

\$10,148,000
CITY OF SEDONA, ARIZONA
EXCISE TAX REVENUE OBLIGATION, SECOND SERIES 2022

CLOSING: DECEMBER 8, 2022

TRANSCRIPT OF DOCUMENTS

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FIFTH PURCHASE AGREEMENT

by and between

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Seller

and

THE CITY OF SEDONA, ARIZONA,
as Buyer

Dated as of December 1, 2022

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EXHIBIT - PAYMENT SCHEDULE

FIFTH PURCHASE AGREEMENT

THIS FIFTH PURCHASE AGREEMENT, dated as of December 1, 2022 (this “Agreement”), by and between **THE CITY OF SEDONA, ARIZONA**, a municipal corporation and a political subdivision under the laws of the State of Arizona (“City”), and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association (“Seller”), in its capacity as trustee (“Trustee”) under the Fifth Trust Agreement, dated as of even date herewith (the “Trust Agreement”), by and between Trustee and City,

WITNESSETH:

WHEREAS, in order to refinance certain outstanding obligations and to finance the costs of construction of certain improvements to the wastewater system of City, the Sedona Wastewater Municipal Property Corporation (the “MPC”) issued its Excise Tax Revenue Bonds, Series 1998, consisting of \$34,730,000 principal amount of current interest bonds (the “Series 1998 Current Interest Bonds”) and \$6,305,000 initial principal amount of capital appreciation bonds (together with the Series 1998 Current Interest Bonds, the “Series 1998 Bonds”); and

WHEREAS, the Series 1998 Bonds are payable from rental payments to be made by City pursuant to the provisions of a City Lease, dated as of August 1, 1998, as amended by a First Amendment to City Lease, dated as of November 1, 2000 (as so amended, the “City Lease”), by and between City and the MPC, and the obligation to make such rental payments under the City Lease is secured by a pledge of the Excise Taxes (as that term is hereinafter defined); and

WHEREAS, Section 3.3 of the City Lease provides as follows:

(a) The City hereby pledges for the payment of the rental payments under Section 1.3(a) hereof, all Excise Taxes. The City intends that this pledge shall be a first lien upon such amounts of said Excise Taxes (except as described in (h) below), as will be sufficient to make the rental payments pursuant to Section 1.3(a) hereof each month, and the City agrees and covenants to make said rental payments from such Excise Taxes, except to the extent that it chooses to make such payments from other funds pursuant to Section 3.2 above.

(b) For purposes of this the City Lease, “Excise Taxes” means all excise taxes, transaction privilege (sales, license and use) taxes, vehicle license fees, plan review deposit fees, building permit fees, conditional use permit fees, development review fees, franchise fees, fines and forfeitures which the City now collects and which it may collect in the future, together with the City’s portion of any excise taxes, transaction privilege (sales and use) taxes and income taxes imposed and collected by the State, or any political subdivision thereof, or any other governmental unit or agency, and returned, allocated or apportioned to the City, EXCEPT (i) any such taxes, fees, fines and forfeitures which the City may enact in the future which must be used or expended by the City for specific purposes, and (ii) any such taxes which, by State law, rule or regulation must be expended for specific purposes, such as motor vehicle fuel taxes.

and Section 3.5 of the City Lease provides as follows:

The City, for itself, its successors and assigns, covenants and agrees with the registered owners and holders of the Corporation's Series 1998 Bonds to be issued under the Indenture, so long as any of said Series 1998 Bonds remain outstanding and the principal and interest on the Series 1998 Bonds shall be unpaid or unprovided for, it will not further encumber the Excise Taxes pledged under Section 3.3 hereof on a basis prior and paramount to the lien and pledge provided for under Section 3.3 hereof and that it will not further encumber the Excise Taxes pledged under Section 3.3 hereof on a basis equal to the lien and pledge provided for in Section 3.3 hereof unless the Excise Taxes collected in the preceding fiscal year shall have amounted to at least one and fifty hundredths (1.50) times the highest combined interest and principal payment requirements for any succeeding fiscal year for all Series 1998 Bonds, Prior Obligations, any parity or additional parity bonds or other obligations secured by a parity pledge of the Excise Taxes then outstanding and any parity or additional parity bonds or other obligations so proposed to be secured by a parity pledge of the Excise Taxes.

; and **WHEREAS**, City, in order to finance the costs to refinance certain other outstanding obligations, entered into a Lease Agreement, dated as of January 1, 2002 (the "2002 Lease"), with National Bank of Arizona, as lessor, and a Trust Agreement, dated as of January 1, 2002 (the "2002 Trust Agreement"), with such lessor and National Bank of Arizona, as trustee (the "2002 Trustee") and caused the 2002 Trustee, pursuant to the 2002 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2002 (the "2002 Obligations"), evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by City pursuant to the 2002 Lease, such lease payments under the 2002 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, further, City, in order to finance the costs to refinance certain other outstanding obligations, entered into a Lease Agreement, dated as of July 1, 2004 (the "First 2004 Lease"), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Trust Agreement, dated as of July 1, 2004 (the "First 2004 Trust Agreement"), with such lessor and U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as trustee (the "2004 Trustee") and caused the 2004 Trustee, pursuant to the First 2004 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2004, evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by City pursuant to the First 2004 Lease, such lease payments under the First 2004 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, City, in order to finance the costs to refinance a portion of the Series 1998 Bonds remaining outstanding, entered into a Second 2004 Lease Agreement, dated as of October 1, 2004 (the "Second 2004 Lease"), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Second 2004 Trust Agreement, dated as of October 1, 2004 (the "Second 2004 Trust Agreement"), with such lessor and the 2004 Trustee and caused the 2004 Trustee, pursuant to the Second 2004 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Second Series 2004 (the "Second 2004 Obligations"), evidencing proportionate

interests of the owners thereof in lease payments and prepayments to be made by City pursuant to the Second 2004 Lease, such lease payments under the Second 2004 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, City, in order to finance the costs to refinance another portion of the Series 1998 Bonds remaining outstanding, entered into a Lease Agreement, dated as of May 1, 2005 (the “2005 Lease”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Trust Agreement, dated as of May 1, 2005 (the “2005 Trust Agreement”), with such lessor and the 2004 Trustee and caused the 2004 Trustee, pursuant to the 2005 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2005 (the “2005 Obligations”), evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by City pursuant to the 2005 Lease, such lease payments under the 2005 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, City, in order to finance the costs of certain projects, entered into a First Purchase Agreement, dated as of November 1, 2007 (the “2007 Purchase Agreement”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as seller, and a Trust Agreement, dated as of November 1, 2007 (the “2007 Trust Agreement”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as trustee (the “2007 Trustee”), and caused the 2007 Trustee, pursuant to the 2007 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Obligations, Series 2007 (the “2007 Obligations”), evidencing proportionate interests of owners thereof in purchase payments and prepayments to be made by City pursuant to the 2007 Purchase Agreement, such purchase payments under the 2007 Purchase Agreement being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, City, in order to finance the costs to refinance another portion of the Series 1998 Bonds remaining outstanding, entered into a Lease Agreement, dated as of February 1, 2012 (the “2012 Lease”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Trust Agreement, dated as of February 1, 2012 (the “2012 Trust Agreement”), with such lessor and the 2004 Trustee and caused the 2004 Trustee, pursuant to the 2012 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2012 (the “2012 Obligations”), evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by City pursuant to the 2012 Lease, such lease payments under the 2012 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, City, in order to finance the costs to refinance all Second 2004 Obligations remaining outstanding, entered into a Lease Agreement, dated as of May 1, 2014 (the “2014 Lease”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Trust Agreement, dated as of May 1, 2014 (the “2014 Trust Agreement”), with such lessor and the 2004 Trustee and caused the 2004 Trustee, pursuant to the 2014 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2014, evidencing proportionate

interests of the owners thereof in lease payments and prepayments to be made by City pursuant to the 2014 Lease, such lease payments under the 2014 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, City, in order to finance the costs to refinance all 2005 Obligations remaining outstanding, entered into a Lease Agreement, dated as of June 1, 2015 (the “2015 Lease”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Trust Agreement, dated as of June 1, 2015 (the “2015 Trust Agreement”), with such lessor and the 2004 Trustee and caused the 2004 Trustee, pursuant to the 2015 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2015, evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by City pursuant to the 2015 Lease, such lease payments under the 2015 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, City, in order to finance the costs to refinance a portion of the 2007 Obligations remaining outstanding, entered into a Second Purchase Agreement, dated as of December 1, 2015 (the “Second Series 2015 Purchase Agreement”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as seller, and a Second Trust Agreement, dated as of December 1, 2015 (the “Second Series 2015 Trust Agreement”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as trustee (the “2015 Trustee”), and caused the 2015 Trustee, pursuant to the Second Series 2015 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligation, Second Series 2015 (the “Second Series 2015 Obligation”), evidencing all the interests of the owner thereof in purchase payments and prepayments to be made by City pursuant to the Second Series 2015 Purchase Agreement, such purchase payments under the Second Series 2015 Purchase Agreement being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, City, in order to finance the costs to refinance the 2012 Obligations remaining outstanding, entered into a Third Purchase Agreement, dated as of August 1, 2021 (the “Series 2021 Purchase Agreement”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as seller, and a Third Trust Agreement, dated as of August 1, 2021 (the “Series 2021 Trust Agreement”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as trustee (the “2021 Trustee”), and caused the 2021 Trustee, pursuant to the Series 2021 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligation, Taxable Series 2021-1 (the “Taxable 2021 Obligation”), and further caused the 2021 Trustee, pursuant to the 2021 Trust Agreement and in connection with the tender and exchange of the Taxable 2021 Obligation in accordance with the terms of the 2021 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligation, Series 2021-2 (the “Series 2021 Obligation”), evidencing all the interests of the owner thereof in purchase payments and prepayments to be made by City pursuant to the Series 2021 Purchase Agreement, such purchase payments under the Series 2021 Purchase Agreement being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, City, in order to finance the costs of street and transportation improvements and parking garage projects in and for the City, entered into a Fourth Purchase Agreement, dated as of March 1, 2022 (the “Series 2022 Purchase Agreement”), with UMB Bank, n.a., as seller, and a Fourth Trust Agreement, dated as of March 1, 2022 (the “Series 2022 Trust Agreement”), with UMB Bank, n.a., as trustee (the “2022 Trustee”), and caused the 2022 Trustee, pursuant to the Series 2022 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Obligations, Series 2022 (the “Series 2022 Obligations”), evidencing proportionate interests of the owners thereof in purchase payments and prepayments to be made by City pursuant to the Series 2022 Purchase Agreement, such purchase payments under the Series 2022 Purchase Agreement being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, City has now determined that it will be beneficial for its citizens to finance the costs of acquiring certain real property in the City (collectively, the “Project”); and

WHEREAS, City is a political subdivision duly organized and validly existing under the laws of the State (as such term and all other terms not otherwise defined herein are defined in the Trust Agreement); the Constitution and the laws of the State authorize City to enter into this Agreement and to enter into the agreements and transactions contemplated by, and to carry out its obligations under, said agreements; City has duly authorized and executed all of the aforesaid agreements; this Agreement is a lawful, valid and binding obligation of City, enforceable against City in accordance with its terms, and has been duly authorized, executed and delivered by City; 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; and neither the execution and delivery of this Agreement or the Trust Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which City is now a party or by which City is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of City; and

WHEREAS, 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) For the amounts payable pursuant hereto (including the Payments), Seller hereby sells and conveys to City, without warranty, and City hereby purchases from Seller, the Project. (In order to evidence such sale, Seller has executed and delivered to City a bill of sale on the date of original execution and delivery of the Obligation.) City shall be entitled to sole and exclusive possession of the Project.

(b) To provide the funds necessary for Seller to facilitate the financing of the Project, Seller, in its capacity as Trustee, shall execute and deliver the Obligation. (Seller shall have no further obligation to provide funds for the Project.)

(c) As the purchase price for the Project, City shall make the payments to Seller at the address specified pursuant to Section 19 hereof (or such other address as Seller may designate in writing) on the fifth Business Day immediately preceding the dates and in the amounts set forth in the payment schedule attached hereto and made a part hereof as the Exhibit hereto (the "Payments"). The obligation of City to make the Payments shall be limited to amounts from all Excise Taxes. City shall receive a credit against amounts due equal to any amounts held in the Payment Fund and available for such purpose. 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, City 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. City shall also pay to Trustee its fees and expenses in accordance with the provisions of the Trust Agreement and to the United States of America any amounts required by Section 14(c). This Agreement shall be deemed and construed to be a "*net purchase agreement*," and the Payments shall be an absolute net return to Seller, free and clear of any expenses or charges whatsoever, except as otherwise specifically provided herein.

(d) The obligations of City to make 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 Seller of any obligation to City or otherwise, or out of indebtedness or liability at any time owing to City by Seller. Until such time as all of the Payments shall have been fully paid or provided for, City (i) shall not suspend or discontinue the Payments, (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, failure of Seller or any other person to complete the Project, 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 or abandonment of the Project by City, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either or any failure of 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 Seller from the performance of any of the agreements on its part herein or in the Trust Agreement contained and in the event Seller shall fail to perform any such agreements on its part, City may institute such action against Seller as City may deem necessary to compel performance so long as such action does not abrogate the obligations of City contained in the first sentence of this paragraph (d).

(e) This Agreement shall not terminate so long as any payments are due and owing pursuant to the Obligation. Subject to Section 9, upon full payment or provision for payment and in consideration of the timely payment of all of the Payments and provided that City has performed all the covenants and agreements required by City to be performed, this Agreement shall cease and expire. Upon the expiration of this Agreement as provided in this

Section, City shall cause Trustee to release any interest which Trustee may have in the Project or the revenues thereof from the lien of the Trust Agreement.

(f) Any of the Payments due on a day which is not a Business Day may be made on the next Business Day and will be deemed to have been made on the date due.

Section 2. Pledge; Limited Obligations.

(a) City hereby pledges for the payment of the Payments under Section 1(c) hereof all Excise Taxes. (As of the date hereof, the transaction privilege (sales, license and use) tax collected by City is 3.5%, 3.0% of which has not been enacted for use or expenditure by City for specific purposes.) City intends that this pledge shall be a first lien upon such amounts of said Excise Taxes as will be sufficient to make the Payments pursuant to Section 1(c) hereof. (City shall, unless made from its other funds as permitted by law and as determined from time to time by City, first make all of the Payments accruing under Section 1(c) hereof out of the Excise Taxes and thereafter may use the remaining Excise Taxes for any other lawful purpose, but only to the extent that, taking into account the reasonably anticipated receipts of the Excise Taxes, such Excise Taxes will not be reduced to such a level that City will be unable to make the next of the Payments under Section 1(c) hereof. City shall continue to deposit all Excise Taxes received by it in the "Excise Tax Revenue Fund" established pursuant to the City Lease, and City shall maintain the Excise Tax Revenue Fund throughout the life of this Agreement for the purpose of paying the Payments and all other payments due and owing under this Agreement and the City Lease. City shall transfer a sufficient amount of its Excise Taxes from the Excise Tax Revenue Fund to pay all amounts due and owing under Section 1(c) hereof in a timely manner, and after such transfer, the remaining Excise Taxes in the Excise Tax Revenue Fund may be used by City for any lawful purpose. City shall maintain the integrity of the segregated Excise Tax Revenue Fund by (i) charging a responsible person in its employ with the duty of segregating its Excise Taxes and depositing them in the Excise Tax Revenue Fund, and (ii) faithfully making all Payments in accordance with the terms of this Agreement.

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

Section 3. Surplus and Deficiency of Revenues from Excise Taxes. If at any time the moneys in the funds held for payment of amounts due under this Agreement or the Trust 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 Excise Taxes, *pro rata*, as applicable, with amounts due with respect to obligations on a parity herewith with respect thereto, 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. Use of Other Funds at the Option of City. As indicated in Section 2, City may, at the sole option of City, make payments due pursuant to Section 1 from its other funds as permitted by law and as City shall determine from time to time, but Seller acknowledges that it has no claim hereunder to such other funds. The Payments shall not be payable out of any *ad valorem* property taxes imposed by City or from bonds or other obligations, the payment of which City's general taxing authority is pledged, unless (i) the same shall have been duly budgeted by City according to law, (ii) such payment or payments shall be within the budget limitations of the statutes of the State, and (iii) any such bonded indebtedness or other obligation is within the debt limitations of the Constitution of the State.

Section 5. Additional Parity Lien Obligations. So long as the Obligation remains outstanding and the principal and interest on the Obligation shall be unpaid or unprovided for, City will not further encumber the Excise Taxes pledged under Section 2(a) hereof on a basis prior and paramount to the lien and pledge provided for under Section 2(a) hereof and will not further encumber the Excise Taxes pledged under Section 2(a) hereof on a basis equal to the lien and pledge provided for in Section 2(a) hereof unless the Excise Taxes collected in the preceding fiscal year shall have amounted to at least one and fifty hundredths (1.50) times the highest combined interest and principal payment requirements for any succeeding fiscal year for the Series 1998 Bonds, the Second Series 2015 Obligation, the Series 2021 Obligation, the Series 2022 Obligations, the Obligation, any parity or additional parity bonds or other obligations secured by a parity pledge of the Excise Taxes then outstanding and any parity or additional parity bonds or other obligations so proposed to be secured by a parity pledge of the Excise Taxes.

Section 6. City Control over Revenue Collection. The Excise Taxes will be maintained so that the amount of all such Excise Taxes received for the next preceding fiscal year shall be equal to at least one and fifty hundredths (1.50) times the total of the Payments payable under Section 1(c) hereof, installment purchase payments payable under Section 1(c) of the Second Series 2015 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Series 2021 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Series 2022 Purchase Agreement and rental payments payable under Section 1.3(a) of the City Lease and the combined interest and principal requirements for all parity or additional parity bonds or other obligations outstanding which are secured by a parity pledge of the Excise Taxes in any current fiscal year. City further covenants and agrees that if such receipts of Excise Taxes for any such preceding fiscal year shall not equal one and fifty hundredths (1.50) times the Payments payable under Section 1(c) hereof, installment purchase payments payable under Section 1(c) of the Second Series 2015 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Series 2021 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Series 2022 Purchase Agreement, rental payments payable under Section 1.3(a) of the City Lease and the combined interest and principal requirements for all parity or additional parity bonds or other obligations outstanding which are secured by a parity pledge of the Excise Taxes in any current fiscal year, or if at any time it appears that the current receipts of Excise Taxes will not be sufficient to meet the Payments payable under Section 1(c) hereof, installment purchase payments payable under Section 1(c) of the Second Series 2015 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Series 2021 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Series 2022

Purchase Agreement, rental payments payable under Section 1.3(a) of the City Lease and the combined interest and principal requirements for all parity or additional parity bonds or other obligations outstanding which are secured by a parity pledge of the Excise Taxes, it will, to the extent permitted by law, either impose new excise, transaction privilege and franchise taxes or will increase the rates for such taxes currently imposed in order that (1) the current receipts of Excise Taxes will be sufficient to meet all current requirements for the Payments payable under Section 1(c) hereof, installment purchase payments payable under Section 1(c) of the Second Series 2015 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Series 2021 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Series 2022 Purchase Agreement, rental payments payable under Section 1.3(a) of the City Lease and the combined interest and principal requirements for all parity or additional parity bonds or other obligations outstanding which are secured by a parity pledge of the Excise Taxes, and (2) the current year's receipts of such Excise Taxes will be reasonably calculated to attain the level as required above for the succeeding fiscal year's requirements for the Payments payable under Section 1(c) hereof, installment purchase payments payable under Section 1(c) of the Second Series 2015 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Series 2021 Purchase Agreement, installment purchase payments payable under Section 1(c) of the Series 2022 Purchase Agreement, rental payments payable under Section 1.3(a) of the City Lease and the combined interest and principal requirements for all parity or additional parity bonds or other obligations outstanding which are secured by a parity pledge of the Excise Taxes.

Section 7. Certain Matters with Respect to Project.

(a) Except with respect to its power and authority to enter into this Agreement and to perform its covenants hereunder, 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 City after completion. All such risks shall be borne by City without in any way excusing City from its obligations under this Agreement, and Seller shall not be liable to City for any damages on account of such risks. Except with respect to any acts by Seller which constitute negligence or willful misconduct on the part of the Seller and are not undertaken at the request of City or with the prior approval of City, City waives all claims against Seller growing out of the acquisition, construction, installation or otherwise of the Project. Seller shall have no liability to City for any failure of any contractor to perform any contract or other undertaking with respect to the Project in any respect. 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 City shall be against the contractors, manufacturers, suppliers, etc. of the Project and, where applicable, the person selling the property to Seller, and not against Seller. For such purpose, Seller hereby assigns and transfers to City the right, title and interest of Seller in and to all representations, warranties, guarantees and service agreements relating to the Project made or entered into by Seller and by any contractor, manufacturers, suppliers, etc. of the Project. Seller further designates City as its attorney-in-fact granting to City the right to initiate and take all actions necessary to enforce any and all construction contracts and all such warranties and

service agreements. Seller is entering into this Agreement solely as Trustee, shall not be personally liable hereunder and shall be afforded the same rights, protections, immunities and indemnities acting hereunder as afforded to it as Trustee under the Trust Agreement. Notwithstanding anything to the contrary herein, at no time shall the Seller be listed in the chain of title to the Project.

(b) City has the power to enter into this Agreement; this Agreement is a lawful, valid and binding obligation of City, enforceable against City in accordance with its terms, and has been duly authorized, executed and delivered by City; all required procedures for execution and performance hereof, including publication of notice, public hearing or competitive bidding, if applicable, have been or will be complied with in a timely manner and all Payments hereunder will be paid when due out of funds which are legally available for such purposes.

(c) 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.

Section 8. Providing for Payment. City may provide for the payment of any of the Payments in any one or more of the following ways:

(a) by paying such Payment as provided herein as and when the same becomes due and payable at its scheduled due date pursuant to Section 1 hereof or on a date on which it can be prepaid;

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

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

Upon any partial payment of a Payment resulting in a redemption of the Obligation, each installment of interest which shall thereafter be payable as a part of the subsequent Payments shall be reduced, taking into account the interest rate on the portion of the Obligation remaining outstanding after the partial payment or redemption of the Obligation from the proceeds of such payment so that the interest remaining payable as a part of the subsequent Payments shall be sufficient to pay the interest on the portion of the Obligation remaining outstanding when due.

