in Section 8.3.

\_\_\_\_\_, as Trustee

By.....  
Authorized Representative

**EXHIBIT**  
**FORM OF BILL OF SALE**

KNOW ALL MEN BY THESE PRESENTS:

That \_\_\_\_\_, a national banking association authorized to exercise trust powers in the State of Arizona (the “*Seller*”), for good and valuable consideration received by the Seller from the City of Yuma, Arizona (the “*City*”), receipt of which is hereby acknowledged, does by these presents grant, bargain, sell and convey to the City, its successors and assigns, the Projects (as defined in the Series 2025 Purchase Agreement, dated as of \_\_\_\_\_ 1, 2025, by and between the Seller and the City), to have and to hold the property as sold to the City and its successors and assigns forever.

IN WITNESS WHEREOF, the Seller has caused this Bill of Sale to be executed this \_\_\_\_ day of \_\_\_\_\_ 2025.

\_\_\_\_\_

By.....  
Authorized Representative

**SCHEDULE A**

**2025A PAYMENT SCHEDULE**

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

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**Totals**

**SCHEDULE B**

**2025B PAYMENT SCHEDULE**

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

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**Totals**