Section 9. Continuation of Agreement. The obligations of City under this Agreement, including, without limitation, its obligation to pay the Payments, shall survive any action brought as provided in the next Section, and City shall continue to pay the Payments and

perform all other obligations provided in this Agreement; provided, however, that City shall be credited with any amount received by Trustee pursuant to actions brought under the next Section.

Section 10. Default; Remedies Upon Default.

(a) (i) Upon (A) failure by City to pay any of the Payments at the time specified herein, (B) failure by City to pay any other payment required to be paid hereunder at the time specified herein, and the continuation of such failure for a period of five (5) days after notification thereof by Trustee, (C) failure by City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clauses (A) and (B) of this Section 10(a)(i), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to City by Trustee or the Owner; provided, however, if the failure stated in the notice can be corrected, but not within the applicable period, Trustee and the Owner shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by City within the applicable period and diligently pursued until the default is corrected, or (D) the filing by City of a voluntary petition in bankruptcy, or failure by City promptly to lift any execution, garnishment or attachment, or adjudication of City as a bankrupt, or assignment by City for the benefit of creditors, or the entry by City into an agreement of composition with creditors, or the petition applicable to City in any proceedings instituted under the provisions of the United States Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted, then

(ii) subject to the limitations of the Trust Agreement, Seller may enforce this Agreement by appropriate action to collect amounts due or to become due under Section 1(c) hereof (including the making and collection of sufficient revenues and the segregation of the Excise Taxes and the proper application thereof) or to cause City to perform its obligations hereunder, in which event City shall be liable for all costs and expenses, including but not limited to reasonable attorneys' fees, incurred by Seller. Upon the bringing of a suit to collect such amounts, Seller may request enforcement of the pledge and foreclosure of the lien set forth in Section 2 hereof, in which event Trustee, as a matter of right, without notice and without giving any bond or surety to City or anyone claiming on behalf of City, may have a receiver appointed of the Excise Taxes which are so pledged for the payment of such amounts, with such powers as the court making such appointment shall confer, and City does hereby irrevocably consent to such appointment.

No remedy herein conferred upon or reserved to Seller is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement, now or hereafter existing, at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Seller to exercise any remedy reserved to it by this Section, it shall not be necessary to give any notice, other than such notice as may be required in this Section or by law.

In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Such rights and remedies as are given to Seller pursuant to this Section have been assigned by Seller to Trustee under the Trust Agreement, to which assignment City hereby consents. Such rights and remedies shall be exercised by Trustee and the Owner as provided in the Trust Agreement.

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

Section 11. Assignment.

(a) Except as otherwise provided herein, City shall not assign, transfer, pledge or hypothecate or otherwise dispose of this Agreement or any interest therein.

(b) Subject to the terms of the Trust Agreement, Seller sells, pledges, assigns, transfers and encumbers all and every part of its right, title and interest in and to this Agreement and all payments of any kind due or which become due to Seller hereunder to Trustee; provided, however, that such transfer or assignment shall not impair the Obligation, Trustee shall be bound by the terms hereof and all related agreements executed by Seller in connection herewith and shall execute such nondisturbance and acceptance instruments as shall reasonably be required to evidence the same as hereinafter provided, and shall become and be deemed to be the seller hereunder and have all of the rights, powers, privileges and remedies, and be subject to all of the covenants and agreements, of Seller hereunder for all purposes of this Agreement, except that City agrees and acknowledges that Trustee made no representation or warranty, and therefore will assume no obligation, with respect to the title, merchantability, condition, quality or fitness of the Project for any particular purpose or for the enforcement of any warranties or service agreement made or assigned and City shall have no right to abate, reduce, withhold or offset against any payments due hereunder on account of any claims for misrepresentations or breach of warranty or service agreements or any claims for sums due City from any predecessor(s) in interest of Seller. City attorns to and recognizes Trustee as the owner of all right, title and interest in, to and under this Agreement and the payments thereafter due and payable pursuant to this Agreement and as seller pursuant to this Agreement. City shall execute and deliver to Trustee such certificates or other instruments in such forms as may reasonably be required by Trustee (provided, Trustee shall have no duty to require such certificates or other instruments) and to which City can truthfully attest, including but not limited to a separate acknowledgment of assignment and attornment certificate in the customary form as to the right, title and interest of

Trustee in, to and under this Agreement and the payments thereafter due and payable pursuant to this Agreement.

Section 12. City Appointed Agent for Seller. Seller hereby irrevocably appoints City as its sole and exclusive agent to act for and on behalf of Seller in refinancing the costs of the Refinanced Project which have not been paid to date. As such agent, City shall have full authority to do all things necessary to accomplish such purpose. Seller shall not be liable, responsible or accountable for the acts of City as its agent hereunder, and City hereby assumes all responsibility for the performance of such duties.

Section 13. Federal Law Provisions.

(a) (i) As described in further detail in the Tax Certificate, no direction for the making of any investment or other use of the proceeds of the Obligation or of the Project shall be made, permitted to be made or omitted from being made which would cause the Obligation to be an “arbitrage bond” as that term is defined in section 148 (or any successor provision thereto) of the Code or a “private activity bond” as that term is defined in section 141 (or any successor provision thereto) of the Code, and the requirements of such sections and related regulations of the Code shall be complied with throughout the term of the Obligation. (Particularly, City shall be the owner of the Project for federal income tax purposes. City shall not enter into any management or service contract with any entity other than a governmental entity for the operation of any portion of the Project unless the management or service contract complies with the requirements of such authority as may control at the time or any lease or other arrangement with any entity other than a governmental entity that gives such entity special legal entitlements with respect to any portion thereof.) Also, the payment of principal and interest with respect to the Obligation 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 Obligation, or amounts treated as proceeds of the Obligation, shall not be invested (directly or indirectly) in federally insured deposits or accounts, except to the extent such proceeds may be so invested for an initial temporary period until needed for the purpose for which the Obligation is being executed and delivered, may be so used in making investments in a *bona fide* debt service fund or may be invested in obligations issued by the United States Treasury. In consideration of the purchase and acceptance of the Obligation by the owner from time to time thereof and of retaining such exclusion and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, City shall, and the appropriate officials of City are hereby directed, to take all action required to retain such exclusion or to refrain from taking any action prohibited by the Code which would adversely affect in any respect such exclusion.

(ii) (A) City shall take all necessary and desirable steps, as determined by the Mayor and Council of City, to comply with the requirements hereunder in order to ensure that the Interest Portion is excluded from gross income for federal income tax purposes under the Code; provided, however, compliance with any such requirement shall not be required in the event City receives a Bond Counsel’s Opinion (as such term is defined in the next Section) that either compliance with such requirement is not required to maintain the exclusion from gross income of the Interest

Portion or compliance with some other requirement will meet the requirements of the Code. In the event City receives such a Bond Counsel's Opinion, the parties agree to amend this Agreement to conform to the requirements set forth in such opinion.

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

(iii) Written procedures have been established for 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 City will comply.

(iv) The procedures required by any arbitrage rebate provision or separate agreement executed in connection with the execution and delivery of the Obligation (initially, those in the next Section) shall be complied with for so long as compliance is necessary pursuant to the Code.

(b) Trustee has no duty or obligations under this Section 13 and has no duty to monitor compliance by City with this Section 13.

Section 14. Rebate Provisions.

(a) Terms not otherwise defined in Subsection (b) hereof shall have the meanings given to them in the Tax Certificate.

(b) The following terms shall have the following meanings:

Bond Counsel's Opinion shall mean 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 City.

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

Bond Yield is as indicated in the Tax Certificate. Bond Yield shall be recomputed if required by Regulations section 1.148-4(b)(4) or 4(h)(3). Bond Yield shall mean 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 Obligation as determined under Regulations section 1.148-4(b). The present value of all such payments shall be computed as of the date of execution

and delivery of the Obligation and using semiannual compounding on the basis of a 360-day year.

Code shall mean the Internal Revenue Code of 1986, as amended, and any successor provisions thereto.

Gross Proceeds shall mean:

(i) any amounts actually or constructively received by City from the sale of the Obligation but excluding amounts used to pay accrued interest on the Obligation within one year of the date of execution and delivery of the Obligation;

(ii) transferred proceeds of the Obligation 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 Obligation 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 Obligation, pledged amounts where there is reasonable assurance that such amounts will be available to pay principal or interest on the Obligation in the event City or Trustee 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 Trust Agreement.

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

Obligation Payment shall mean any payment within the meaning of Regulations section 1.148-3(d)(1) with respect to a Nonpurpose Investment.

Rebate Requirement shall mean at any time the excess of the future value of all Receipts over the future value of all Obligation Payments. For purposes of calculating the Rebate Requirement the Bond Yield shall be used to determine the future value of Receipts and Obligation 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 shall mean any receipt within the meaning of Regulations section 1.148-3(d)(2) with respect to a Nonpurpose Investment.

Regulations shall mean the 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.

(c) Within 60 days after the end of each Bond Year, unless an exception to the requirement to do is properly established, City shall cause the Rebate Requirement to be calculated and shall pay to the United States of America:

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

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

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

(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:

(1) 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.

(2) 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.

(3) 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:

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

(2) 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:

(1) 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 City or any other person (whether or not in connection with the Obligation), and that the bid is not being submitted solely as a courtesy to City or any other person for purposes of satisfying the requirements in the Regulations that 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 Obligation.

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

(3) 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 Obligation (e.g., a lead underwriter within 15 days of the issue date of the Obligation 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 City uses an agent to conduct the bidding, the agent may not bid.

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

(5) 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.

(6) 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).

(7) 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.

(8) City retains until three years after the last outstanding Obligation is retired, (i) a copy of the guaranteed investment contract, (ii) a receipt or other record of the amount actually paid for the guaranteed investment contract, including any administrative costs paid by City and a copy of the provider's certification described in (7) above, (iii) the name of the person and entity submitting each bid, the time and date of the bid, and the bid results and (iv) the bid solicitation form and, if the terms of the guaranteed investment contract deviate from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose of the deviation.

(h) Such experts and consultants shall be employed by City to make, as necessary, any calculations in respect of rebates to be made to the United States of America in accordance with section 148(f) of the Code with respect to the Obligation. Trustee has no duties or obligations under this Section 14 and no duty to monitor compliance by City with this Section 14.

Section 15. Quiet Possession; City's Easement to Seller. City, by keeping and performing the covenants and agreements herein contained, shall at all times during the term of this Agreement, peaceably and quietly, have, hold and enjoy the Project, without suit, trouble or hindrance from Seller. City hereby grants and conveys to Seller, and all persons claiming by, through or under Seller, including its successors and assigns under the Trust Agreement and the Owner 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.

Section 16. Covenant as to Conflict of Interest; Other Statutory Restrictions.

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

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

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

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

Section 17. Seller’s Limited Authority. Notwithstanding any other terms or provisions of this Agreement, the interest of Seller in the Project, if any, is solely in its capacity as Trustee for the purpose of facilitating the financing of the Project, and 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.

Section 18. Seller as Trustee. Seller is acting hereunder in its capacity as Trustee under the Trust Agreement and the term “Seller”, when used herein, shall mean Trustee as defined in the Trust Agreement.

Section 19. 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, or delivered to the party for which the same is intended or certified, as follows:

If to Seller: U.S. Bank Trust Company, National Association
2222 East Camelback Road, Suite 110
Phoenix, Arizona 85016
Attention: Global Corporate Trust

If to City: City of Sedona, Arizona
102 Roadrunner Drive
Sedona, Arizona 86336
Attention: City Manager

All notices, approvals, consents, requests and any communications to Seller 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 Seller). Electronic signatures believed by Seller to comply with the ESIGN ACT of 2000 or other applicable law shall be deemed original signatures for all purposes. If City chooses to use electronic signatures to sign documents delivered to Seller, City agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of Seller acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, Seller may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to Seller in lieu of, or in addition to, any document signed via electronic signature.

Section 20. Miscellaneous.

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

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

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

(d) Any term or provision of this Agreement found to be prohibited by law or unenforceable or which would cause this Agreement to be invalid, prohibited by law or

unenforceable shall be ineffective to the extent of such prohibition or unenforceability without, to the extent reasonably possible, causing the remainder of this Agreement to be invalid, prohibited by law or unenforceable.

(e) Seller hereunder shall have the right at any time or times, by notice to City, to designate or appoint any person or entity to act as agent or trustee for Seller for any purposes hereunder.

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

(g) 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 Seller herein shall be and have the rights of a third-party beneficiary hereunder.

(h) 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 first day of December 2022.

Seller:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By 
Authorized Representative

City:

CITY OF SEDONA, ARIZONA, a municipal corporation and political subdivision under the laws of the State of Arizona

By
Mayor

ATTEST:

.....
City Clerk

IN WITNESS WHEREOF, the parties have executed this Agreement as of the first day of December 2022.

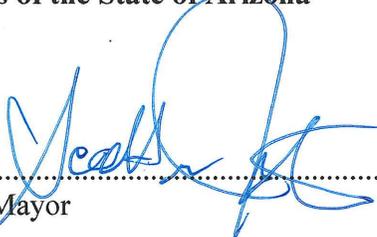
Seller:

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee**

By.....
Authorized Representative

City:

**CITY OF SEDONA, ARIZONA, a municipal
corporation and political subdivision under the
laws of the State of Arizona**

By .....
Mayor

ATTEST:

.....
City Clerk

EXHIBIT

PAYMENT SCHEDULE

Payment Date	Principal	Interest	Total Payment
07/01/2023	\$ 669,000	\$ 240,910.70	\$ 909,910.70
01/01/2024		199,532.95	199,532.95
07/01/2024	511,000	199,532.95	710,532.95
01/01/2025		188,776.40	188,776.40
07/01/2025	532,000	188,776.40	720,776.40
01/01/2026		177,577.80	177,577.80
07/01/2026	555,000	177,577.80	732,577.80
01/01/2027		165,895.05	165,895.05
07/01/2027	578,000	165,895.05	743,895.05
01/01/2028		153,728.15	153,728.15
07/01/2028	602,000	153,728.15	755,728.15
01/01/2029		141,056.05	141,056.05
07/01/2029	628,000	141,056.05	769,056.05
01/01/2030		127,836.65	127,836.65
07/01/2030	654,000	127,836.65	781,836.65
01/01/2031		114,069.95	114,069.95
07/01/2031	682,000	114,069.95	796,069.95
01/01/2032		99,713.85	99,713.85
07/01/2032	710,000	99,713.85	809,713.85
01/01/2033		84,768.35	84,768.35
07/01/2033	740,000	84,768.35	824,768.35
01/01/2034		69,191.35	69,191.35
07/01/2034	772,000	69,191.35	841,191.35
01/01/2035		52,940.75	52,940.75
07/01/2035	804,000	52,940.75	856,940.75
01/01/2036		36,016.55	36,016.55
07/01/2036	838,000	36,016.55	874,016.55
01/01/2037		18,376.65	18,376.65
07/01/2037	873,000	18,376.65	891,376.65
Total	\$10,148,000	\$3,499,871.70	\$13,647,871.70

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

That U.S. Bank Trust Company, National Association, as trustee but in its separate capacity as seller (the “*Seller*”), for good and valuable consideration received by the Seller from the City of Sedona, Arizona (the “*City*”), receipt of which is hereby acknowledged, does by these presents, and to the extent not otherwise prohibited by applicable law with regard to any part thereof, grant, bargain, sell and convey, without recourse, representation or warranty, to the City, its successors and assigns, any interests the Seller has in the Project (as such term is defined in the Fifth Purchase Agreement, dated as of December 1, 2022, by and between the Seller and the City), to have and to hold the Project 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 8th day of December 2022.

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION

By 
Authorized Representative

FIFTH TRUST AGREEMENT

by and between

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

and

THE CITY OF SEDONA, ARIZONA

Dated as of December 1, 2022

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EXHIBIT – FORM OF OBLIGATION

FIFTH TRUST AGREEMENT

THIS FIFTH TRUST AGREEMENT, dated as of December 1, 2022 (together with any duly authorized, executed and delivered supplement thereto, this “Trust Agreement” or “Agreement”), by and between **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association, as trustee, or any successor thereto acting as trustee pursuant to this Trust Agreement (the “Trustee”), and in its capacity as “Seller” pursuant to the Fifth Purchase Agreement, dated as of December 1, 2022 (together with any duly authorized, executed and delivered amendment thereto, the “Purchase Agreement”) by and between the hereinafter defined City and the Trustee, as “Seller”, and **THE CITY OF SEDONA, ARIZONA**, a municipal corporation organized under the laws of the State of Arizona (the “City”);

W I T N E S S E T H:

WHEREAS, in order to refinance certain outstanding obligations and to finance the costs of construction of certain improvements to the wastewater system of the City, the Sedona Wastewater Municipal Property Corporation (the “MPC”) issued its Excise Tax Revenue Bonds, Series 1998, consisting of \$34,730,000 principal amount of current interest bonds (the “Series 1998 Current Interest Bonds”) and \$6,305,000 initial principal amount of capital appreciation bonds (together with the Series 1998 Current Interest Bonds, the “Series 1998 Bonds”); and

WHEREAS, the Series 1998 Bonds are payable from rental payments to be made by the City pursuant to the provisions of a City Lease, dated as of August 1, 1998, as amended by a First Amendment to City Lease, dated as of November 1, 2000 (as so amended, the “City Lease”), by and between the City and the MPC, and the obligation to make such rental payments under the City Lease is secured by a pledge of the Excise Taxes (as that term is hereinafter defined); and

WHEREAS, Section 3.3 of the City Lease provides as follows:

(a) The City hereby pledges for the payment of the rental payments under Section 1.3(a) hereof, all Excise Taxes. The City intends that this pledge shall be a first lien upon such amounts of said Excise Taxes (except as described in (h) below), as will be sufficient to make the rental payments pursuant to Section 1.3(a) hereof each month, and the City agrees and covenants to make said rental payments from such Excise Taxes, except to the extent that it chooses to make such payments from other funds pursuant to Section 3.2 above.

(b) For purposes of this the City Lease, “Excise Taxes” means all excise taxes, transaction privilege (sales, license and use) taxes, vehicle license fees, plan review deposit fees, building permit fees, conditional use permit fees, development review fees, franchise fees, fines and forfeitures which the City now collects and which it may collect in the future, together with the City’s portion of any excise taxes, transaction privilege (sales and use) taxes and income taxes imposed and collected by the State, or any political subdivision thereof, or any other governmental unit or agency, and returned,

allocated or apportioned to the City, EXCEPT (i) any such taxes, fees, fines and forfeitures which the City may enact in the future which must be used or expended by the City for specific purposes, and (ii) any such taxes which, by State law, rule or regulation must be expended for specific purposes, such as motor vehicle fuel taxes.

and Section 3.5 of the City Lease provides as follows:

The City, for itself, its successors and assigns, covenants and agrees with the registered owners and holders of the Corporation's Series 1998 Bonds to be issued under the Indenture, so long as any of said Series 1998 Bonds remain outstanding and the principal and interest on the Series 1998 Bonds shall be unpaid or unprovided for, it will not further encumber the Excise Taxes pledged under Section 3.3 hereof on a basis prior and paramount to the lien and pledge provided for under Section 3.3 hereof and that it will not further encumber the Excise Taxes pledged under Section 3.3 hereof on a basis equal to the lien and pledge provided for in Section 3.3 hereof unless the Excise Taxes collected in the preceding fiscal year shall have amounted to at least one and fifty hundredths (1.50) times the highest combined interest and principal payment requirements for any succeeding fiscal year for all Series 1998 Bonds, Prior Obligations, any parity or additional parity bonds or other obligations secured by a parity pledge of the Excise Taxes then outstanding and any parity or additional parity bonds or other obligations so proposed to be secured by a parity pledge of the Excise Taxes.

; and **WHEREAS**, the City, in order to finance the costs to refinance certain other outstanding obligations, entered into a Lease Agreement, dated as of January 1, 2002 (the "2002 Lease"), with National Bank of Arizona, as lessor, and a Trust Agreement, dated as of January 1, 2002 (the "2002 Trust Agreement"), with such lessor and National Bank of Arizona, as trustee (the "2002 Trustee") and caused the 2002 Trustee, pursuant to the 2002 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2002 (the "2002 Obligations"), evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by the City pursuant to the 2002 Lease, such lease payments under the 2002 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, further, the City, in order to finance the costs to refinance certain other outstanding obligations, entered into a Lease Agreement, dated as of July 1, 2004 (the "First 2004 Lease"), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Trust Agreement, dated as of July 1, 2004 (the "First 2004 Trust Agreement"), with such lessor and U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as trustee (the "2004 Trustee") and caused the 2004 Trustee, pursuant to the First 2004 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2004, evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by the City pursuant to the First 2004 Lease, such lease payments under the First 2004 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, the City, in order to finance the costs to refinance a portion of the Series 1998 Bonds remaining outstanding, entered into a Second 2004 Lease Agreement, dated as of October 1, 2004 (the “Second 2004 Lease”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Second 2004 Trust Agreement, dated as of October 1, 2004 (the “Second 2004 Trust Agreement”), with such lessor and the 2004 Trustee and caused the 2004 Trustee, pursuant to the Second 2004 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Second Series 2004 (the “Second 2004 Obligations”), evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by the City pursuant to the Second 2004 Lease, such lease payments under the Second 2004 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, the City, in order to finance the costs to refinance another portion of the Series 1998 Bonds remaining outstanding, entered into a Lease Agreement, dated as of May 1, 2005 (the “2005 Lease”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Trust Agreement, dated as of May 1, 2005 (the “2005 Trust Agreement”), with such lessor and the 2004 Trustee and caused the 2004 Trustee, pursuant to the 2005 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2005 (the “2005 Obligations”), evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by the City pursuant to the 2005 Lease, such lease payments under the 2005 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, the City, in order to finance the costs of certain projects, entered into a First Purchase Agreement, dated as of November 1, 2007 (the “2007 Purchase Agreement”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as seller, and a Trust Agreement, dated as of November 1, 2007 (the “2007 Trust Agreement”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as trustee (the “2007 Trustee”), and caused the 2007 Trustee, pursuant to the 2007 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Obligations, Series 2007 (the “2007 Obligations”), evidencing proportionate interests of owners thereof in purchase payments and prepayments to be made by the City pursuant to the 2007 Purchase Agreement, such purchase payments under the 2007 Purchase Agreement being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, the City, in order to finance the costs to refinance another portion of the Series 1998 Bonds remaining outstanding, entered into a Lease Agreement, dated as of February 1, 2012 (the “2012 Lease”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Trust Agreement, dated as of February 1, 2012 (the “2012 Trust Agreement”), with such lessor and the 2004 Trustee and caused the 2004 Trustee, pursuant to the 2012 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2012 (the “2012 Obligations”), evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by the City pursuant to the 2012 Lease, such lease

payments under the 2012 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, the City, in order to finance the costs to refinance all Second 2004 Obligations remaining outstanding, entered into a Lease Agreement, dated as of May 1, 2014 (the “2014 Lease”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Trust Agreement, dated as of May 1, 2014 (the “2014 Trust Agreement”), with such lessor and the 2004 Trustee and caused the 2004 Trustee, pursuant to the 2014 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2014, evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by the City pursuant to the 2014 Lease, such lease payments under the 2014 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, the City, in order to finance the costs to refinance all 2005 Obligations remaining outstanding, entered into a Lease Agreement, dated as of June 1, 2015 (the “2015 Lease”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as lessor, and a Trust Agreement, dated as of June 1, 2015 (the “2015 Trust Agreement”), with such lessor and the 2004 Trustee and caused the 2004 Trustee, pursuant to the 2015 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligations, Series 2015, evidencing proportionate interests of the owners thereof in lease payments and prepayments to be made by the City pursuant to the 2015 Lease, such lease payments under the 2015 Lease being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, the City, in order to finance the costs to refinance a portion of the 2007 Obligations remaining outstanding, entered into a Second Purchase Agreement, dated as of December 1, 2015 (the “Second Series 2015 Purchase Agreement”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as seller, and a Second Trust Agreement, dated as of December 1, 2015 (the “Second Series 2015 Trust Agreement”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as trustee (the “2015 Trustee”), and caused the 2015 Trustee, pursuant to the Second Series 2015 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligation, Second Series 2015 (the “Second Series 2015 Obligation”), evidencing all the interests of the owner thereof in purchase payments and prepayments to be made by the City pursuant to the Second Series 2015 Purchase Agreement, such purchase payments under the Second Series 2015 Purchase Agreement being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, the City, in order to finance the costs to refinance the 2012 Obligations remaining outstanding, entered into a Third Purchase Agreement, dated as of August 1, 2021 (the “Series 2021 Purchase Agreement”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as seller, and a Third Trust Agreement, dated as of August 1, 2021 (the “Series 2021 Trust Agreement”), with U.S. Bank Trust Company, National Association (successor in interest to U.S. Bank National Association), as trustee (the “2021 Trustee”), and caused the 2021 Trustee, pursuant to the Series

2021 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligation, Taxable Series 2021-1 (the “Taxable 2021 Obligation”), and further caused the 2021 Trustee, pursuant to the 2021 Trust Agreement and in connection with the tender and exchange of the Taxable 2021 Obligation in accordance with the terms of the 2021 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Refunding Obligation, Series 2021-2 (the “Series 2021 Obligation”), evidencing all the interests of the owner thereof in purchase payments and prepayments to be made by the City pursuant to the Series 2021 Purchase Agreement, such purchase payments under the Series 2021 Purchase Agreement being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, then further, the City, in order to finance the costs of street and transportation improvements and parking garage projects in and for the City, entered into a Fourth Purchase Agreement, dated as of March 1, 2022 (the “Series 2022 Purchase Agreement”), with UMB Bank, n.a., as seller, and a Fourth Trust Agreement, dated as of March 1, 2022 (the “Series 2022 Trust Agreement”), with UMB Bank, n.a., as trustee (the “2022 Trustee”), and caused the 2022 Trustee, pursuant to the Series 2022 Trust Agreement, to execute and deliver the City of Sedona, Arizona Excise Tax Revenue Obligations, Series 2022 (the “Series 2022 Obligations”), evidencing proportionate interests of the owners thereof in purchase payments and prepayments to be made by the City pursuant to the Series 2022 Purchase Agreement, such purchase payments under the Series 2022 Purchase Agreement being secured by a pledge of the Excise Taxes on a parity as described hereinabove; and

WHEREAS, the City has now determined that it will be beneficial for its citizens to finance the costs of acquiring certain real property in the City (collectively, the “Project”); and

WHEREAS, for the purpose of financing the Project, the City has heretofore agreed to make purchase payments to the Trustee, and the Trustee has agreed to provide for acquisition of the Project pursuant to the Purchase Agreement, the payment of which shall be limited to amounts from the Excise Taxes; and

WHEREAS, the City and the Trustee will enter into this Trust Agreement to facilitate the administration of the financing of the Project; and

WHEREAS, for the purpose of obtaining money to be deposited with the Trustee to finance the Project, the Trustee will execute and deliver the Excise Tax Revenue Obligation, Series 2022 (the “Obligation”), evidencing a one hundred percent (100%) ownership interest in the Purchase Agreement and the Payments made by the City under the Purchase Agreement, in exchange for the moneys required herein to be deposited for the Project; and

WHEREAS, the City, pursuant to the Purchase Agreement, irrevocably pledges on a first lien basis for the payment of the Payments all Excise Taxes as the Excise Taxes collected in the preceding fiscal year have amounted to at least one and fifty hundredths (1.50) times the highest combined interest and principal payment requirements for any succeeding fiscal year for the Series 1998 Bonds, the Second Series 2015 Obligation, the Series 2021 Obligation, the Series 2022 Obligations and the Obligation; and

WHEREAS, the City is a political subdivision duly organized and validly existing under the laws of the State; the Constitution and the laws of the State authorize the City to enter into this Agreement and to enter into the agreements and transactions contemplated by, and to carry out its obligations under, said agreements; the City has duly authorized and executed all of the aforesaid agreements; this Agreement is a lawful, valid and binding obligation of the City, enforceable against the City in accordance with its terms, and has been duly authorized, executed and delivered by the City; 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; and neither the execution and delivery of this Agreement or the Purchase Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or thereof nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the City is now a party or by which the City is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the City; and

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

NOW, THEREFORE, in consideration for the Obligation executed and delivered under this Trust Agreement, the acceptance by the Trustee of the trusts created herein and the purchase and acceptance of the Obligation by the Owner, and to secure the payment of principal thereof and interest thereon (to the extent provided herein), 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, the Trustee hereby declares an irrevocable trust and acknowledges its acceptance of all right, title and interest in and to the following described trust estate, which shall be administered by the Trustee according to the provisions of this Trust Agreement and for the benefit of the Owner:

A. All right, title and interest of Seller in, under and pursuant to the Purchase Agreement, the Payments and any other amounts payable by the City under the Purchase Agreement and the present and continuing right to (i) make claim for, collect or cause to be collected, receive or cause to be received all such revenues, receipts and other sums of money payable or receivable thereunder, including Excise Taxes, (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 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 of the City, its successors and assigns, under the Purchase Agreement;

IN TRUST, however, for the benefit and security of the Owner; and conditioned, however, that if the City shall well and truly pay or cause to be paid fully and promptly when due all indebtedness, liabilities, obligations and sums at any time secured hereby, including interest and attorneys' fees, and shall promptly, faithfully and strictly keep, perform and observe or cause to be kept, performed and observed all of its covenants, warranties and agreements contained herein, this Trust Agreement shall be and become void and of no further force and effect; otherwise, the same shall remain in full force and effect, and upon the trust and subject to the covenants and conditions hereinafter set forth. For such purposes, the City and the Trustee hereby agree as follows:

ARTICLE I DEFINITIONS

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

“Authorized Officers” means any City Representative and those officers of the City listed in an incumbency certificate with the authority to provide Instructions and containing specimen signatures of such authorized officers, which incumbency certificate shall be amended by the City, whenever a person is to be added or deleted from the listing.

“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.

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

“Closing Date” means December 8, 2022.

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

“Costs of Issuance Fund” means the fund of that name created pursuant to Article III hereof.

“Defaulted Interest” has the meaning provided in Section 2.10(b).

“Delivery Costs” means all items of expense directly or indirectly payable by or reimbursable to the City or the Trustee relating to the execution, sale 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 City, with a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by federal or State of Arizona authority.

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

“Electronic Means” means the following communications methods: a portable document format (“pdf”) or other replicating image attached to an 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.

“Electronically” means with respect to notice, one transmitted through a time-sharing terminal, computer network or facsimile machine, if operative as between any two parties, or if not operative, by telephone (promptly confirmed in writing).

“Event of Default” means an event of default under the Purchase Agreement as provided in Section 10 thereof.

“Government Obligations” means direct general obligations of, or obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by, the United States of America (including, without limitation, the interest portion of obligations issued by the Resolution Funding Corporation in book entry form and stripped by request to the Federal Reserve Bank of New York), including Government Obligations which have been stripped of their unmatured interest coupons and interest coupons stripped from Government Obligations, provided any stripped Government Obligations have been stripped by the applicable United States governmental agency.

“Independent Counsel” means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the City or the Trustee.

“**Instructions**” means instructions, including funds transfer instructions given pursuant to this Agreement and delivered using Electronic Means.

“**Interest Payment Date**” means each January 1 and July 1, commencing July 1, 2023, while principal represented by any Obligation is outstanding; provided that, if any such day is not a Business Day, any payment due on such date may be made on the next Business Day, without additional interest and with the same force and effect as if made on the specified date for such payment.

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

“**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.

“**Notification**” shall have the meaning provided in Section 11.3.

“**Owner**” or any similar term, when used with respect to an Obligation means ZMFU II, Inc., or the entities provided in Section 2.8.

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

“**Payments**” means all payments required to be paid by the City on any date pursuant to Section 1 of the Purchase Agreement and as set forth in the Exhibit to the Purchase Agreement.

“**Permitted Investments**” means any investment permitted by Section 35-323, Arizona Revised Statutes, or any other investment permitted by applicable law.

“**Regular Record Date**” means, for the Obligation, 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, any vice president, associate or any other officer of the Trustee within the office of the Trustee designated in Section 13.3 hereof (the “Corporate Trust Office”) (or any successor 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 because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Agreement.

“**Special Record Date**” has the meaning provided in Section 2.10(d).

“**State**” means the State of Arizona.

“**Tax Certificate**” means the Certificate Relating To Federal Tax Matters delivered by the City at the time of original execution and delivery of the Obligation.

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

ARTICLE II SPECIAL REVENUE OBLIGATION

Section 2.1. Authorization of the Obligation. The Trustee is hereby authorized and directed to execute and deliver to the Owner, the Obligation in the form of a single, fully registered, physically certificated Obligation, registered in the name of the Owner in the principal amount of \$10,148,000, evidencing a one hundred percent (100%) ownership interest in the Purchase Agreement and 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 with respect thereto shall be payable from such date or from the most recent Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Obligation.

Section 2.3. Maturity and Interest Rate. The Obligation shall mature on July 1, 2037 (subject to annual principal installments as described in Section 4.1(b)), and interest with respect thereto shall be computed at the rate of four and twenty-one hundredths percent (4.21%) per annum.

Section 2.4. Interest on Obligation. Interest on the Obligation shall be payable semiannually on January 1 and July 1 of each year commencing July 1, 2023, to and including the date of maturity or prior redemption 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 any Obligation shall be computed by multiplying the portion of Payments designated as principal with respect to such Obligation by the rate of interest applicable to such Obligation (on the basis of a 360-day year of twelve 30-day months), except that the first portion of the Payments designated as interest shall be for interest from the Closing Date to July 1, 2023.

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. The Obligation shall be substantially in the form set forth in the Exhibit hereto. The Obligation shall not be rated by any rating agency or rating service, registered with any securities depository or be assigned a CUSIP number.

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 any 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 Agreement unless and until executed and delivered by the Trustee. The execution by the Trustee of the 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 Agreement.

Section 2.7. **[Reserved to Preserve Section Numbering].**

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 in writing 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 ZMFU II, Inc., or (B) a “Bank” as defined in Section 3(a)(2) of the Securities Act of 1933, as amended; and (iv) its present intention is to acquire such interest (A) 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 by reference 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. The Trustee shall have no duty or obligation to determine whether or not any transferee meets the requirements set forth herein and shall be fully protected in relying on the representations of such transferee in accordance herewith.

(b) The Obligation may be exchanged at the Corporate Trust Office for a like aggregate principal amount of Obligation. 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 City (which will not be payable by the Trustee), or any fee or expense of the Trustee or the City with respect to such exchange or transfer.

(c) The Trustee may, but shall not be obligated to, exchange or register the transfer of an Obligation (i) if principal represented by the Obligation is to be redeemed, or (ii) during a period of fifteen (15) days preceding the giving of a notice of redemption. Any notice of redemption which has been given to the transferor shall be binding on the transferee and a copy of the notice of redemption shall be delivered by the Trustee to the transferee along with the duly registered Obligation.

Section 2.9. Obligation Mutilated, Lost, Destroyed or Stolen. If the Obligation shall become mutilated, the Trustee, at the expense of the Owner of said Obligation, shall execute and deliver a new Obligation 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 of such Obligation. If any Obligation shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and, if an indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Owner of such Obligation, shall execute and deliver a new Obligation for the remaining unpaid principal amount and numbered as the Trustee shall determine in lieu of and in substitution for the Obligation so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each new Obligation delivered under this Section and of the expenses which may be incurred by the Trustee in carrying out the duties under this Section. Any Obligation issued under the provisions of this Section in lieu of any Obligation alleged to be lost, destroyed or stolen shall be entitled to the benefits of this Agreement. The Trustee shall not be required to treat both the original Obligation and any replacement Obligation as being outstanding for the purpose of determining the principal amount of Obligation which may be executed and delivered hereunder, but both the original and replacement Obligation shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Obligation for an Obligation which has been mutilated, lost, destroyed or stolen, and which has matured, the Trustee may make payment with respect to such Obligation upon receipt of the aforementioned indemnity.

Section 2.10. Payment.

(a) The principal (except the final payment thereof whether because of maturity or redemption) and interest due with respect to the Obligation (except that due upon such final payment) shall be payable without surrender in lawful money of the United States of America by wire transfer as instructed by the Owner (which instructions shall remain in effect until revoked by subsequent written instructions) by written request of the Trustee at least twenty (20) days before the Interest Payment Date specifying the account address. The final payment of principal of the Obligation plus accrued interest to the date of payment thereof shall be paid in lawful money of the United States of America upon surrender when due at the Corporate Trust Office.

(b) Any interest represented by 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 shall thereupon be paid, together with interest thereon at the same rate per annum as such Defaulted Interest, by the Trustee (out of funds provided to it by the City) to the 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.

(c) In the event the Obligation is not presented for final payment thereof (whether because of maturity or redemption), 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. The obligation of the Trustee to hold such funds shall continue for two years and six months (subject to applicable escheat laws) following the date on which such interest or principal payment became due, whether at the maturity date or otherwise, at which time the Trustee shall surrender such unclaimed funds so held to the City, whereupon any claim of whatever nature by the Owner of such Obligation arising under such Obligation shall be made upon the City.

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 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 attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such 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 Agreement (except as otherwise herein provided), if made in the following manner: (i) the fact and date of the execution by any Owner or the attorney or agent thereof of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority; or (ii) the fact of the ownership of the Obligation by any person and the amount, the maturity and the number of the Obligation and the date of his holding the same be proved on the registration books maintained pursuant to Section 2.12 hereof.

(b) Nothing contained in this Article II shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the

Owner of the Obligation shall bind every future Owner of the Obligation in respect of anything done or suffered to be done by the Trustee in pursuance of such request or consent.

Section 2.12. Obligation Register. The Trustee will keep or cause to be kept, at the Designated 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 City and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the Obligation as hereinbefore provided.

ARTICLE III APPLICATION OF PROCEEDS RECEIVED BY TRUSTEE; COSTS OF ISSUANCE FUND

Section 3.1. Application of Proceeds. \$148,000.00 of the proceeds received by the Trustee from the sale of the Obligation shall forthwith be set aside by the Trustee in the Costs of Issuance Fund. The balance of the proceeds from the sale of the Obligation (\$10,000,000.00) shall be transferred by the Owner on the Closing Date (in accordance with the wire transfer instructions set forth in the Final Closing Memorandum with respect to the Obligation) to Yavapai Title Agency in connection with the acquisition of the Project.

Section 3.2. Establishment and Application of Costs of Issuance Fund.

(a) The Trustee shall establish a special trust fund designated as the “City of Sedona Costs of Issuance Fund (Second Series 2022)” (herein referred to as the “Costs of Issuance Fund”), shall keep such fund separate and apart from all other funds and moneys held by it and shall administer such fund as provided in this 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 conclusively rely, executed or approved in writing by the City Representative. Each such certificate shall set forth the amounts to be disbursed for payment, or reimbursement of previous payments, of Delivery Costs and the person or persons to whom said amounts are to be disbursed. The Trustee has no duty or obligation to confirm that such disbursements constitute Delivery Costs.

(c) On the earlier of March 1, 2023, or when all Delivery Costs associated with the Obligation have been paid (as shown by a certificate of a City Representative delivered to the Trustee), the Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the Payment Fund and the Costs of Issuance Fund shall be closed.

**ARTICLE IV
REDEMPTION OF OBLIGATION**

Section 4.1. Redemption Provisions.

(a) Principal represented by the Obligation is subject to optional redemption from prepayments made by the City pursuant to Section 8 of the Purchase Agreement, in whole or in part on any date, at a price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, but without premium. The City shall, at least forty-five (45) days prior to an optional redemption date (unless a shorter notice period is acceptable to the Trustee), notify the Trustee of such redemption date and the principal amount of the Obligation to be redeemed on such date.

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

<u>Year Redeemed</u>	<u>Principal Amount Redeemed</u>
2023	\$669,000
2024	511,000
2025	532,000
2026	555,000
2027	578,000
2028	602,000
2029	628,000
2030	654,000
2031	682,000
2032	710,000
2033	740,000
2034	772,000
2035	804,000
2036	838,000

A remaining principal amount of \$873,000 of the Obligation shall be paid on July 1, 2037.

(c) Whenever the Obligation is purchased, redeemed (other than pursuant to mandatory redemption) or delivered by the City to the Trustee for cancellation, the principal amount of the Obligation represented thereby so retired shall satisfy and be credited against the mandatory redemption requirements for the Obligation for such years as the City may direct in writing

Section 4.2. [Reserved to Preserve Section Numbering].

Section 4.3. Notice of Redemption; Effect.

(a) The Trustee shall cause notice of any optional redemption hereunder to be transmitted by Electronic Means to the Owner. Such notice shall (1) be sent no more than 60 nor less than 30 calendar days prior to the redemption date, (2) specify with respect to the Obligation

the redemption date and the redemption price, (3) set forth the name, address and telephone number of the person from whom information pertaining to the redemption may be obtained, and (4) state that on the redemption date the Obligation will be payable at the Corporate Trust Office and that from that date interest will cease to accrue.

(b) If at the time of giving of notice of the optional redemption of principal represented by the Obligation, there has not been deposited with the Trustee or a Depository Trustee moneys or Government Obligations sufficient to redeem the Obligation or the portion thereof to be redeemed and the requirements of (d) below are not satisfied, then such notice shall state that the redemption is conditional upon the deposit of moneys or Government Obligations sufficient for the redemption with the Trustee or a Depository Trustee and satisfaction of such requirements not later than the opening of business on the redemption date, and such notice will be of no effect and such Obligation shall not be redeemed unless such moneys or Government Obligations are so deposited and such requirements in (d) below are met.

(c) Notice having been provided in the manner provided in (b) above, the Obligation shall become due and payable on the redemption date and shall be paid at the redemption price, plus accrued interest to the redemption date.

(d) If the moneys or Government Obligations for the redemption of the Obligation to be redeemed, together with interest accrued thereon to the redemption date, is held by the Trustee or a Depository Trustee on the redemption date, so as to be available therefor on that date, then from and after the redemption date such principal thereof to be redeemed shall cease to bear interest and no longer shall be considered to be outstanding hereunder. If those moneys shall not be so available on the redemption date, such principal shall continue to bear interest, until paid, at the same rate as they would have borne otherwise.

Section 4.4. Partial Redemption of Obligation. Upon surrender of the Obligation, the principal portion of which has been optionally redeemed in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the City, a new Obligation equal in aggregate payment amount to the unpaid portion of the Obligation surrendered and the City shall provide the Trustee within thirty (30) days of such optional redemption a recomputed Exhibit to be attached to the Purchase Agreement.

ARTICLE V PAYMENTS; 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 of Payment Fund. The Trustee shall establish a special trust fund designated as the "City of Sedona Payment Fund (Second Series 2022)"

(herein referred to as the “Payment Fund”). All moneys at any time deposited by the Trustee in the Payment Fund shall be held by the Trustee in trust for the benefit of the Owner. So long as the Obligation is outstanding, the City shall have no beneficial right or interest in the Payment Fund or the moneys deposited therein, except only as provided in this Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

Section 5.3. Payments by City; Deposits. Subject to the limitations pursuant to the Purchase Agreement with respect to the Excise Taxes, the City shall be required to make the Payments, taking into account any funds on deposit in the Payment Fund as a credit towards any Payment then due. The Trustee, not less than ten (10) Business Days prior to each Interest Payment Date, shall notify the City of the amount required to be paid after taking into account earnings on investments which will be transferred to the Payment Fund in accordance herewith, on or before such Interest Payment Date for both principal and interest with respect to the Obligation. All amounts received by the Trustee as the Payments pursuant to the Purchase Agreement shall be deposited in the Payment Fund.

Section 5.4. Application of Moneys. All amounts in the Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and interest and redemption premiums, if any, with respect to the Obligation as the same shall become due and payable, in accordance with the provisions of Articles II and IV hereof.

Section 5.5. Transfers of Investment Earnings to Payment Fund. Except as otherwise directed in writing by the City, the Trustee shall, on or before the next Interest Payment Date occurring on July 1, transfer any income or profit on the investment of moneys in the funds hereunder to the Payment Fund.

Section 5.6. Surplus. Any surplus remaining in any of the funds created hereunder, after redemption and payment or provision for redemption and payment of the Obligation, including accrued interest and redemption premium, if any, and payment of any applicable fees, expenses or indemnities to the Trustee, or provision for such redemption and payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the City.

ARTICLE VI
[RESERVED TO PRESERVE SECTION NUMBERING]

ARTICLE VII
MONEYS IN FUNDS; INVESTMENT; CERTAIN TAX COVENANTS

Section 7.1. Held in Trust. The moneys and investments held by the Trustee under this 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 Agreement and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the City or the Owner.

Section 7.2. Investments Authorized. Upon written order of the City Representative, moneys held by the Trustee hereunder shall be invested and reinvested by the Trustee, to the maximum extent practicable in Permitted Investments. The City Representative shall direct such investment in specific Permitted Investments. The City 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. Absent written direction of the City, the Trustee shall hold such moneys held under this Trust Agreement uninvested in cash, without liability for interest. Ratings of Permitted Investments shall be determined at the time of purchase of such Permitted Investments and without regard to ratings subcategories. The Trustee shall have no responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments, including at the time of reinvestment of earnings thereof. In no event shall the Trustee be liable for the selection of investments. The Trustee may conclusively rely upon such written direction from the City Representative as to both the suitability and legality of the directed investments and the Trustee shall have no obligation to confirm that any such directed investment constitutes a Permitted Investment. The City acknowledges that regulations of the Comptroller of the Currency grant the City the right to receive brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the City specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Trustee that no brokerage confirmations need be sent relating to the security transactions as they occur. The Trustee may elect, but shall not be obligated, to credit the funds and accounts held by it with moneys representing income or principal payments due on, or sales proceeds due in respect of, Permitted Investments in such funds and accounts, or to credit to Permitted Investments intended to be purchased with such moneys, in each case before actually receiving the requisite moneys from the payment source, or to otherwise advance funds for account transactions. The City acknowledges that the legal obligation to pay the purchase price of any Permitted Investments arises immediately at the time of the purchase. Notwithstanding anything else in this Trust Agreement, (i) any such crediting of funds or assets shall be provisional in nature, and the Trustee shall be authorized to reverse any such transactions or advances of funds in the event that it does not receive good funds with respect thereto, and (ii) nothing in this Trust Agreement shall constitute a waiver of any of Trustee's rights as a securities intermediary under Uniform Commercial Code Section 9-206.

Section 7.3. Accounting. The Trustee shall furnish to the City, not less than semiannually, an accounting (which may be in the form of its customary statement) of all investments made by the Trustee. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Section 7.2 hereof.

Section 7.4. Allocation of Earnings. Any income, profit or loss on such investments shall be deposited in or charged to the respective funds from which such investments

were made, and any interest on any deposit of funds shall be deposited in the fund from which such deposit was made, except as otherwise provided herein, and shall be transferred in accordance with Section 5.5. Unless otherwise directed in writing by the City Representative, any such income, profit or interest shall be transferred in accordance with Section 5.5.

Section 7.5. 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. In determining the Market Value of Permitted Investments, the Trustee may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available to it.

Section 7.6. Limitation of Investment Yield. In the event the City (while it is directing investments) is of the opinion that it is necessary to restrict or limit the yield on the investment of any amounts paid to or held by the Trustee hereunder in order to avoid the Obligation being considered an “arbitrage bond” within the meaning of Section 148 of the Code, the City Representative may issue to the Trustee a written certificate to such effect (along with appropriate instructions), in which event the Trustee will take such action as is instructed so to restrict or limit the yield on such investment in accordance with the specific instructions contained in such certificate.

Section 7.7. Other Tax Covenants. In consideration of the acceptance and execution of the Purchase Agreement by the Trustee and the purchase by the Owner, from time to time, and in consideration of retaining the exclusion of interest income from gross income on the Purchase Agreement and the Obligation for federal income tax purposes, the City shall, from time to time, neither take nor fail to take any action, which action or failure to act is within its power and authority and would result in interest income on the Purchase Agreement or the Obligation to become subject to inclusion in gross income for federal income tax purposes under either laws existing on the date of execution of the Purchase Agreement or such laws as they may be modified or amended or tax laws later adopted. The City shall comply with such requirement(s) and will take any such action(s) as are necessary to prevent interest income on the Purchase Agreement or the Obligation from becoming subject to inclusion in gross income for federal income tax purposes. Such requirements may include but are not limited to making further specific covenants; making truthful certifications and representations and giving necessary assurances; complying with all representations, covenants and assurances contained in certificates or agreements to be prepared by special counsel; to pay to the United States of America any required amounts representing rebates of arbitrage profits relating to the Purchase Agreement or the Obligation; filing forms, statements and supporting documents as may be required under the federal tax laws; limiting the term of and yield on investments made with moneys relating to this Agreement; and limiting the use of the proceeds of the Obligation and property financed thereby.

**ARTICLE VIII
THE TRUSTEE**

Section 8.1. Appointment of Trustee. The City hereby authorizes and directs the Trustee to, and the Trustee shall, execute and deliver the Purchase Agreement, as Seller, and receive all moneys required to be deposited with the Trustee hereunder and shall allocate, use and apply the same as provided in this Agreement. The City shall maintain as the Trustee a bank or trust company with a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination by federal or State authority, so long as 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 8.1 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 8.2. 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 City, and the Trustee assumes no responsibility for the correctness of the same, or makes any representations as to the validity hereof or sufficiency of this Agreement, the Purchase Agreement or of 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 them, respectively. 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 Agreement against the Trustee. After the occurrence, and during the continuance, 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 his or her affairs.

Section 8.3. 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 8.1 hereof, 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 8.4. 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 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 Owner's request unless the Obligation shall be deposited with the Trustee and satisfactory evidence of the ownership of the Obligation shall be furnished to the Trustee. The Trustee may consult with counsel with regard to legal questions, and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

(b) Whenever in the administration of its duties under this Agreement, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by the certificate of the City Representative and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of this 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) [Reserved].

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

(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 Agreement or for anything whatever in connection with the funds and accounts established hereunder, except only for its own willful misconduct or negligence.

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

(g) The Trustee shall not be accountable for the use or application by the City or any other party of any funds, including proceeds of the Obligation, which the Trustee has released in accordance with the terms of this Trust Agreement.

(h) The Trustee makes no representation or warranty, express or implied, as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City of the 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 existence, furnishing or use 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 any default or Event of Default, except an Event of Default under Section 10(a)(i)(A) of the Purchase Agreement, unless a Responsible Officer of the Trustee has actual notice thereof or is specifically notified in writing of such default by the City or the Owner.

(j) The Trustee shall have the right to accept and act upon Instructions delivered using Electronic Means. If the City 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 City 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 City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the City 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 City. 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 City 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 City; (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, pandemics, quarantine restrictions, acts of civil or military authority or governmental action or other similar occurrences. In acting or omitting to act pursuant to the Purchase Agreement or any other documents executed in connection herewith or therewith, the Trustee shall be entitled to all of the rights, immunities and indemnities accorded to it under this Trust Agreement, including, but not limited to, this Article VIII.

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

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

(n) Before taking any action under this Agreement relating to an Event of Default or in connection with its duties under this Agreement other than making payments of principal and interest on the Obligation as they become due or otherwise exercising any rights at the request or direction of the Owner, the Trustee may require that indemnity satisfactory to it 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 misconduct in connection with any action so taken.

(o) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement.

(p) 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 Agreement.

Section 8.5. Compensation of Trustee. The City shall from time to time, pursuant to a fee schedule as agreed upon between the City and the Trustee (which fee schedule may be amended in writing), pay to the Trustee reasonable compensation for its services, including its fees, costs and expenses after an Event of Default and shall reimburse the Trustee for all its advances and expenditures, including but not limited to advances to, and reasonable fees and expenses of, independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses, costs 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 8.6. Removal of Trustee. (a) The City (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 City. Upon receiving such notice of resignation, the City shall promptly appoint a successor trustee by an instrument in writing; provided, however, that in the event that the City does not appoint a successor trustee within thirty (30) days following receipt of such notice of resignation, or the giving of notice of removal, the retiring Trustee may petition the appropriate court having jurisdiction to appoint a successor trustee. Any resignation or removal of the Trustee and appointment of a successor trustee shall become effective upon acceptance of appointment by the successor trustee. The Trustee and the City shall execute any documents reasonably required to effect the transfer of rights and obligations of the Trustee to the successor trustee subject, however, to the terms and conditions herein set forth, including, without limitation, the right of the predecessor Trustee to be paid and reimbursed in full for its reasonable charges and expenses (including reasonable fees and expenses of its counsel) and the indemnification under Sections 8.4 and 11.3 hereof. Upon such acceptance, the successor trustee shall mail notice thereof to the Owner at its address set forth on the registration books for the Obligation maintained pursuant to Section 2.12 hereof.

Section 8.7. **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 8.8. **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 8.9. **Records.** The Trustee shall keep complete and accurate records of all moneys received and disbursed under this Trust Agreement, which shall be available for inspection by the City, or any of its agents, at any time, upon reasonable prior notice, during regular business hours. The Trustee shall provide the City Representative with semiannual reports of funds transactions and balances.

ARTICLE IX MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 9.1. **Amendments Permitted.** (a) This 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 (1) extend or have the effect of extending the fixed maturity of the Obligation or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the redemption thereof, without the express written consent of the Owner, or (2) 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 9.2 hereof.

(b) This 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 provide for additions or modifications to the Project, (2) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein reserved to the Trustee (for its own behalf) or the City, (3) to secure additional revenues or provide additional security or reserves for payment of the Obligation, (4) to comply with the requirements of any state or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder, (5) to provide for the appointment of a successor trustee pursuant to the terms hereof, (6) to preserve the exclusion of the interest on the Obligation from gross income for purposes of federal or State income taxes and to preserve the power of the City to continue to issue or incur bonds or other obligations the interest on which is likewise exempt from federal and State income taxes, (7) to cure, correct or supplement any ambiguous or defective provision contained herein or therein, (8) to facilitate the issuance or incurrence of additional parity obligations, or (9) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not materially, adversely affect the interests of the Owner as evidenced by an opinion of counsel delivered by the City to the Trustee. Any such supplemental or amending agreement shall become effective upon execution and delivery by the parties hereto or thereto as the case may be. The Trustee shall be entitled to receive, at the expense of the City, and may rely upon an opinion of counsel as conclusive evidence that any such supplemental or amending agreement is authorized or permitted under this Trust Agreement (and, if applicable, the Purchase Agreement), and complies with this Section or Section 9.2.

Section 9.2. Procedure for Amendment With Written Consent of Obligation Owner. (a) This 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 9.1 hereof. 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 at the address thereof as set forth on the registration books for the Obligation maintained pursuant to Section 2.12 hereof.

(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 hereof. Any such consent shall be binding upon the Owner giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

(c) After the 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 at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty (60) day period.

Section 9.3. **[Reserved to Preserve Section Numbering].**

Section 9.4. **Effect of Supplemental Agreement.** From and after the time any supplemental or amending agreement becomes effective pursuant to this Article IX, this 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 Agreement or the Purchase Agreement, as the case may be, for any and all purposes.

Section 9.5. **Endorsement or Replacement of Obligations Delivered After Amendments.** The Trustee may determine that an 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 at such effective date and presentation of his Obligation for the purpose at the office of the Trustee, a suitable notation shall be made on such Obligation. The Trustee may determine that the delivery of a substitute Obligation, so modified as in the opinion of the Trustee is necessary to conform to such 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 Designated Office of the Trustee, without cost to the Owner, for an Obligation of the same character then outstanding, upon surrender of the Owner's Obligation.

Section 9.6. **Amendatory Endorsement of Obligations.** The provisions of this Article shall not prevent the Owner from accepting any amendment or supplement, provided that proper notation thereof is made on the Obligation.

ARTICLE X
COVENANTS, NOTICES

Section 10.1. **Compliance With and Enforcement of Purchase Agreement.** The City shall perform all obligations and duties imposed on it under the Purchase Agreement and shall not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be an Event of Default. The City, immediately upon receiving or giving

any notice, communication or other document in any way relating to or affecting any such action will deliver the same, or a copy thereof, to the Trustee.

Section 10.2. Observance of Laws and Regulations. The City shall well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the City, including its right to exist and carry on business as a political subdivision, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 10.3. Recordation and Filing. The City shall file this 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, the Trustee having no obligation to make 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. To the extent any such filings are required to be made, the City shall provide filed-stamped copies to the Trustee.

Section 10.4. Further Assurances. The Trustee (at the reasonable request, and at the expense, of the City) and the City shall make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement and the Purchase Agreement and for the better assuring and confirming unto the Owner the rights and benefits provided herein.

Section 10.5. Notification to the City of Failure to Make Payments. The Trustee shall notify the City of any failure by the City to make any Payment or other payment required under the Purchase Agreement to be made to the Trustee, in writing and within one (1) Business Day of any such failure. Such notice shall not be a prerequisite for the occurrence of an Event of Default.

Section 10.6. Business Days. Except as otherwise required herein, if this 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 XI LIMITATION OF LIABILITY

Section 11.1. Limited Liability of the City. Except for the payment of the Payments from the Excise Taxes when due in accordance with the Purchase Agreement and the performance of the other covenants and agreements of the City contained in the Purchase Agreement and herein, the City shall have no pecuniary obligation or liability to any of the other parties or to the Owner with respect to this Agreement or the terms, execution, delivery or transfer of the Obligation or the distribution of Payments to the Owner by the Trustee.

Section 11.2. No Liability of the City for Trustee Performance. The City shall have no obligation or liability to any of the other parties or to the Owner with respect to the performance by the Trustee of any duty imposed upon it under this Agreement.

Section 11.3. Indemnification of the Trustee. (a) To the extent permitted by law, the City shall indemnify and save the Trustee and its officers, directors, agents and employees, harmless for, from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of: (i) the use, maintenance, condition or management of, or from any work or thing done on, the Project or the sites of the Project or any portion thereof or interest therein by the City; (ii) any breach or default on the part of the City in the performance of any of its obligations under this Agreement and any other agreement made and entered into for purposes of the Project or any interest therein; (iii) any act of negligence of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Project; (iv) any act of negligence of any assignee of, or purchaser from, the City or of any of its or their agents, contractors, servants, employees or licensees with respect to the Project; (v) the construction or acquisition of the Project or any interest therein; (vi) the actions of any other party, including but not limited to the operation or use of the Project or the sites of the Project or interest therein by the City; (vii) the ownership of the Project or the sites of the Project or interest therein; or (viii) the exercise and performance by the Trustee of its powers and duties hereunder, under the Purchase Agreement or in connection with any document or transaction contemplated herewith or therewith, including the costs and expenses of defending itself against any claim of liability arising under this Trust Agreement. No indemnification will be made under this Section or elsewhere in this Agreement for willful misconduct or negligence of the party seeking indemnification under this Agreement. As security for the payment of amounts under Section 8.5 and this Section 11.3, the Trustee shall be secured under this Agreement by a lien prior to the Obligation. The obligations of the City hereunder for indemnification under this Section shall remain valid and binding notwithstanding, and shall survive, the maturity and payment or redemption of the Obligation or resignation or removal of the Trustee or the termination of this Agreement.

(b) Promptly after determining that any event or condition which requires or may require indemnification by the City hereunder exists or may exist, or after receipt of notice of the commencement of any action in respect of which indemnity may be sought hereunder, shall notify the City in writing of such circumstances or action (the "Notification"). Failure to give such notification shall not affect the right of the Trustee to receive the indemnification provided for herewith. Upon giving of the Notification, the Trustee shall cooperate fully with the City in order that the City may defend, compromise or settle any such matters or actions which may result in payment by the City hereunder. The City shall give the Trustee notice of its election within fifteen (15) days after receiving the Notification whether the City, at its sole cost and expense, shall represent and defend the Trustee in any claim or action which may result in a request for indemnification hereunder. If the City timely gives the notice that it will represent and defend the Trustee thereafter, the Trustee shall not settle or compromise or otherwise interfere with the defense or undertakings of the City hereunder; provided, however, the Trustee may retain its own counsel and still be indemnified against the cost of employing counsel and all other expenses despite an assumption of the defense by the City if the Trustee believes in good faith that there are defenses available to it which are not available to the City or which are adverse to or in conflict with those available to the City and which the Trustee believes in good

faith cannot be effectively asserted by common counsel. The City shall not settle or compromise any claim or action against the Trustee without the written approval of the Trustee, except to the extent that the City shall pay all losses and the Trustee shall be fully released from such claim or action. If the City either fails to timely give its notice or notifies the Trustee that the City will not represent and defend the Trustee, the Trustee may defend, settle, compromise or admit liability as it shall determine in the reasonable exercise of its discretion, at the expense of the City. In the event the City is required to and does indemnify the Trustee as herein provided, the rights of the City shall be subrogated to the rights of the Trustee to recover such losses or damages from any other person or entity.

Section 11.4. Opinion of Counsel. Before being required to take any action, the Trustee may require an opinion of Independent Counsel acceptable to the Trustee, which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Trustee shall be absolutely protected in relying thereon.

ARTICLE XII EVENTS OF DEFAULT AND REMEDIES OF OWNER

Section 12.1. 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 Excise Taxes for the payment of the Obligation.

Section 12.2. Remedies Upon Default; No Acceleration. Upon an Event of Default and if such event has not been cured as provided in the Purchase Agreement, the Trustee may take whatever action at law or in equity, including the remedy of specific performance, may appear necessary or desirable to collect the Payments and any other amounts payable by the City hereunder or under the Purchase Agreement, then due (but not the Payments and other such amounts accruing), or to enforce performance and observance of any pledge, obligation, agreement, or covenant of the City under this Trust Agreement or the Purchase Agreement as provided in the Purchase Agreement. Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of the Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Obligation or the rights of the Owner, or to authorize the Trustee to vote in respect of the claim of the Owner in any such proceeding without the approval of the Owner so affected. Neither the Trustee nor the Owner shall have any right under any circumstances to accelerate the payment dates of the Obligation or otherwise declare any of the Payments not then past due or in default to be immediately due and payable.

Section 12.3. Application of Funds. (a) Subject to Subsection (b), amounts held by the Trustee hereunder and proceeds from the exercise of any remedies hereunder or under the Purchase Agreement after payment or reimbursement of the reasonable fees, costs and expenses of the Trustee in connection therewith, including reasonable attorneys' fees and

expenses and the creation of a reasonable reserve for anticipated fees, costs and expenses, shall be applied as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due on Obligation in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal installments of any Obligation which shall have become due, whether at maturity or because of selection for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full the Obligation due on any date, then to the payment thereof ratably, according to the amounts of principal installments due on such date, to the persons entitled thereto, without any discrimination or preference; and

(b) Whenever moneys are to be applied pursuant to this section, the Trustee shall fix the date (which shall be the first of a month unless the Trustee shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal paid on such date shall cease to accrue. The Trustee shall give or cause to be given notice of such payment, by first-class mail, to the Owner at least eight (8) days before such date. The Trustee shall not be required to make payment to the Owner of any Obligation until such Obligation shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid. Any surplus thereof shall be paid to the City as directed by the City Representative.

Section 12.4. 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.

Section 12.5. 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 12.6. 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 12.7. Limitation on Obligation Owner's Right to Sue. 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 Agreement, unless (i) the Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (ii) 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; (iii) 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 (iv) 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. 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.

ARTICLE XIII MISCELLANEOUS

Section 13.1. Defeasance. (a) If and when the Obligation or portion thereof shall be paid and discharged in any one or more of the following ways:

(i) by paying or causing to be paid the principal of and interest and redemption premium, if any, with respect to such Obligation, as and when the same become due and payable;

(ii) by depositing with a Depository Trustee, in trust for such purpose, at or before maturity, money which, together with the amounts then on deposit in the Payment Fund is fully sufficient to pay or cause to be paid the Obligation, including all principal, interest and redemption premium, if any; or

(iii) by depositing with a Depository Trustee, in trust for such purpose, any Government Obligations which are noncallable in such amount as shall be certified to the Trustee and the City in a certificate or report by a national firm of certified public accountants acceptable to the City, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit in the Payment Fund together with the interest to accrue thereon, to pay and discharge or cause to be paid and discharged the Obligation (including all principal, interest and redemption premium, if any) at their respective maturity or prior redemption dates, which deposit may be made in accordance with the provisions of Section 8 of the Purchase Agreement;

notwithstanding that the Obligation shall not have been surrendered for payment, all obligations of the Trustee and the City with respect to the Obligation shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from funds deposited pursuant to

All notices, approvals, consents, requests and any communications to 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 Trustee). Electronic signatures believed by 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 Trustee, the City agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Trustee acting on an unauthorized document and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Trustee in lieu of, or in addition to, any document signed via electronic signature.

Section 13.4. Incorporation of State Statutes. (a) Section 38-511, Arizona Revised Statutes, as amended, provides that the City may, within three years after its execution, cancel any contract (including this Agreement), without penalty or further obligation, 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 (including in the case of this Agreement, the Trustee) in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. In addition, the City 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 City from any other party to the contract arising as a result of the contract.

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

(c) 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 City determines that the Trustee’s certification above is false or that it has breached such agreement, the City may impose remedies as provided by law.

(d) Pursuant to Section 35-394, Arizona Revised Statutes, the Trustee hereby certifies it does not currently, and for the duration of this Trust Agreement shall not use: (i) the forced labor of ethnic Uyghurs in the People’s Republic of China, (ii) any goods or services

produced by the forced labor of ethnic Uyghurs in the People’s Republic of China, and (iii) any contractors, subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People’s Republic of China. The foregoing certification is made to the best knowledge of the Trustee without any current independent investigation or without any future independent investigation for the duration of this Trust Agreement. If the Trustee becomes aware during the duration of this Trust Agreement that it is not in compliance with such certification, the Trustee shall take such actions as provided by law, including providing the required notice to the City. If the City determines that the Trustee is not in compliance with the foregoing certification and has not taken remedial action, the City shall terminate the Trustee’s role as the Trustee hereunder pursuant to Article VIII.

Section 13.5. Governing Law. This Agreement shall be construed and governed in accordance with the laws of the State.

Section 13.6. Binding Effect and Successors. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Agreement either the City or the Trustee is named or referred to, such reference shall be deemed to include successors or assigns thereof, and all the covenants and agreements in this Agreement contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 13.7. Execution in Counterparts. This 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 Agreement.

Section 13.8. Destruction of Cancelled Obligations. Whenever in this Agreement provision is made for the surrender to or cancellation by the Trustee and the delivery to the City of the Obligation, the Trustee may destroy the Obligation and, upon the City’s request, deliver a certificate of such destruction to the City.

Section 13.9. 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 Agreement. All references herein to “Articles”, “Sections”, and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; and the words “herein”, “hereof”, “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 13.10. 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 City, 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 City shall be for the sole and exclusive benefit of the City, the Trustee and the Owner.

Section 13.11. Waiver of Notice. Whenever in this 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 13.12. Severability of Invalid Provisions. In case any one or more of the provisions contained in this 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 Agreement, and this 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 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 Agreement may be held illegal, invalid or unenforceable.

[Signature page follows.]

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

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By 
Authorized Representative

THE CITY OF SEDONA, ARIZONA

By
Mayor

ATTEST:

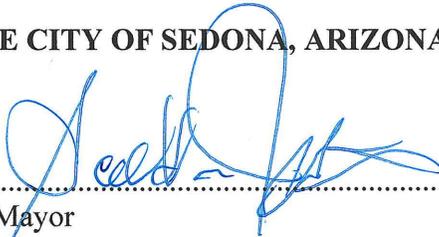
.....
City Clerk

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

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By
Authorized Representative

THE CITY OF SEDONA, ARIZONA

By 
Mayor

ATTEST:


City Clerk

EXHIBIT

(Form of Obligation)

Number:

Principal Amount:

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

EXCISE TAX REVENUE OBLIGATION, SERIES 2022

Evidencing a Proportionate Interest of the Owner
Hereof in Purchase Price Payments to be Made by

THE CITY OF SEDONA, ARIZONA

to

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

Interest Rate:

Maturity Date:

Dated Date:

4.21%

July 1, 2037

December 8, 2022

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, Series 2022 (this "Obligation") is the owner of all of the interests in the right to receive certain "Payments" under and defined in that certain Fifth Purchase Agreement, dated as of December 1, 2022 (the "Purchase Agreement"), by and between U.S. Bank Trust Company, National Association (the "Trustee"), and the City of Sedona, Arizona, a municipal corporation and a political subdivision existing under the laws of the State of Arizona (the "City"), which Payments and other rights and interests under the Purchase Agreement are held by the Trustee in trust under that certain Fifth Trust Agreement, dated as of December 1, 2022 (the "Trust Agreement"), by and between the City and the Trustee. The Trustee maintains a corporate trust office for payment and transfer of this Obligation (the "Designated Office").

The registered owner of this Obligation is entitled to receive, subject to the terms of the Purchase Agreement, on the maturity date set forth above, the principal amount set forth above and to receive semiannually on January 1 and July 1 of each year commencing July 1, 2023 (the "Interest Payment Dates"), until payment in full of said portion of principal or redemption prior thereto, 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. Said interest is the result of the multiplication of said principal by the interest rate per annum set forth

above. Interest shall be calculated on the basis of a 360-day year composed of twelve (12) months of thirty (30) days each.

Principal and interest represented by this Obligation are payable in lawful money of the United States of America as provided in the Trust Agreement, 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 the Obligation for the payment of interest or principal pertaining to the Obligation. The Trustee's sole obligations are to administer, for the benefit of the registered owner of the Obligation, the various funds and accounts established pursuant to the Trust Agreement.

This Obligation has been executed and delivered by the Trustee pursuant to the terms of the Trust Agreement. The City is authorized to enter into the Purchase Agreement and the Trust Agreement under the laws of the State of Arizona and by a resolution of the Mayor and Council of the City adopted on November 22, 2022. 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, a description of the terms on which this Obligation is delivered, the rights thereunder of the registered owner of this Obligation, the rights, duties and immunities of the Trustee and the rights and obligations of the City under the Purchase Agreement (including with respect to certain obligations secured and to be secured on a parity 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. (The recitals, statements, covenants and representations made in this Obligation shall be taken and construed as made by and on the part of the City, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.)

The Obligation is payable from payments to be made by the City pursuant to the Purchase Agreement. To secure the Payments required to be paid by the City pursuant to the provisions of the Purchase Agreement (and any obligations issued or which could be issued on a parity with the requirement to make payments from such amounts as provided in the Purchase Agreement), the City has pledged for the payment of the Payments all excise taxes, transaction privilege (sales, license and use) taxes, vehicle license fees, plan review deposit fees, building permit fees, conditional use permit fees, development review fees, franchise fees, fines and forfeitures which the City now collects and which it may collect in the future, together with the City's portion of any excise taxes, transaction privilege (sales and use) taxes and income taxes imposed and collected by the State of Arizona, or any political subdivision thereof, or any other governmental unit or agency, and returned, allocated or apportioned to the City, EXCEPT (i) any such taxes, fees, fines and forfeitures which the City has enacted or may enact in the future which must be used or expended by the City for specific purposes, and (ii) any such taxes which, by State law, rule or regulation must be expended for specific purposes, such as motor vehicle fuel taxes.

The obligation of the City to make the Payments does not represent or constitute a general obligation of the City for which the City is obligated to levy or pledge any form of

taxation nor does the obligation to make the Payments under the Purchase Agreement constitute an indebtedness of the City, the State of Arizona or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction or otherwise.

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

For further definitions, a more complete statement of the income and revenues from which, and conditions under which, this Obligation is payable, the conditions under which additional obligations have been and may be authorized and issued on a parity herewith, a statement of the terms under which the Trust Agreement or the Purchase Agreement may be modified or supplemented and a statement of the general covenants and provisions pursuant to which this Obligation is issued, reference is made to the Trust Agreement and the Purchase Agreement.

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

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

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

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

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.

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 of this Obligation, and may be amended without such consent under certain circumstances but in no event such that the interests of the Owner of this Obligation are 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.

Principal represented by this Obligation is subject to optional redemption in such order and from such principal amounts payable as may be selected by the City, in whole or in part on any date, at a price equal to the principal amount to be redeemed, together with accrued interest to the date fixed for redemption but without premium.

Principal represented by this Obligation shall be redeemed on July 1 of the years indicated and in the principal amounts indicated at a price equal to the amount thereof plus interest accrued to the date of redemption, but without premium:

Year Redeemed	Principal Amount Redeemed
2023	\$669,000
2024	511,000
2025	532,000
2026	555,000
2027	578,000
2028	602,000
2029	628,000
2030	654,000
2031	682,000
2032	710,000
2033	740,000
2034	772,000
2035	804,000
2036	838,000

A remaining principal amount of \$873,000 of this Obligation shall be paid on July 1, 2037.

Whenever this Obligation is purchased, redeemed (other than pursuant to mandatory redemption) or delivered by the City to the Trustee for cancellation, the principal amount so retired shall satisfy and be credited against the mandatory redemption requirements for this Obligation for such years as the City may direct.

The Trustee shall give notice of any optional redemption of this Obligation as provided above no more than 60 nor less than 30 calendar days prior to the redemption date to the registered owner at its address shown on the registration books maintained by the Trustee. A

certificate of the Trustee shall conclusively establish the mailing of any such notice for all purposes.

If at the time of mailing of the notice of redemption there has not been deposited with the Trustee moneys or eligible securities sufficient to redeem this Obligation and other requirements set forth in the Trust Agreement are not met, such notice shall state that it is conditional, subject to the deposit of moneys sufficient for the redemption and satisfaction of such conditions. If the principal of this Obligation is subject to redemption and if on the redemption date moneys for the redemption thereof are held by the Trustee and those other conditions are met, thereafter such principal to be redeemed shall cease to bear interest, and shall cease to be secured by, and shall not be deemed to be outstanding under, the Trust Agreement. The failure to receive any notice of redemption, or any defect in such notice in respect of this Obligation, shall not affect the validity of redemption of this Obligation.

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

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

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

Date of Execution:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By.....
Authorized Representative

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

TEN COM -	as tenants in common	UNIF GIFT/TRANS MIN ACT
TEN ENT -	as tenants by the entiretiesCustodian.....
JT TEN -	as joint tenants with right of survivorship and not as tenants in common	(Cust) (Minor)
		under Uniform Gifts/Transfers to Minors Act
	

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

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

Insert Social Security or Other Identifying Number of Transferee

.....
.....

.....

(Please Print or Typewrite Name and Address of Transferee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints

....., attorney to transfer the within certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated

.....

Note: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within registered certificate in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

.....

The signature(s) should be guaranteed by an eligible guarantor institution pursuant to Securities and Exchange Commission Rule 17Ad-15

PLACEMENT AGENT AGREEMENT

November 22, 2022

City of Sedona, Arizona
102 Roadrunner Drive
Sedona, Arizona 86336

Re: City of Sedona, Arizona Excise Tax Revenue Obligation, Second Series 2022

The City of Sedona, Arizona (the “Issuer”) proposes to cause the execution and delivery in a private placement of the above-referenced obligation of the Issuer (the “Obligation”), the Obligation to be executed and delivered for the purposes described in the hereinafter defined Resolution, and to pay costs incurred in connection with the execution and delivery of the Obligation. The Obligation is authorized to be executed and delivered pursuant to Resolution No. 2022-34 of the Mayor and Council of the Issuer (the “Council”) adopted on November 22, 2022 (the “Resolution”).

This Placement Agent Agreement (this “Agreement”) confirms the agreement between the Issuer and Stifel, Nicolaus & Company, Incorporated (the “Placement Agent”) as follows:

1. Engagement. The Issuer hereby engages the Placement Agent as its exclusive agent to assist the Issuer in placing the Obligation on a best efforts basis with one or more purchasers, each a “qualified institutional buyer” as defined in Rule 144A under the Securities Act of 1933 (the “Securities Act”) or an “accredited investor,” as defined in Rule 501(a)(1), (2), (3), or (7) under the Securities Act, as represented by each purchaser in an executed Investor Letter in the form attached as Exhibit C hereto (the “Purchaser,” or the “Purchasers”), on a private placement basis (the “Placement”). Sale and delivery of the Obligation by the Issuer and purchase by the Purchasers will occur on the day of closing (“Closing Date”). The Issuer acknowledges and agrees that the Placement Agent’s engagement hereunder is not an agreement by the Placement Agent or any of its affiliates to underwrite or purchase the Obligation or otherwise provide any financing to the Issuer. The Placement Agent hereby accepts this engagement upon the terms and conditions set forth in this Agreement.
2. Fees and Expenses.
 - (a) For its services under this Agreement, the Issuer agrees to pay the Placement Agent:
 - (1) a placement fee for its services under this Agreement of \$101,480.00, payable on the Closing Date; and

- (2) as reimbursement, the reasonable expenses incurred by the Placement Agent in preparing to market and marketing the Obligation, including, but not limited to, travel and printing and distribution of the Placement Materials (as defined herein), whether or not a closing occurs, upon the earlier of receipt of an invoice or on the Closing Date; provided that the Placement Agent shall be under no obligation to pay any expenses incident to this Agreement.
- (b) In the event the Issuer terminates this Agreement and within twelve (12) months thereafter sells the Obligation to an investor identified by the Placement Agent to the Issuer prior to such termination, the amounts payable under (a)(2) above shall be immediately due and payable by the Issuer.

3. Disclosure and Due Diligence.

- (a) The Issuer has furnished the Placement Agent with the form of the Resolution, the Purchase Agreement (as defined in the Resolution) and the Trust Agreement (as defined in the Resolution) (together with all supplements, modifications, and additions thereto prior to the Closing Date, the “Placement Materials”). The Issuer acknowledges and agrees that it has, with the assistance of the Placement Agent, prepared and is solely responsible for the completeness, truth, and accuracy of the Placement Materials and that the Placement Agent and each Purchaser may rely upon, as complete, true, and accurate, the Placement Materials and all information provided by the Issuer to the Placement Agent for use in connection with the Placement and that the Placement Agent does not assume any responsibility therefor.
- (b) Prior to the Closing Date, the Issuer will make available to each Purchaser and the Placement Agent such documents and other information which the Purchaser or the Placement Agent reasonably deems appropriate with respect to the transaction contemplated hereby, will provide access to its officers, directors, employees, accountants, counsel and other representatives, and will provide each Purchaser and the Placement Agent the opportunity to ask questions and receive answers from knowledgeable individuals, including Greenberg Traurig, LLP, special counsel to the Issuer (“Special Counsel”) (whose opinion each shall receive and upon which they may rely) concerning the Issuer, the Obligation, and the security therefor; it being understood that the Purchasers and the Placement Agent will rely solely upon such information supplied by the Issuer and its representatives without assuming any responsibility for independent investigation or verification thereof.

- (c) In the event that the Placement Agent is unable to complete “due diligence” in order to form a reasonable basis for recommending the Obligation to Purchasers either (1) because of the Issuer’s failure to comply with paragraph (a) or (b) of this paragraph or (2) because the Placement Agent uncovers “red flags” about the Issuer that cause the Placement Agent to be not satisfied that the Placement Agent can in good faith recommend the Obligation to Purchasers, the Placement Agent may terminate this Agreement without further obligation on the part of the Placement Agent to proceed with the Placement and without any obligation on the part of the Placement Agent to reimburse to the Issuer any monies advanced by the Issuer to the Placement Agent.

4. Representations, Warranties, and Agreements of the Issuer. As of the date of this Agreement, unless otherwise stated, the undersigned, on behalf of the Issuer, but not individually, represents, warrants, and agrees with the Placement Agent 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 Obligation.
- (b) The Issuer will not cause or permit any action to be taken in the placement of the Obligation in violation of the requirements for exemption from registration or qualification of the Obligation under all federal and applicable state securities laws and regulations.
- (c) 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.
- (d) The Issuer: (1) has duly authorized and approved the execution and delivery of this Agreement, the Purchase Agreement and the Trust Agreement (collectively, the “Documents”); (2) will have duly adopted the Resolution prior to the Closing Date; (3) will duly authorize and approve the Placement Materials and the delivery thereof to prospective Purchasers; and (4) will duly authorize and approve the execution and delivery of all financing or operative documents, including the Obligation and the Documents, relating to the execution and delivery and security for the Obligation, as such documents are amended and supplemented to the Closing Date, including but not limited to any trust indenture, loan agreement, or security instrument (collectively, the “Financing Documents”), and the performance of its obligations and the consummation by it of all other transactions contemplated thereby.

- (e) On the Closing Date, the Financing Documents will 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.
- (f) The Issuer is not, and on the Closing Date will not be, in breach of or 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 Financing Documents, and the execution and delivery of the Financing Documents, the adoption of the Resolution and the execution and delivery of the Financing Documents and the Obligation and compliance with the provisions of each will not conflict with or constitute a 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 Financing Documents and the Obligation.
- (g) No action, suit, proceeding or investigation at law or in equity before or by any court, governmental agency, public board or body is, or on the Closing Date will be, pending or, to the knowledge of the Issuer, threatened: (i) in any way affecting the existence of the Issuer or the titles of the members of the Council to their respective offices, (ii) seeking to prohibit, restrain or enjoin the execution, sale or delivery of the Obligation or the levy, assessment or collection of taxes or collection or payment by the Issuer of any amounts pledged or to be pledged as security to pay the principal of and interest on Obligation, (iii) in any way contesting or affecting the validity or enforceability of, or the power or authority of the Issuer to execute and deliver, adopt or to enter into (as applicable), the Obligation, the Resolution or the Financing Documents, (iv) contesting in any way the completeness, truth, or accuracy of the Placement Materials, (v) except as disclosed in the Placement Materials, wherein an

unfavorable decision, ruling or finding would materially adversely affect the financial position or condition of the Issuer or would result in any material adverse change in the ability of the Issuer to pledge or apply the security or source of payment of, or to pay debt service on, the Obligation, or (vi) contesting the status of the interest on the Obligation as excludable from gross income for federal income tax purposes or as exempt from any applicable state tax, in each case as described in the Placement Materials.

(h) Regarding information provided by the Issuer to the Placement Agent:

(1) The Issuer will furnish the Placement Agent and the Purchaser with the Placement Materials. The Issuer represents and warrants that all information made available to the Placement Agent by the Issuer or contained in the Placement Materials, when provided will be, and will be at all times thereafter during the period of the engagement of the Placement Agent hereunder, complete, true, and accurate 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;

(2) except as otherwise indicated to the contrary in the Issuer's financial statements, all historical financial statements of the Issuer provided to the Placement Agent and each Purchaser has been prepared in accordance with generally accepted accounting principles and practices then in effect in the United States and will fairly present the financial condition and operations of the entities covered thereby in all material respects; and

(3) any forecasted financial or market information with respect to the Issuer or its market provided to the Placement Agent and each Purchaser by the Issuer has been or will be prepared in good faith with a reasonable basis for the assumptions and the conclusions reached therein.

(i) On the Closing Date, the Issuer will deliver or cause to be delivered to the Placement Agent:

(1) The opinion of Special Counsel, dated the Closing Date, relating to:

(i) the validity of the Obligation;

- (ii) exemption from registration and qualification under federal and state securities law; and
 - (iii) the tax-exempt status of the Obligation, together with a reliance letter from such counsel, dated the Closing Date and addressed to the Placement Agent, in the form attached to this Agreement as Exhibit A, or such other form as is acceptable to the Placement Agent;
 - (2) A certificate of the Issuer, dated the Closing Date, in the form attached to this Agreement as Exhibit B, stating:
 - (i) the representations and warranties of the Issuer contained in this Agreement are true and correct as if made on the Closing Date;
 - (ii) the Issuer has complied with and fully satisfied all of its agreements with and obligations to the Placement Agent under this Agreement; and
 - (iii) as of its date and the Closing Date, the information contained in the Placement Materials is complete, true, and accurate and such information does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;
 - (3) An Investor Letter, in the form attached to this Agreement as Exhibit C, executed by each Purchaser and addressed to the Issuer and the Placement Agent; and
 - (4) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Placement Agent 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.
5. Termination. This Agreement may be terminated by either party upon ten (10) business days' prior written notice; provided that the provisions of Paragraph 2 and obligations thereunder shall not be affected by such termination.

6. Regulatory Disclosure. The Issuer acknowledges, in connection with the purchase and sale of the Obligation, the offering of the Obligation for sale and the discussions and negotiations relating to the terms of the Obligation 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 to (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 Obligation 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 Obligation or the process leading thereto.

The Placement Agent hereby further provides the Issuer with certain disclosures relating to Obligation, as required by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2012-25 (May 7, 2012)¹:

- (e) The Placement Agent intends to serve as a placement agent, and not as a financial advisor or municipal advisor in connection with the execution and delivery of the Obligation. As part of our services as the Placement Agent we may provide advice concerning the structure, timing, terms, and other similar matters concerning the execution and delivery of the Obligation.
- (f) Concerning our role as the Placement Agent:

¹ Interpretive Notice Concerning the Application of MSRB Rule G-17 to Underwriters of Municipal Securities (effective August 2, 2012).

- (i) Municipal Securities Rulemaking Board Rule G-17 requires us to deal fairly at all times with both municipal issuers and investors;
 - (ii) our primary role in this transaction is to facilitate the sale and purchase of your Obligation between you and one or more investors for which we will receive compensation;
 - (iii) unlike a municipal advisor, we do not have a fiduciary duty to you under the federal securities laws and are, therefore, not required by federal law to act in your best interests without regard to our own financial or other interests;
 - (iv) we have a duty to use our commercially reasonable efforts to arrange the purchase of the Obligation from you by investors at a fair and reasonable price, but must balance that duty with our duty to arrange the sale to investors at prices that are fair and reasonable; and
 - (v) we will review the Placement Materials for your Obligation in accordance with, and as part of, our responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.
- (g) Concerning our compensation, we will be compensated pursuant to the terms set forth in Paragraph 2 of this Agreement. A portion of our compensation may be based in whole or in part upon the principal amount of the Obligation sold in the Placement. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest because the Placement Agent may have an incentive to recommend to you a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

7. Survival of Certain Representations and Agreements. 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 Obligation 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 its address set forth above. 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,

2801 East Camelback Road, Suite 300, Phoenix, Arizona 85016, Attention:
B. Mark Reader, Managing Director.

9. No Boycott of Israel. By entering into this Agreement, the Placement Agent certifies that it and its parent company, wholly or majority-owned subsidiaries, and other affiliates, if any, are not currently engaged in, and for the duration of this Agreement will not engage in, a boycott of goods or services from the State of Israel, companies doing business in or with the State of Israel or authorized by, licensed by, or organized under the laws of the State of Israel, or persons or entities doing business in the State of Israel. The Placement Agent understands that “boycott” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations, but does not include an action made for ordinary business purposes.
10. 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.
11. Applicable Law. This Agreement shall be interpreted, governed and enforced in accordance with the laws of the State.
12. 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.
13. 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.
14. 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.
15. Cancellation of Contracts. As required by the provisions of Section 38-511, Arizona Revised Statutes, notice is hereby given that the State, its political subdivisions (including the Issuer) or any department or agency of either may, within three (3) years after its execution, cancel any contract (including this Agreement), 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 paragraph is not intended to expand or enlarge the rights of the Issuer hereunder except as required by Section 38-511, Arizona Revised Statutes. Each of the parties hereto hereby certifies that it is not presently aware of any violation of Section 38-511, Arizona Revised Statutes which would adversely affect the enforceability of this Agreement and covenants that it shall take no action which would result in a violation of Section 38-511, Arizona Revised Statutes.

[Signature page follows.]

Respectfully submitted,

STIFEL, NICOLAUS & COMPANY, INCORPORATED


.....
B. Mark Reader, Managing Director

ACCEPTED this 22nd day of November 2022.

CITY OF SEDONA, ARIZONA

By.....
Mayor

ATTEST:

.....
City Clerk

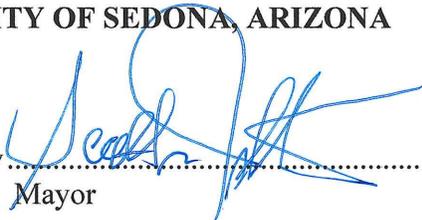
Respectfully submitted,

STIFEL, NICOLAUS & COMPANY, INCORPORATED

.....
B. Mark Reader, Managing Director

ACCEPTED this 22nd day of November 2022.

CITY OF SEDONA, ARIZONA

By .....
Mayor

ATTEST:

.....
City Clerk

EXHIBIT A

FORM OF RELIANCE LETTER TO THE PLACEMENT AGENT

Stifel, Nicolaus & Company, Incorporated

[Date of Closing]

Re: City of Sedona, Arizona
Excise Tax Revenue Obligation, Second Series 2022

Ladies and Gentlemen:

We have acted as special counsel to the City of Sedona, Arizona (the “Issuer”), in connection with the execution and delivery of the above-referenced Obligation (the “Obligation”).

Reference is hereby made to our opinion letter as special counsel addressed to the Issuer dated of even date herewith and delivered with respect to the Obligation. Please be advised that you are entitled to rely on said letter as if the same had been addressed to you.

This letter is furnished by us to you in our capacity as special counsel to the Issuer pursuant to Paragraph 4(i)(1) of the Placement Agent Agreement with respect to the Obligation, dated November 22, 2022, between the Issuer and you. No attorney-client relationship has existed or exists between our firm and you or any other party in connection with the Obligation or by virtue of this letter. Our opinion may be relied upon only by the addressee hereof and may not be used or relied upon by any other person for any purpose whatsoever without, in each instance, our prior written consent.

Very truly yours,

EXHIBIT B

FORM OF ISSUER CLOSING CERTIFICATE

Pursuant to the Placement Agent Agreement, dated November 22, 2022 (the “Agreement”), between the City of Sedona, Arizona (the “Issuer”), and Stifel, Nicolaus & Company, Incorporated (the “Placement Agent”), as [title] of the Issuer duly authorized to execute this certificate on behalf of the Issuer, I hereby certify:

1. the representations and warranties of the Issuer contained in the Agreement are true and correct as if made on the date hereof;
2. the Issuer has complied with and fully satisfied all of its agreements with and obligations to the Placement Agent under this Agreement; and
3. as of its date and the date hereof, the information contained in the Placement Materials (as defined in the Agreement) is complete, true, and accurate and such information does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

[Name]

[Title]

[Date]

EXHIBIT C

FORM OF INVESTOR LETTER

City of Sedona, Arizona

Stifel, Nicolaus & Company, Incorporated

Re: City of Sedona, Arizona Excise Tax Revenue Obligation, Second Series 2022

Ladies and Gentlemen:

The undersigned (the “Investor”) hereby acknowledges that it is purchasing the \$10,148,000 aggregate principal amount City of Sedona, Arizona Excise Tax Revenue Obligation, Second Series 2022 (the “Obligation”), authorized to be executed and delivered pursuant to Resolution No. 2022-34 (the “Resolution”) adopted by the Mayor and Council of the City of Sedona, Arizona (the “Issuer”) on November 22, 2022. The Obligation will be executed and delivered pursuant to the Fifth Trust Agreement, dated as of December 1, 2022 (the “Trust Agreement”), by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution, the Trust Agreement and the Placement Materials (as defined in the hereinafter defined Placement Agreement).

This letter is being provided pursuant to a Placement Agent Agreement, dated November 22, 2022 (the “Placement Agreement”), between the Issuer and Stifel, Nicolaus & Company, Incorporated (the “Placement Agent”).

The Investor acknowledges that the proceeds of the Obligation will be used for the purposes described in the Resolution. The Obligation shall be payable from the sources described in the Trust Agreement.

In connection with the sale of the Obligation to the Investor, the Investor hereby makes the following representations upon which you may rely:

1. The Investor has the authority and is duly authorized to purchase the Obligation 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 Obligation. The Investor (a) 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 (b) has the present intent to hold the Obligation to maturity or earlier redemption or mandatory tender.
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 Rule 501(a)(1), (2), (3), or (7) under the Securities Act.

3. The Investor is not purchasing the Obligation for more than one account or with a view to distributing the Obligation.
4. The Investor understands that the Obligation is not, and is 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 Obligation (a) is 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 or a CUSIP identification number, 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, including the Placement Materials, which it has requested from the Issuer and 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, including its own counsel, concerning the Issuer and the Obligation and the security therefor so that, as a reasonable investor, the Investor has been able to make a decision to purchase the Obligation. 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 Obligation.
6. The Investor acknowledges that the obligations of the Issuer with respect to the Obligation are payable solely from the sources described in the Trust Agreement.
7. The Investor has made its own inquiry and analysis with respect to the Obligation and the security therefor, and other material factors affecting the security and payment of the Obligation. The Investor is aware that there are certain economic and regulatory variables and risks that could adversely affect the security for the Obligation. The Investor has reviewed the documents executed in conjunction with the execution and delivery of the Obligation, or summaries thereof, including, without limitation, the Resolution.
8. The Investor acknowledges and agrees that the Placement Agent and the Issuer take no responsibility for, and make no representation to the Investor, or any subsequent purchaser, with regard to, a sale, transfer or other disposition of the Obligation in violation of the provisions of the Trust Agreement, 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 Obligation in connection with any subsequent transfer of the Obligation 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 Obligation

and this Investor Letter. The Investor also covenants to comply with all applicable federal and state securities laws, rules and regulations in connection with any resale or transfer of the Obligation by the Investor.

- 10. The Investor acknowledges that the sale of the Obligation to the Investor is made in reliance upon the certifications, representations, and warranties herein made to the addressees hereto.
- 11. The interpretation of the provisions hereof shall be governed and construed in accordance with State of Arizona law without regard to principles of conflicts of laws.
- 12. All representations of the Investor contained in this letter shall survive the execution and delivery of the Obligation to the Investor as representations of fact existing as of the date of execution and delivery of this Investor Letter.

Date:, 2022

Very truly yours,

Investor:

By:.....

Printed Name:.....

Title:

Number: R-1

Principal Amount: \$10,148,000

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

EXCISE TAX REVENUE OBLIGATION, SERIES 2022

Evidencing a Proportionate Interest of the Owner
Hereof in Purchase Price Payments to be Made by

THE CITY OF SEDONA, ARIZONA

to

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

<u>Interest Rate:</u>	<u>Maturity Date:</u>	<u>Dated Date:</u>
4.21%	July 1, 2037	December 8, 2022

REGISTERED OWNER: ZMFU II, INC.

PRINCIPAL AMOUNT: TEN MILLION ONE HUNDRED FORTY-EIGHT THOUSAND DOLLARS

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns, as the registered owner of this Excise Tax Revenue Obligation, Series 2022 (this “Obligation”) is the owner of all of the interests in the right to receive certain “Payments” under and defined in that certain Fifth Purchase Agreement, dated as of December 1, 2022 (the “Purchase Agreement”), by and between U.S. Bank Trust Company, National Association (the “Trustee”), and the City of Sedona, Arizona, a municipal corporation and a political subdivision existing under the laws of the State of Arizona (the “City”), which Payments and other rights and interests under the Purchase Agreement are held by the Trustee in trust under that certain Fifth Trust Agreement, dated as of December 1, 2022 (the “Trust Agreement”), by and between the City and the Trustee. The Trustee maintains a corporate trust office for payment and transfer of this Obligation (the “Designated Office”).

The registered owner of this Obligation is entitled to receive, subject to the terms of the Purchase Agreement, on the maturity date set forth above, the principal amount set forth above and to receive semiannually on January 1 and July 1 of each year commencing July 1, 2023 (the “Interest Payment Dates”), until payment in full of said portion of principal or redemption prior thereto, 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. Said interest is the result of the multiplication of said principal by the interest rate per annum set forth above. Interest shall be calculated on the basis of a 360-day year composed of twelve (12) months of thirty (30) days each.

Principal and interest represented by this Obligation are payable in lawful money of the United States of America as provided in the Trust Agreement, 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 the Obligation for the payment of interest or principal pertaining to the Obligation. The Trustee's sole obligations are to administer, for the benefit of the registered owner of the Obligation, the various funds and accounts established pursuant to the Trust Agreement.

This Obligation has been executed and delivered by the Trustee pursuant to the terms of the Trust Agreement. The City is authorized to enter into the Purchase Agreement and the Trust Agreement under the laws of the State of Arizona and by a resolution of the Mayor and Council of the City adopted on November 22, 2022. 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, a description of the terms on which this Obligation is delivered, the rights thereunder of the registered owner of this Obligation, the rights, duties and immunities of the Trustee and the rights and obligations of the City under the Purchase Agreement (including with respect to certain obligations secured and to be secured on a parity 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. (The recitals, statements, covenants and representations made in this Obligation shall be taken and construed as made by and on the part of the City, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.)

The Obligation is payable from payments to be made by the City pursuant to the Purchase Agreement. To secure the Payments required to be paid by the City pursuant to the provisions of the Purchase Agreement (and any obligations issued or which could be issued on a parity with the requirement to make payments from such amounts as provided in the Purchase Agreement), the City has pledged for the payment of the Payments all excise taxes, transaction privilege (sales, license and use) taxes, vehicle license fees, plan review deposit fees, building permit fees, conditional use permit fees, development review fees, franchise fees, fines and forfeitures which the City now collects and which it may collect in the future, together with the City's portion of any excise taxes, transaction privilege (sales and use) taxes and income taxes imposed and collected by the State of Arizona, or any political subdivision thereof, or any other governmental unit or agency, and returned, allocated or apportioned to the City, EXCEPT (i) any such taxes, fees, fines and forfeitures which the City has enacted or may enact in the future which must be used or expended by the City for specific purposes, and (ii) any such taxes which, by State law, rule or regulation must be expended for specific purposes, such as motor vehicle fuel taxes.

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

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

For further definitions, a more complete statement of the income and revenues from which, and conditions under which, this Obligation is payable, the conditions under which additional obligations have been and may be authorized and issued on a parity herewith, a statement of the terms under which the Trust Agreement or the Purchase Agreement may be modified or supplemented and a statement of the general covenants and provisions pursuant to which this Obligation is issued, reference is made to the Trust Agreement and the Purchase Agreement.

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

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

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

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

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.

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 of this Obligation, and may be amended without such consent under certain circumstances but in no event such that the interests of the Owner of

this Obligation are 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.

Principal represented by this Obligation is subject to optional redemption in such order and from such principal amounts payable as may be selected by the City, in whole or in part on any date, at a price equal to the principal amount to be redeemed, together with accrued interest to the date fixed for redemption but without premium.

Principal represented by this Obligation shall be redeemed on July 1 of the years indicated and in the principal amounts indicated at a price equal to the amount thereof plus interest accrued to the date of redemption, but without premium:

Year Redeemed	Principal Amount Redeemed
2023	\$669,000
2024	511,000
2025	532,000
2026	555,000
2027	578,000
2028	602,000
2029	628,000
2030	654,000
2031	682,000
2032	710,000
2033	740,000
2034	772,000
2035	804,000
2036	838,000

A remaining principal amount of \$873,000 of this Obligation shall be paid on July 1, 2037.

Whenever this Obligation is purchased, redeemed (other than pursuant to mandatory redemption) or delivered by the City to the Trustee for cancellation, the principal amount so retired shall satisfy and be credited against the mandatory redemption requirements for this Obligation for such years as the City may direct.

The Trustee shall give notice of any optional redemption of this Obligation as provided above no more than 60 nor less than 30 calendar days prior to the redemption date to the registered owner at its address shown on the registration books maintained by the Trustee. A certificate of the Trustee shall conclusively establish the mailing of any such notice for all purposes.

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

principal to be redeemed shall cease to bear interest, and shall cease to be secured by, and shall not be deemed to be outstanding under, the Trust Agreement. The failure to receive any notice of redemption, or any defect in such notice in respect of this Obligation, shall not affect the validity of redemption of this Obligation.

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

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

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

Date of Execution: December 8, 2022

**U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee**

By


Authorized Representative

SPECIMEN

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

TEN COM -	as tenants in common	UNIF GIFT/TRANS MIN ACT
TEN ENT -	as tenants by the entiretiesCustodian.....
JT TEN -	as joint tenants with right of survivorship and not as tenants in common	(Cust) (Minor)
		under Uniform Gifts/Transfers to Minors Act
	

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

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

Insert Social Security or Other Identifying Number of Transferee

.....
.....
.....

(Please Print or Typewrite Name and Address of Transferee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints

....., attorney to transfer the within certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated

.....
Note: The signature(s) on this assignment must correspond with the name(s) as written on the face of the within registered certificate in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

.....
The signature(s) should be guaranteed by an eligible guarantor institution pursuant to Securities and Exchange Commission Rule 17Ad-15

\$10,148,000
CITY OF SEDONA, ARIZONA
EXCISE TAX REVENUE OBLIGATION, SECOND SERIES 2022

CERTIFICATE OF THE CITY CLERK AS TO
RESOLUTION NO. 2022-34

The undersigned, duly chosen, qualified and acting City Clerk of the City of Sedona, Arizona, DOES HEREBY CERTIFY that attached hereto is a true, accurate and complete copy of Resolution No. 2022-34 of the Mayor and Council of the City of Sedona, Arizona, adopted at a duly called and noticed meeting thereof, held on November 22, 2022, and that Resolution No. 2022-34 has not been amended, superseded or repealed.

DATED: December 8, 2022

CITY OF SEDONA, ARIZONA


.....
City Clerk

RESOLUTION NO. 2022-34

RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA, APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIFTH PURCHASE AGREEMENT, A FIFTH TRUST AGREEMENT, A PLACEMENT AGENT AGREEMENT AND OTHER NECESSARY AGREEMENTS, INSTRUMENTS AND DOCUMENTS; APPROVING THE SALE AND EXECUTION AND DELIVERY OF NOT TO EXCEED \$10,200,000 PRINCIPAL AMOUNT OF AN EXCISE TAX REVENUE OBLIGATION, SECOND SERIES 2022, EVIDENCING ALL THE INTERESTS OF THE OWNER THEREOF IN SUCH PURCHASE AGREEMENT; DELEGATING AUTHORITY TO DETERMINE CERTAIN MATTERS AND TERMS WITH RESPECT TO THE FOREGOING; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION AND DECLARING AN EMERGENCY.

WHEREAS, the Mayor and Council of the City of Sedona, Arizona (the "City"), have determined that it will be beneficial to its citizens to finance the costs of acquiring certain real property in the City (the "Project"); and

WHEREAS, in order to finance the costs of the Project, the Mayor and Council of the City hereby deem it necessary and desirable to provide for the sale and execution and delivery of an Excise Tax Revenue Obligation, Second Series 2022, evidencing the interest of the owner thereof in purchase payments to be made by the City to a trustee bank to be determined as provided herein, as trustee (the "Trustee" and such Obligation, the "Obligation") provided for by this Resolution pursuant to the Fifth Trust Agreement, to be dated as of the first day of the month of the dated date of the Obligation established as provided herein (the "Trust Agreement"), between the Trustee and the City, such purchase payments to be made pursuant to the Fifth Purchase Agreement, to be dated as of the first day of the month of the dated date of the Obligation established as provided herein (the "Purchase Agreement"), between the City and the Trustee, in its separate capacity as "Seller"; and

WHEREAS, Stifel, Nicolaus & Company, Incorporated (the "Placement Agent") will submit a proposal to place the Obligation pursuant to a Placement Agent Agreement, to be dated the date of placement of the Obligation (the "Placement Contract"), by and between the City and the Placement Agent, the Placement Agent 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 the Obligation to be placed by the Placement Agent pursuant to the Strategic Alliance of Volume Expenditures (SAVE) Cooperative Response Proposal #C-005-1718; and

WHEREAS, there have been presented to the Mayor and Council of the City at the meeting of the Mayor and Council of the City at which this Resolution is being adopted the proposed forms of: (1) the Purchase Agreement; (2) the Trust Agreement; and (3) the Placement Contract;

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

Section 1.

(a) The execution and delivery of the Obligation by the Trustee pursuant to the Trust Agreement is hereby approved.

(b) The Mayor, the Manager and the Director of Finance of the City or the designees of any of them (collectively, the "Authorized Representatives") are hereby authorized to determine on behalf of the City: (1) the entity to serve as the Trustee; (2) the date the Obligation is to be placed by the Placement Agent; (3) the aggregate principal amount of the Obligation which is to be executed and delivered (but not to exceed the principal amount of \$10,200,000); (4) the date the Obligation is to be dated; (5) the dates on which interest on the Obligation is to be payable and the interest rate per annum the Obligation is to bear (but, except in the case of default or an event of taxability, not greater than five percent (5%)); (6) the date the Obligation is to mature (but not later than a final maturity in 2042), the principal amount to mature on such date and the provisions for redemption thereof in advance of such date; and (7) the terms upon which the Obligation is to be sold (including determinations of price and placement agent compensation); provided, however, that such determinations must result in a yield for federal income tax purposes of not to exceed five percent (5%) with respect to the Obligation (except in the case of default or an event of taxability).

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

Section 2. The Placement Contract is hereby approved, and the Mayor or any other member of the Council of the City is hereby authorized and directed, for and in the name and on behalf of the City, to execute, and the Clerk of the City to attest and deliver to the Placement Agent, the Placement Contract, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The form, terms and provisions of the Purchase Agreement and the Trust Agreement, in substantially the forms of such documents (including the Obligation and other exhibits thereto) presented at the meeting of the Mayor and Council of the City at which this Resolution is being adopted, are hereby approved, with such final provisions, insertions, deletions and changes as shall be approved by the Mayor or, in the absence thereof, Vice Mayor, the execution of each such document being conclusive evidence of such approval, and the Mayor or, in the absence thereof, Vice Mayor, and the Clerk are hereby authorized and directed, for and on behalf of the City, to execute and deliver and attest, where applicable, or approve the Purchase Agreement and the Trust Agreement and to take all action to carry out and comply with the terms of such documents.

Section 4. The Mayor and Council of the City hereby request that the Trustee (including in its capacity as Seller) take any and all action necessary in connection with the execution and delivery of the Purchase Agreement and the Trust Agreement and the sale and execution and delivery of the Obligation and further authorizes and directs the Trustee to enter into such agreements as may be reasonable for the administration of the trusts so held by it.

Section 5. The covenants and agreements contained in the Purchase Agreement as to the pledge of and the lien on the Excise Taxes (as defined in the Purchase Agreement) and the restriction on the issuance of further parity obligations secured by the Excise Taxes are approved and confirmed.

Section 6. After the Obligation is delivered by the Trustee to the purchaser thereof upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the Obligation and the interest and premium, if any, thereon shall have been fully paid, cancelled and discharged.

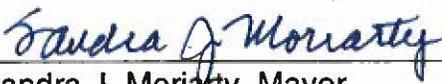
Section 7. The Authorized Representatives and the other officers of the City, on behalf of the City, are each hereby authorized and directed, without further order of the Mayor and Council of the City, to do all such things and to execute and deliver such certificates, proceedings and agreements as may be necessary or convenient to be executed and delivered on behalf of the City, to evidence compliance with, or further the purposes of, all the terms and conditions of this Resolution and the consummation of the transactions contemplated by this Resolution.

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

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

Section 10. The immediate operation of the provisions of this Resolution is necessary for the preservation of the public peace, health and safety, particularly to immediately sell the Obligation to secure the best, available economic terms therefor, and an emergency is hereby declared to exist, and this Resolution will be in full force and effect from and after its passage by the Mayor and Council of the City and it is hereby excepted from the referendum provisions of the Constitution and laws of the State of Arizona.

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona,
Arizona, this 22nd day of November 2022.



Sandra J. Moriarty, Mayor

ATTEST:



JoAnne Cook, CMC, City Clerk

APPROVED AS TO FORM:



Kurt W. Christianson, City Attorney

CERTIFICATION

I hereby certify that the foregoing Resolution No. 2022-34 was duly passed and adopted by the Mayor and Council of the City of Sedona, Arizona, at a regular meeting held on November 22, 2022, that the vote thereon was seven (7) yes, zero (0) nay, that the Mayor and six Councilmembers were present thereat and that such meeting was called and held pursuant to law.

A handwritten signature in blue ink that reads "JoAnne Cook". The signature is written in a cursive style and is positioned above a horizontal line.

JoAnne Cook, CMC, City Clerk

\$10,148,000
 CITY OF SEDONA, ARIZONA
 EXCISE TAX REVENUE OBLIGATION, SECOND SERIES 2022

GENERAL CERTIFICATE ON BEHALF OF THE CITY

We, the undersigned Mayor, City Clerk, City Manager and Director of Financial Services of the City of Sedona, Arizona (the “City”), acting for and on behalf of the City, do hereby certify as follows with respect to the City’s Excise Tax Revenue Obligation, Second Series 2022 (the “Obligation”):

1. We are the duly appointed, qualified and acting Mayor, City Clerk, City Manager and Director of Financial Services of the City and, as such, are familiar with the books, records and proceedings of the City, and are charged with the responsibility on behalf of the City for the execution and delivery of the Obligation.

2. Each of the following documents has been executed and delivered by the Mayor and attested by the City Clerk:

Document	Dated	Other Party
Fifth Purchase Agreement (the “Purchase Agreement”)	As of December 1, 2022	U.S. Bank Trust Company, National Association, as seller
Fifth Trust Agreement (the “Trust Agreement”)	As of December 1, 2022	U.S. Bank Trust Company, National Association, as trustee (the “Trustee”)
Placement Agent Agreement (the “Placement Agent Agreement”)	November 22, 2022	Stifel, Nicolaus & Company, Incorporated, as placement agent (the “Placement Agent”)

The Purchase Agreement, the Trust Agreement and the Placement Agent Agreement are herein collectively referred to as the “City Documents.”

3. The City is a duly organized and validly existing municipal corporation of the State of Arizona and has been, and is, at all relevant times from and after November 22, 2022, through the date hereof, governed by duly qualified and acting members of its Council.

4. No authority or proceedings for the execution and delivery of the Obligation or the execution and delivery of the City Documents has been rescinded or superseded and no referendum or other petition to revoke or alter the authorization of the Obligation or the City Documents has been filed with or received by the City.

5. The adoption of Resolution No. 2022-34 by the Mayor and Council of the City on November 22, 2022 (the “Resolution”), authorizing the execution and delivery of the Obligation and the City Documents, and the execution and delivery of the Obligation and the City Documents and compliance with the provisions thereof does not and will not conflict materially with or result in the material breach of any of the terms, conditions or provisions of, or constitute a material default under, any existing ordinance or resolution of the City, including without limitation any requirement of competitive bidding, any existing law, court or administrative regulation, decree, order or any agreement, indenture, mortgage, lease, sublease or other instrument to which the City is a party or by which it or any of its properties is bound.

6. By execution and delivery hereof, the City requests that the Obligation be executed and delivered by the appropriate officials of the Trustee and delivered against payment therefor as provided in the Trust Agreement and the Purchase Agreement.

7. The City Documents, as executed and delivered by the duly authorized officers of the City, are in substantially the form and text as the copies of such instruments which were approved by the Mayor and Council of the City at the meeting at which the Resolution was adopted. The Resolution was duly adopted by the Mayor and Council of the City and remains in effect and has not been amended as of the date hereof, and, to the best of our knowledge, the City Documents are legal, valid and binding obligations of the City, enforceable against the City in accordance with their terms.

8. The Series 1998 Bonds (as such term and all other terms used but not defined in this Section 8 are defined in the Trust Agreement), the Second Series 2015 Obligation, the Series 2021 Obligation, the Series 2022 Obligations and the Purchase Agreement constitute the only agreements or existing debt instruments of the City in any manner secured by or payable from the pledge of the amounts on the basis described in the Purchase Agreement. Excise Taxes collected in the preceding fiscal year have amounted to at least one and fifty hundredths (1.50) times the highest combined interest and principal payment requirements for any succeeding fiscal year for the Series 1998 Bonds, the Second Series 2015 Obligation, the Series 2021 Obligation, the Series 2022 Obligations and the Purchase Agreement.

9. To the best knowledge of the undersigned, the City is not in default in the payment of principal or interest on any of its indebtedness for borrowed money and is not in default under the Purchase Agreement or any instruments or agreements under or subject to which any indebtedness for borrowed money has been incurred, and no event has occurred and is continuing under the provisions of any such instrument or agreement which, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

10. To the best knowledge of the undersigned, all approvals and consents required under the laws of the State of Arizona in connection with the execution, delivery and sale of the Obligation, and the execution and delivery of the City Documents by the City, have been obtained, and all reports required to be filed by the City pursuant to Section 35-501(B), Arizona Revised Statutes, have been filed.

11. All of the representations and warranties of the City made and contained in the City Documents (which representations and warranties are hereby incorporated and stated

herein by reference as fully and with the same effect as if set forth at length herein) are true and correct as of the date hereof as if said representations and warranties were set forth herein as of the date hereof. The City has complied with and fully satisfied all of its agreements with and obligations to the Placement Agent under the Placement Agent Agreement. As of its date and as of the date hereof, the information contained in the Placement Materials (as defined in the Placement Agent Agreement) is complete, true, and accurate and such information does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

12. The undersigned are the persons initially designated to act on behalf of the City as “City Representatives” for purposes of the Trust Agreement, and the signatures appearing hereinbelow are their true and correct signatures.

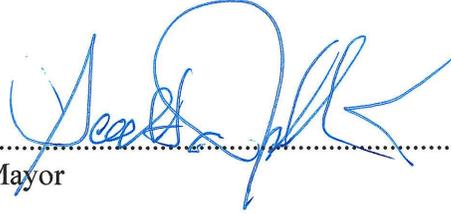
13. No litigation is pending or, to the knowledge of the undersigned, threatened in any court in any way affecting the existence of the City or the titles of its officers or directors to their respective positions, or seeking to restrain or to enjoin the sale, execution or delivery of the Obligation, or the collection of any revenues or assets of the City pledged or to be pledged to pay the principal of and interest on the Obligation, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Obligation, the Resolution or the City Documents, or contesting the powers of the City or its authority with respect to the Obligation, the Resolution or the City Documents.

I, the undersigned City Manager of the City, do hereby acknowledge on behalf of the City: (a)(1) the appointment of the Trustee; (2) the date the Obligation was placed by the Placement Agent; (3) the aggregate principal amount of the Obligation; (4) the date the Obligation is dated; (5) the dates on which interest on the Obligation is payable and the interest rate per annum the Obligation bears; (6) the date the Obligation is to mature, the principal amount to mature on such date and the provisions for redemption thereof in advance of such date; and (7) the terms upon which the Obligation was sold; and (b) that the foregoing determinations resulted in the yield on the Obligation, as calculated in accordance with Section 148 of the Internal Revenue Code of 1986, as amended, being less than five percent (5%).

[Signature page follows.]

DATED: December 8, 2022

CITY OF SEDONA, ARIZONA



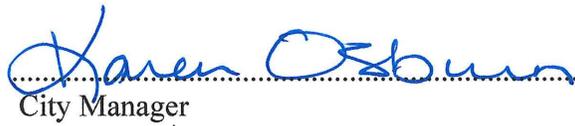
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Mayor



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City Clerk



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City Manager



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Director of Financial Services

\$10,148,000
CITY OF SEDONA, ARIZONA
EXCISE TAX REVENUE OBLIGATION, SECOND SERIES 2022

CERTIFICATE RELATING TO FEDERAL TAX MATTERS

I, the undersigned Director of Financial Services of the City of Sedona, Arizona (the “Issuer”), an officer of the Issuer charged, with others, with the responsibility for causing the execution and delivery of the above-referenced Obligation (the “Obligation”), hereby certify certain facts regarding the Obligation and establish the expectations of the Issuer regarding future events related to the Obligation and the use of proceeds of the sale thereof.

The Obligation is authorized by Resolution No. 2022-34, adopted by the Mayor and Council of the Issuer on November 22, 2022 (the “Resolution”). On the date hereof (the “Issue Date”), the Issuer is causing the execution and delivery of the Obligation in the principal amount of \$10,148,000, by U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), pursuant to the Fifth Trust Agreement, dated as of December 1, 2022 (the “Trust Agreement”), by and between the Issuer and the Trustee. The Obligation represents all of the interests in purchase price payments to be made by the Issuer pursuant to the Fifth Purchase Agreement, dated as of December 1, 2022 (the “Purchase Agreement” and, collectively with the Resolution and the Trust Agreement, the “Authorizing Documents”), by and between the Issuer and the Trustee, in its capacity as seller thereunder.

The certifications, covenants, representations and expectations contained herein expand on the requirements of Sections 13 and 14 of the Purchase Agreement and are made on behalf of the Issuer for the benefit of the owner of the Obligation, and for the benefit of special counsel, Greenberg Traurig, LLP (“Special Counsel”), in connection with its opinion that interest on the Obligation is exempt from gross income for federal income tax purposes and for the filing of Internal Revenue Service Form 8038-G for the Obligation. The Issuer is aware of no other facts, estimates or circumstances that differ from the facts, or would materially change the expectations of the Issuer set forth herein.

In the event of an examination by the Internal Revenue Service of the exemption from federal income taxation of interest paid on the Obligation, under current rules, the Issuer is the “taxpayer” in such examination and will be required to respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such examination. Terms used but not defined herein have the meanings given to them in the Internal Revenue Code of 1986, as amended (the “Code”), the applicable federal Treasury Regulations (the “Regulations”), and the Authorizing Documents.

1. Purpose of the Obligation. The proceeds of the sale of the Obligation will be applied to: (i) pay the costs of acquiring certain real property within the boundaries of the

Issuer (the “Project”), and (ii) pay the costs related to the execution and delivery of the Obligation (the “Delivery Costs”).

2. Use of Proceeds of the Obligation.

(a) The Obligation has been sold in an arm’s-length transaction to ZMFU II, Inc., as purchaser (the “Purchaser”). See the “Receipt for Obligation and Certificate of Purchaser,” Item 10 of the transcript of documents with respect to the Obligation (the “Purchaser’s Certificate”). The sale proceeds received by the Issuer from the sale of the Obligation will be \$10,148,000.00 (the “Sale Proceeds”), representing the face amount of the Obligation. Such Sale Proceeds will be applied as follows.

(b) \$10,000,000.00 of the Sale Proceeds will be transferred by the Purchaser on the date hereof directly to Yavapai Title Agency as a portion of the amount necessary to acquire the Project.

(c) \$148,000.00 of the Sale Proceeds will be deposited in the Costs of Issuance Fund established pursuant to the Trust Agreement (the “Costs of Issuance Fund”), and used, along with earnings thereon as provided in the Trust Agreement, to pay the Delivery Costs (other than underwriter’s discount), and no later than March 1, 2023, any amounts not so used for payment of the Delivery Costs will be transferred to the Payment Fund to pay the next upcoming debt service on the Obligation.

(d) None of the Sale Proceeds will be used to pay Working Capital.

(e) The Sale Proceeds, and any earnings thereon, do not exceed the amount necessary to accomplish the governmental purpose of the Obligation.

3. Security for and Payment of the Obligation.

(a) The Obligation represents all of the interests in payments to be made under the Purchase Agreement. Pursuant to the Purchase Agreement, the Issuer is required to pay to the Trustee certain installment purchase payments at such times and in such amounts to be sufficient to timely pay principal and amounts designated as interest on the Obligation when due, which payments are secured by Excise Taxes as described in the Purchase Agreement. These amounts received by the Trustee under the Purchase Agreement will be held in the Payment Fund, and used, along with any earnings on such amount or amounts transferred to the Payment Fund under the Trust Agreement, solely for payment of principal of and interest on the Obligation. Such payments will be in an amount such that on each January 1 and July 1, commencing July 1, 2023, there will be deposited into the Payment Fund the amount sufficient to pay principal and interest on the Obligation then due on such date, taking into account any amount on deposit in the Payment Fund for the Obligation not previously credited.

(b) The Issuer reasonably expects that amounts deposited in the Payment Fund will be expended within 13 months of their deposit, and any earnings thereon within 12 months of their deposit, to pay scheduled debt service on or to redeem the Obligation. Thus, the Payment Fund is established to achieve a proper matching of revenues and debt service in each bond year. The Issuer reasonably expects that the amounts deposited in the Payment

Fund will be fully depleted at least annually, except for a reasonable carryover amount not to exceed the greater of one year's earnings on such amounts for the immediately preceding bond year or one-twelfth of annual debt service on the Obligation for the immediately preceding bond year. The Payment Fund, to the extent described above, may be invested without regard to investment yield limitation for a period of 13 months from the date of receipt, and thereafter, or at any time to the extent such amounts exceed the amounts described in this subsection, may not be invested in obligations bearing a yield in excess of the hereinafter defined Yield.

(c) Other than the Payment Fund, there are no funds or accounts held under the Trust Agreement or otherwise that are reasonably expected to be used to pay debt service on or to secure the Obligation.

(d) The Issuer will not create or establish, and will not allow to be created or established, any other funds or accounts that are reasonably expected to be used to pay debt service on the Obligation or negative pledges or rights of set-off in any funds, accounts or assets of the Issuer unless the Issuer obtains an opinion of Special Counsel to the effect that the creation or establishment of such funds, accounts, negative pledges or rights of set-off will not adversely affect the excludability of interest on the Obligation from the gross income of the registered owners thereof for federal income tax purposes.

4. Yield. The yield on the Obligation (determined as the semiannual discount rate at which the present value of the payments of principal and interest equals the issue price of the Obligation) has been computed by Stifel, Nicolaus & Company, Incorporated, as placement agent with respect to the placement of the Obligation (the "Placement Agent"), to be not less than 4.2095 percent (the "Yield"). For purposes of this calculation, the issue price is determined under Regulations Section 1.148-1(f)(2)(i) (the General Rule) and is the price paid by the Purchaser for the Obligation, \$10,148,000.00. The Issuer is relying on the Purchaser's Certificate with respect to the issue price of the Obligation and the Certificate of Placement Agent attached as Exhibit A hereto with respect to the Yield.

5. Project; No Hedge; Maturity; No Reimbursement.

(a) The Issuer reasonably expects that the Obligation will not be a hedge bond because on the Issue Date, the Issuer reasonably expects that (i) at least 85 percent of the spendable proceeds of the Obligation will be used to carry out the governmental purpose of the Obligation within three years of the Issue Date, and (ii) not more than 50 percent of the proceeds of the sale of the Obligation will be invested in nonpurpose investments having a substantially guaranteed yield for four years or more.

(b) The Placement Agent has computed the weighted average maturity of the Obligation to be 8.1920 years, which does not exceed 120 percent of the average reasonably expected economic life of the Project.

(c) No Sale Proceeds of the Obligation, including earnings thereon, will reimburse the Issuer for costs of the Project originally paid prior to the date hereof.

6. Temporary Periods.

(a) Sale Proceeds in the amount of \$10,000,000.00, together with earnings thereon, will be used by the Issuer to pay the costs of the Project. The Issuer reasonably expects that: (i) at least 5 percent of such Sale Proceeds will be spent or committed to be spent by substantial binding obligations (an obligation is not treated as binding if it is subject to contingencies within the Issuer's or a related party's control) to a third party within 6 months from the Issuance Date for capital costs of the Project; (ii) the Project and the allocation of net sale proceeds to expenditures for capital costs of the Project will proceed with due diligence; and (iii) all of the Sale Proceeds allocable to the costs of the Project will be spent to pay capital costs of the Project within 3 years from the Issue Date. Sale Proceeds to be used to pay for the Project may be invested at an unrestricted yield for a period not to exceed three years from the date hereof. In the event any of such Sale Proceeds remain unspent after 3 years, the Issuer will make any necessary yield reduction payments under Regulations Section 1.148-5(c).

(b) Sale Proceeds to be used to pay the Delivery Costs, and any earnings thereon, are reasonably expected to be expended within 6 months of the date hereof and may be invested at an unrestricted yield until so expended.

7. Arbitrage Rebate.

(a) The Issuer will comply with certain federal tax and arbitrage rebate covenants with respect to the Obligation as indicated in this Certificate and Sections 13 and 14 of the Purchase Agreement and will compute and pay the amount required to be rebated to the United States Treasury Department pursuant to Section 148 of the Code at such times as are required by Section 148 of the Code. In connection with such covenants, the Issuer (i) will use a reasonable, Consistently Applied Accounting Method to account for Gross Proceeds, Investments, and Expenditures allocable to the Obligation, (ii) will use a Consistently Applied Accounting Method for allocating Gross Proceeds of the Obligation to Expenditures, if applicable, and (iii) will not commingle Proceeds of the Obligation with any other moneys, funds or accounts owned, controlled or otherwise maintained by the Issuer.

(b) The Issuer will not enter into or engage in any action that has the effect of (i) enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to obtain a material financial advantage, and (ii) overburdening the tax-exempt bond market as defined in Regulations Section 1.148-10. If the Issuer invests any of the Gross Proceeds of the Obligation in certificates of deposit or pursuant to an investment contract, the Issuer will obtain certifications in the forms necessary to comply with the safe harbors for establishing the Fair Market Value thereof pursuant to Regulations Section 1.148-5(d).

(c) The Issuer will maintain complete records of all investment earnings and disbursements of Proceeds of the Obligation for a period of at least seven years after the later of the final payment on the Obligation or any obligation issued or executed and delivered to refund the Obligation (or such longer period as may be required by the Authorizing Documents).

(d) The Issuer will take all necessary and desirable steps to comply with the requirements under Sections 13 and 14 of the Purchase Agreement and this Certificate in order to ensure that interest on the Obligation is excluded from gross income for federal income tax purposes under the Code; provided, however, compliance with any such requirement will not be required in the event the Issuer receives an opinion of Special Counsel that either (i) compliance with such requirement is not required to maintain the exclusion from gross income of interest on the Obligation, or (ii) compliance with some other requirement will meet the requirements of the Code.

(e) If for any reason any requirement under this Certificate or Sections 13 and 14 of the Purchase Agreement is not complied with, the Issuer will 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 Issuer will pay any required interest or penalty under Regulations Section 1.148-3(h).

(f) Except as otherwise provided in this Certificate, any amounts constituting Gross Proceeds of the Obligation may not be invested in Investments bearing a yield higher than the Yield.

8. No Private Activity Bond.

(a) For the entire term of the Obligation, the private business tests (collectively, the “private business test”) of Section 141(b) of the Code will not be met. The private business test under Section 141(b) of the Code is met if: (i) more than 10 percent of the proceeds is to be used for any private business use; and (ii) the payment of principal of or interest on more than ten percent of the proceeds is (under the terms of such issue or any underlying arrangement) directly or indirectly (1) secured by any interest in property used or to be used for a private business use, or payments in respect of such property, or (2) to be derived from payments (whether or not to the issuer) in respect of property, or borrowed money, used or to be used for a private business use. The ten percent limit described above is reduced to five percent if the private business use is unrelated or disproportionate to the governmental use. All private use and private payments with respect to the Project must be aggregated in determining whether the private business test has been met.

(b) None of the proceeds have been or will be used (directly or indirectly) to finance or refinance the acquisition of any “nongovernmental output property” as defined in Section 141(d) of the Code. To the extent the Project is an output facility within the meaning of Section 141(b)(4) of the Code, use of the Project will be such that it will not result in the inclusion in gross income of interest on the Obligation for federal income tax purposes. An “output facility” for purposes of Section 141(d) and 141(b)(4) generally does not include a facility for furnishing of water.

(c) The private loan financing test of Section 141(c) of the Code will not be met with respect to the Obligation through the final maturity date of the Obligation.

(d) For the entire term of the Obligation, the Issuer or another governmental entity will be the federal tax owner and operator of the Project and the Issuer will not sell (other than to the Trustee to facilitate the financing of the Project) or lease or permit the sublease of the Project, and will not enter into any management contract that does not satisfy the safe-harbor requirements as set forth in Revenue Procedure 2017-13, or other applicable guidance. A Special Counsel's Opinion is necessary to insure compliance with this Section.

(e) The Issuer will not enter into an agreement that provides special legal entitlements to the Project to any entity that is not a governmental unit.

(f) The Obligation proceeds will be used to finance the costs of the Project and, prior to the final maturity and payment of the Obligation, the Issuer will not take or permit to be taken any action within its control that would cause the proceeds of the Obligation or the Project to be used in a manner that would violate the representations and covenants contained in this Section or cause the Obligation to be "private activity bonds" within the meaning of Code Section 141.

(g) In connection with any personal property comprising the Project, (i) any sale or other disposition of such property will occur only in the ordinary course of an established governmental program, (ii) the weighted average maturity of the Obligation financing such property is not greater than 120 percent of the reasonably expected actual use of that property for governmental purposes, (iii) it is reasonably expected that the fair market value of any such property that may be disposed of prior to the final maturity of the Obligation, on the date of disposition will not be more than 25 percent of its cost, (iv) on the date of any such disposition, the property will no longer be suitable for its governmental purposes, and (v) all amounts received from the disposition will be deposited into a fund with substantial tax or other government revenues and expended for governmental purposes within 6 months of the date of deposit.

9. Other Tax Representations.

(a) No other tax-exempt obligations of the Issuer that are reasonably expected to be paid from substantially the same source of funds as the Obligation have been sold less than 15 days prior to, or will be sold less than 15 days after, the sale date of the Obligation, pursuant to the same plan of financing, and the Obligation are not sold under a common marketing arrangement with obligations of another issuer.

(b) Except for proceeds of the Obligation (i) invested for the applicable initial temporary period until such proceeds are needed for the purpose for which the Obligation is being executed and delivered, (ii) held in a bona fide debt service fund or a reserve fund meeting the requirements of Code Section 148(d), (iii) invested in obligations issued by the United States Treasury, or (iv) otherwise eligible for the exceptions set out in Code Section 149(b)(3), the proceeds of the Obligation will not be invested (directly or indirectly) in federally insured deposits or accounts. Further, (i) no portion of the payment of principal or interest with respect to the Obligation is or will be guaranteed, directly or indirectly, by the United States (or any agency or instrumentality thereof); and (ii) less than 5 percent of the proceeds of the Obligation will be used in making loans the payment of principal or interest with

respect to which is to be guaranteed, in whole or in part, by the United States (or any agency or instrumentality thereof), or invested, directly or indirectly, in federally insured deposits or accounts, but only to the extent such investment is so insured.

(c) The Issuer will cause an information statement on Form 8038-G to be completed accurately, and executed and submitted to the Secretary of the United States Treasury or the Secretary's delegate no later than the 15th day of the 2nd calendar month after the close of the calendar quarter in which the Issue Date occurs.

(d) The Issuer has not entered into, nor does it expect to enter into any hedge (*e.g.*, an interest rate swap, interest rate cap, futures contract, forward contract, or an option) with respect to the Obligation. The Issuer acknowledges that any such hedge could affect the calculation of the Yield under the Regulations, and that the Internal Revenue Service could recalculate Yield if the failure to account for the hedge fails to clearly reflect the economic substance of the transaction.

(e) The Issuer has not employed a device or entered into any arrangements or understandings in connection with the execution and delivery of the Obligation, or in connection with any transaction or series of transactions related to the execution and delivery of the Obligation, to obtain a material financial advantage based on arbitrage. The Issuer will not realize any material financial advantage based on arbitrage in connection with the execution and delivery of the Obligation, or in connection with the transaction or series of transactions related to the execution and delivery of the Obligation. In particular, the Issuer will not receive a rebate or credit resulting from payment having been made in connection with the execution and delivery of the Obligation.

10. Written Policies Evidencing Compliance with Code and Regulations. Attached as Exhibit B hereto are Policies and Procedures for Tax-Advantaged Obligations, which the Issuer agrees to maintain, and with which the Issuer agrees to comply, for the purposes of satisfying the tax-exempt bond provisions of the Code and the Regulations applicable to the Obligation.

[Signature page follows.]

DATED: December 8, 2022

CITY OF SEDONA, ARIZONA

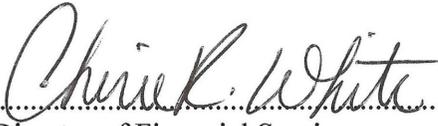

.....
Director of Financial Services

EXHIBIT A

CERTIFICATE OF PLACEMENT AGENT

\$10,148,000
CITY OF SEDONA, ARIZONA
EXCISE TAX REVENUE OBLIGATION, SECOND SERIES 2022

This Certificate is furnished by Stifel, Nicolaus & Company, Incorporated, as placement agent (the "Placement Agent") with respect to the execution and delivery of the captioned Obligation (the "Obligation"). The Placement Agent hereby certifies and represents the following, based upon the information available to it (terms used but not otherwise defined herein have the meanings assigned to them in the Certificate Relating To Federal Tax Matters to which this Certificate is attached as Exhibit A (the "Tax Certificate")):

1. We have calculated the Yield on the Obligation to be not less than 4.2095 percent in accordance with the instructions provided by Special Counsel set forth in Section 4 of the Tax Certificate. Based on the Purchaser's Certificate as it relates to issue price, \$10,148,000.00 has been used to calculate the Yield, representing the \$10,148,000.00 face amount of the Obligation.

2. We have calculated the weighted average maturity of the Obligation to be 8.1920 years upon the advice of Special Counsel.

To the extent that we provided the Issuer and Special Counsel with certain computations that show the Yield, weighted average maturity and certain other information with respect to the Obligation, these computations are based on our understanding of directions that we have received from Special Counsel regarding interpretation of the applicable law. We express no view regarding the legal sufficiency of any such computations or the correctness of any legal interpretation made by Special Counsel.

Notwithstanding the foregoing, the Placement Agent reminds the Issuer that it is neither an accountant nor an actuary, nor does it engage in the practice of law. Accordingly, while the Placement Agent believes the calculations described above to be correct, it does not warrant them to be so, nor does it warrant their validity for purposes of Sections 103 and 141 through 150 of the Code. Nothing herein represents our interpretation of any laws or regulations under the Code.

DATED: December 8, 2022

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

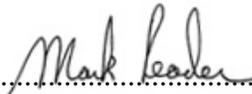
By 
B. Mark Reader, Managing Director

EXHIBIT B

TAX POLICIES AND PROCEDURES

WRITTEN POLICIES AND PROCEDURES FOR TAX-ADVANTAGED OBLIGATIONS

The City of Sedona, Arizona (the “Issuer”), has issued and may in the future issue tax-exempt obligations (including, without limitation, bonds, notes, loans, leases and certificates) (together, “tax-advantaged obligations” or “Obligations”) that are subject to certain requirements under the Internal Revenue Code of 1986, as amended (the “Code”).

The Issuer has established the policies and procedures contained herein (the “Procedures”) as of April 22, 2014, in order to ensure that the Issuer complies with the requirements of the Code that are applicable to its tax-advantaged obligations. The Procedures, coupled with requirements contained in the arbitrage and tax certificate or other operative documents (the “Tax Certificate”) executed at the time of issuance of the tax-advantaged obligations, are intended to constitute written procedures for ongoing compliance with the federal tax requirements applicable to the tax-advantaged obligations and for timely identification and remediation of violations of such requirements.

A. GENERAL MATTERS.

1. Responsible Officer. The Administrative Officer of the Issuer will have overall responsibility for ensuring that the ongoing requirements described in the Procedures are met with respect to tax-advantaged obligations (the “Responsible Officer”).
2. Establishment of Procedures. The Procedures will be included with other written procedures of the Issuer.
3. Identify Additional Responsible Employees. The Responsible Officer shall identify any additional persons who will be responsible for each section of the Procedures, notify the current holder of that office of the responsibilities, and provide that person a copy of the Procedures. (For each section of the Procedures, this may be the Responsible Officer or another person who is assigned the particular responsibility.)
 - a. Upon employee or officer transitions, new personnel should be advised of responsibilities under the Procedures and ensure they understand the importance of the Procedures.
 - b. If employee or officer positions are restructured or eliminated, responsibilities should be reassigned as necessary to ensure that all Procedures have been appropriately assigned.
4. Training Required. The Responsible Officer and other responsible persons shall receive appropriate training that includes the review of and familiarity with the contents of the Procedures, review of the requirements contained in the Code applicable to each tax-advantaged obligation, identification of all tax-advantaged

obligations that must be monitored, identification of all facilities (or portions thereof) financed with proceeds of tax-advantaged obligations, familiarity with the requirements contained in the Tax Certificate or other operative documents contained in the transcript, and familiarity with the procedures that must be taken in order to correct noncompliance with the requirements of the Code in a timely manner.

5. Periodic Review. The Responsible Officer or other responsible person shall periodically review compliance with the Procedures and with the terms of the Tax Certificate to determine whether any violations have occurred so that such violations can be timely remedied through the “remedial action” regulations or the Voluntary Closing Agreement Program available through the Internal Revenue Service (“IRS”) (or successor guidance). Such periodic review shall occur at least annually.

6. Change in Terms. If any changes to the terms of the tax-advantaged obligations are contemplated, bond counsel should be consulted. Such modifications could jeopardize the status of tax-advantaged obligations.

B. IRS INFORMATION RETURN FILING. The Responsible Officer will confirm that bond counsel has filed the applicable information reports (such as Form 8038-G) for such issue with the IRS on a timely basis, and maintain copies of such form including evidence of timely filing as part of the transcript of the issue. The Responsible Officer shall file the IRS Form 8038-T relating to the payment of rebate or yield reduction payments in a timely manner as discussed in Section G.12., below. The Responsible Officer shall also monitor the extent to which the Issuer is eligible to receive a refund of prior rebate payments and provide for the timely filing for such refunds using an IRS Form 8038-R.

C. USE OF PROCEEDS. The Responsible Officer or other responsible person shall:

1. Consistent Accounting Procedures. Maintain or confirm maintenance of clear and consistent accounting procedures for tracking the investment and expenditures of proceeds, including investment earnings on proceeds.
2. Reimbursement Allocations at Closing. At or shortly after closing of an issue, ensure that any allocations for reimbursement expenditures comply with the Tax Certificate.
3. Timely Expenditure of Proceeds. Monitor that sale proceeds and investment earnings on sale proceeds of tax-advantaged obligations are spent in a timely fashion consistent with the requirements of the Tax Certificate.
4. Requisitions. Utilize or confirm the utilization of requisitions to draw down proceeds, and ensure that each requisition contains (or has attached to it) detailed information in order to establish when and how proceeds were spent; review requisitions carefully before submission to ensure proper use of proceeds to minimize the need for reallocations.

5. Final Allocation. Ensure that a final allocation of proceeds (including investment earnings) to qualifying expenditures is made if proceeds are to be allocated to project expenditures on a basis other than “direct tracing” (direct tracing means treating the proceeds as spent as shown in the accounting records for draws and project expenditures). An allocation other than on the basis of “direct tracing” is often made to reduce the private business use of bond proceeds that would otherwise result from “direct tracing” of proceeds to project expenditures. *This allocation must be made within 18 months after the later of the date the expenditure was made or the date the project was placed in service, but not later than five years and 60 days after the date the tax-advantaged obligations are issued (or 60 days after the issue is retired, if earlier).* Bond counsel can assist with the final allocation of proceeds to project costs. Maintain a copy of the final allocation in the records for the tax-advantaged obligation.
6. Maintenance and Retention of Records Relating to Proceeds. Maintain or confirm the maintenance of careful records of all project and other costs (*e.g.*, costs of issuance, credit enhancement and capitalized interest) and uses (*e.g.*, deposits to a reserve fund) for which proceeds were spent or used. These records should be maintained separately for each issue of tax-advantaged obligations for the period indicated under Section H. below.

D. MONITORING PRIVATE BUSINESS USE. The Responsible Officer or other responsible person shall:

1. Identify Financed Facilities. Identify or “map” which outstanding issues financed which facilities and in what amounts.
2. Review of Contracts with Private Persons. Review all of the following contracts or arrangements with non-governmental persons or organizations or the federal government (collectively referred to as “private persons”) with respect to the financed facilities which could result in private business use of the facilities:
 - a. Sales of financed facilities;
 - b. Leases of financed facilities;
 - c. Management or service contracts relating to financed facilities;
 - d. Research contracts under which a private person sponsors research in financed facilities; and
 - e. Any other contracts involving “special legal entitlements” (such as naming rights or exclusive provider arrangements) granted to a private person with respect to financed facilities.
3. bond counsel Review of New Contracts or Amendments. Before amending an existing agreement with a private person or entering into any new lease, management, service, or research agreement with a private person, consult bond

counsel to review such amendment or agreement to determine whether it results in private business use.

4. Establish Procedures to Ensure Proper Use and Ownership. Establish procedures to ensure that financed facilities are not used for private use without written approval of the Responsible Officer or other responsible person.
 5. Analyze Use. Analyze any private business use of financed facilities and, for each issue of tax-advantaged obligations, determine whether the 10 percent limit on private business use (5 percent in the case of “unrelated or disproportionate” private business use) is exceeded, and contact bond counsel or other tax advisors if either of these limits appears to be exceeded.
 6. Remediation if Limits Exceeded. If it appears that private business use limits are exceeded, immediately consult with bond counsel to determine if a remedial action is required with respect to nonqualified tax-advantaged obligations of the issue or if the IRS should be contacted under its Voluntary Closing Agreement Program. If tax-advantaged obligations are required to be redeemed or defeased in order to comply with remedial action rules, such redemption or defeasance must occur within 90 days of the date a deliberate action is taken that results in a violation of the private business use limits. *See* Attachment 1, Remedial Action Procedures, for a summary of remediation procedures.
 7. Maintenance and Retention of Records Relating to Private Use. Retain copies of all of the above contracts or arrangements (or, if no written contract exists, detailed records of the contracts or arrangements) with private persons for the period indicated under Section H. below.
- E. LOAN OF BOND PROCEEDS.** Consult bond counsel if a loan of proceeds of tax-advantaged obligations is contemplated. If proceeds of tax-advantaged obligations are permitted under the Code to be loaned to other entities and are in fact so loaned, require that the entities receiving a loan of proceeds institute policies and procedures similar to the Procedures to ensure that the proceeds of the loan and the facilities financed with proceeds of the loan comply with the limitations provided in the Code. Require the recipients of such loans to annually report to the Issuer ongoing compliance with the Procedures and the requirements of the Code.
- F. ARBITRAGE AND REBATE COMPLIANCE.** The Responsible Officer or other responsible person shall:
1. Review Tax Certificate. Review each Tax Certificate to understand the specific requirements that are applicable to each tax-advantaged obligation issue.
 2. Arbitrage Yield. Record the arbitrage yield of the issue, as shown on IRS Form 8038-G or other applicable form. If the tax-advantaged obligations are variable rate, yield must be determined on an ongoing basis over the life of the tax-advantaged obligations as described in the Tax Certificate.

3. Temporary Periods. Review the Tax Certificate to determine the “temporary periods” for each issue, which are the periods during which proceeds of tax-advantaged obligations may be invested without yield restriction.
4. Post-Temporary Period Investments. Ensure that any investment of proceeds after applicable temporary periods is at a yield that does not exceed the applicable yield, unless yield reduction payments can be made pursuant to the Tax Certificate.
5. Monitor Temporary Period Compliance. Monitor that proceeds (including investment earnings) are expended promptly after the tax-advantaged obligations are issued in accordance with the expectations for satisfaction of three-year or five-year temporary periods for investment of proceeds and to avoid “hedge bond” status.
6. Monitor Yield Restriction Limitations. Identify situations in which compliance with applicable yield restrictions depends upon later investments (*e.g.*, the purchase of 0 percent State and Local Government Securities from the U.S. Treasury for an advance refunding escrow). Monitor and verify that these purchases are made as contemplated.
7. Establish Fair Market Value of Investments. Ensure that investments acquired with proceeds satisfy IRS regulatory safe harbors for establishing fair market value (*e.g.*, through the use of bidding procedures), and maintaining records to demonstrate satisfaction of such safe harbors. Consult the Tax Certificate for a description of applicable rules.
8. Credit Enhancement, Hedging and Sinking Funds. Consult with bond counsel before engaging in credit enhancement or hedging transactions relating to an issue, and before creating separate funds that are reasonably expected to be used to pay debt service. Maintain copies of all contracts and certificates relating to credit enhancement and hedging transactions that are entered into relating to an issue.
9. Grants/Donations to Governmental Entities. Before beginning a capital campaign or grant application that may result in gifts that are restricted to financed projects (or, in the absence of such a campaign, upon the receipt of such restricted gifts), consult bond counsel to determine whether replacement proceeds may result that are required to be yield restricted.
10. Bona Fide Debt Service Fund. Even after all proceeds of a given issue have been spent, ensure that debt service funds, if any, meet the requirements of a “bona fide debt service fund,” *i.e.*, one used primarily to achieve a proper matching of revenues with debt service that is depleted at least once each bond year, except for a reasonable carryover amount not to exceed the greater of: (i) the earnings on the fund for the immediately preceding bond year; or (ii) one-twelfth of the debt service on the issue for the immediately preceding bond year. To the extent that a

debt service fund qualifies as a bona fide debt service fund for a given bond year, the investment of amounts held in that fund is not subject to yield restriction for that year.

11. Debt Service Reserve Funds. Ensure that amounts invested in reasonably required debt service reserve funds, if any, do not exceed the least of: (i) 10 percent of the stated principal amount of the tax-advantaged obligations (or the sale proceeds of the issue if the issue has original issue discount or original issue premium that exceeds 2 percent of the stated principal amount of the issue plus, in the case of premium, reasonable underwriter's compensation); (ii) maximum annual debt service on the issue; or (iii) 125% of average annual debt service on the issue.
12. Rebate and Yield Reduction Payment Compliance. Review the arbitrage rebate covenants contained in the Tax Certificate. Subject to certain rebate exceptions described below, investment earnings on proceeds at a yield in excess of the yield (*i.e.*, positive arbitrage) generally must be rebated to the U.S. Treasury, even if a temporary period exception from yield restriction allowed the earning of positive arbitrage.
 - a. Ensure that rebate and yield reduction payment calculations will be timely performed and payment of such amounts, if any, will be timely made. Such payments are generally due 60 days after the fifth anniversary of the date of issue, then in succeeding installments every five years. The final rebate payment for an issue is due 60 days after retirement of the last obligation of the issue. The Issuer should hire a rebate consultant if necessary.
 - b. Review the rebate section of the Tax Certificate to determine whether the "small issuer" rebate exception applies to the issue.
 - c. If the 6-month, 18-month, or 24-month spending exceptions from the rebate requirement (as described in the Tax Certificate) may apply to the tax-advantaged obligations, ensure that the spending of proceeds is monitored prior to semiannual spending dates for the applicable exception.
 - d. Make rebate and yield reduction payments and file Form 8038-T in a timely manner.
 - e. Even after all other proceeds of a given issue have been spent, ensure compliance with rebate requirements for any debt service reserve fund and any debt service fund that is not exempt from the rebate requirement (see the Arbitrage Rebate covenants contained in the Tax Certificate).
13. Maintenance and Retention of Arbitrage and Rebate Records. Maintain records of investments and expenditures of proceeds, rebate exception analyses, rebate calculations, Forms 8038-T, and rebate and yield reduction payments, and any

other records relevant to compliance with the arbitrage restrictions for the period indicated in Section H. below.

- G. RECORD RETENTION.** The Responsible Officer or other responsible person shall ensure that for each issue of obligations, the transcript and all records and documents described in these Procedures will be maintained while any of the obligations are outstanding and during the three-year period following the final maturity or redemption of that issue, or if the obligations are refunded (or re-refunded), while any of the refunding obligations are outstanding and during the three-year period following the final maturity or redemption of the refunding obligations.

ATTACHMENT I TO WRITTEN PROCEDURES

REMEDIAL ACTION PROCEDURES

Capitalized terms used herein but not defined have the meaning assigned thereto in Section 5 below and in the Post-Issuance Compliance and Remedial Action Procedures to which these Remedial Action Procedures are attached. This attachment describes written procedures that may be required to be taken by, or on behalf of, an issuer of Obligations.

1. **Background.** The maintenance of the tax status of the Obligations (*e.g.*, as tax-exempt obligations under federal tax law) depends on the compliance with the requirements set forth in the Internal Revenue Code of 1986, as amended (the “Code”). *The purpose of this attachment is to set forth written procedures to be used in the event that any deliberate actions are taken that are not in compliance with the tax requirements of the Code (each, a “Deliberate Action”) with respect to the Obligations, the proceeds thereof, or the property financed or refinanced by the Obligations (the “Financed Property”).*

2. **Consultation with bond counsel.** If Deliberate Action is taken with respect to the Obligations and the Financed Property subsequent to the issuance or execution and delivery of the Obligations, then the City must consult with Greenberg Traurig, LLP or other nationally recognized bond counsel (“bond counsel”) regarding permissible Remedial Actions that may be taken to remediate the effect of any such Deliberate Action upon the federal tax status of the Obligations. Note that remedial actions or corrective actions other than those described in this attachment may be available with respect to the Obligations and the Financed Property, including remedial actions or corrective actions that may be permitted by the Commissioner through the voluntary closing agreement programs (VCAP) provided by the Internal Revenue Service from time to time.

3. **Conditions to Availability of Remedial Actions.** None of the Remedial Actions described in this attachment are available to remediate the effect of any Deliberate Action with respect to the Obligations and the Financed Property unless the following conditions have been satisfied and unless bond counsel advises otherwise:

(a) The issuer of the Obligations reasonably expected on the date the Obligations were originally issued or executed and delivered that the Obligations would meet neither the Private Business Tests nor the Private Loan Financing Test of Section 141 of the Code and the Treasury Regulations thereunder for the entire term of the Obligations (such expectations may be based on the representations and expectations of the applicable conduit borrower, if there is one);

(b) The weighted average maturity of the Obligations did not, as of such date, exceed 120 percent of the Average Economic Life of the Financed Property;

(c) Unless otherwise excepted under the Treasury Regulations, the City delivers a certificate, instrument, or other written records satisfactory to bond counsel demonstrating that the terms of the arrangement pursuant to which the Deliberate Action

is taken is *bona fide* and arm's-length, and that the non-exempt Person using either the Financed Property or the proceeds of the Obligations as a result of the relevant Deliberate Action will pay fair market value for the use thereof;

(d) Any disposition must be made at fair market value and any Disposition Proceeds actually or constructively received by the City as a result of the Deliberate Action must be treated as gross proceeds of the Obligations and may not be invested in obligations bearing a yield in excess of the yield on the Obligations subsequent to the date of the Deliberate Action; and

(e) Proceeds of the Obligations affected by the Remedial Action must have been allocated to expenditures for the Financed Property or other allowable governmental purposes before the date on which the Deliberate Action occurs (except to the extent that redemption or defeasance, if permitted, is undertaken, as further described in Section 4(A) below).

4. **Types of Remedial Action.** Subject to the conditions described above, and only if the City obtains an opinion of bond counsel prior to taking any of the actions below to the effect that such actions will not affect the federal tax status of the Obligations, the following types of Remedial Actions may be available to remediate a Deliberate Action subsequent to the issuance of the Obligations:

(a) Redemption or Defeasance of Obligations.

(i) If the Deliberate Action causing either the Private Business Use Test or the Private Loan Financing Test to be satisfied consists of a fair market value disposition of any portion of the Financed Property exclusively for cash, then the City may allocate the Disposition Proceeds to the redemption of Nonqualified Obligations pro rata across all of the then-outstanding maturities of the Obligations at the earliest call date of such maturities of the Obligations after the taking of the Deliberate Action. If any of the maturities of the Obligations outstanding at the time of the taking of the Deliberate Action are not callable within 90 days of the date of the Deliberate Action, the City may (subject generally to the limitations described in (iii) below) allocate the Disposition Proceeds to the establishment of a Defeasance Escrow for any such maturities of the Obligations within 90 days of the taking of such Deliberate Action.

(ii) If the Deliberate Action consists of a fair market value disposition of any portion of the Financed Property for other than exclusively cash, then the City may use any funds (other than proceeds of the Obligations or proceeds of any obligation the interest on which is excludable from the gross income of the registered owners thereof for federal income tax purposes) for the redemption of all Nonqualified Obligations within 90 days of the date that such Deliberate Action was taken. In the event that insufficient maturities of the Obligations are callable by the date which is within 90 days after the date of the Deliberate Action, then such funds may be used for the establishment of a Defeasance Escrow within 90 days of the date of the Deliberate Action for all of the

maturities of the Nonqualified Obligations not callable within 90 days of the date of the Deliberate Action.

(iii) If a Defeasance Escrow is established for any maturities of Nonqualified Obligations that are not callable within 90 days of the date of the Deliberate Action, written notice must be provided to the Commissioner of Internal Revenue Service at the times and places as may be specified by applicable regulations, rulings, or other guidance issued by the Department of the Treasury or the Internal Revenue Service. Note that the ability to create a Defeasance Escrow applies only if the Obligations to be defeased and redeemed all mature or are callable within ten and one-half (10.5) years of the date the Obligations are originally issued or executed and delivered. If the Obligations are not callable within ten and one-half years, and none of the other remedial actions described below are applicable, the remainder of this attachment is for general information only, and bond counsel must be contacted to discuss other available options.

(b) Alternative Use of Disposition Proceeds. Use of any Disposition Proceeds in accordance with the following requirements may be treated as a Remedial Action with respect to the Obligations:

(i) the Deliberate Action consists of a disposition of all or any portion of the Financed Property for not less than the fair market value thereof for cash;

(ii) the City reasonably expects to expend the Disposition Proceeds resulting from the Deliberate Action within two years of the date of the Deliberate Action;

(iii) the Disposition Proceeds are treated as Proceeds of the Obligations for purposes of Section 141 of the Code and the Regulations thereunder, and the use of the Disposition Proceeds in the manner in which such Disposition Proceeds are in fact so used would not cause the Disposition Proceeds to satisfy the Private Activity Bond Tests;

(iv) no action is taken after the date of the Deliberate Action to cause the Private Activity Bond Tests to be satisfied with respect to the Obligations, the Financed Property, or the Disposition Proceeds (other than any such use that may be permitted in accordance with the Treasury Regulations);

(v) Disposition Proceeds used in a manner that satisfies the Private Activity Bond Tests or that are not expended within two years of the date of the Deliberate Action must be used to redeem or defease Nonqualified Obligations in accordance with the requirements set forth in Section 4(a) hereof; and

(c) Alternative Use of Financed Property. The City may be considered to have taken sufficient Remedial Actions to cause the Obligations to continue their applicable treatment under federal tax law if, subsequent to taking any Deliberate Action with respect to all or any portion of the Financed Property:

(i) the portion of the Financed Property subject to the Deliberate Action is used for a purpose that would be permitted for qualified tax-exempt obligations;

(ii) the disposition of the portion of the Financed Property subject to the Deliberate Action is not financed by a person acquiring the Financed Property with proceeds of any obligation the interest on which is exempt from the gross income of the registered owners thereof under Section 103 of the Code for purposes of federal income taxation or an obligation described in Sections 54A-54F, 54AA, or 6431 of the Code; and

(iii) any Disposition Proceeds other than those arising from an agreement to provide services (including Disposition Proceeds arising from an installment sale) resulting from the Deliberate Action are used to pay the debt service on the Obligations on the next available payment date or, within 90 days of receipt thereof, are deposited into an escrow that is restricted as to the investment thereof to the yield on the Obligations to pay debt service on the Obligations on the next available payment date.

Absent an opinion of bond counsel, no Remedial Actions are available to remediate the satisfaction of the Private Security or Payment Test regarding the same with respect to the Obligations. Nothing herein is intended to prohibit Remedial Actions not described herein that may become available subsequent to the date the Obligations are originally issued or executed and delivered to remediate the effect of a Deliberate Action taken with respect to the Obligations, the proceeds thereof or the Financed Property.

5. **Additional Defined Terms.** For purposes of this attachment, the following terms have the following meanings:

“*Commissioner*” means the Commissioner of Internal Revenue, including any successor person or body.

“*Defeasance Escrow*” means an irrevocable escrow established to redeem obligations on their earliest call date in an amount that, together with investment earnings thereon, is sufficient to pay the entire principal of, and interest and call premium on, obligations from the date the escrow is established to the earliest call date. A Defeasance Escrow may not be invested in higher yielding investments or in any investment under which the obligor is a user of the proceeds of the obligations.

“*Deliberate Action*” means any action, occurrence, or omission by the City (or, if applicable, by a conduit borrower) that is within the control of the City (or, if applicable, by such conduit borrower) that causes either (1) the Private Business Use Test to be satisfied with respect to the Obligations or the Financed Property (without regard to the Private Security or Payment Test), or (2) the Private Loan Financing Test to be satisfied with respect to the Obligations or the proceeds thereof. An action, occurrence, or omission is not a Deliberate Action if (1) the action, occurrence, or omission would be treated as an involuntary or compulsory conversion under

Section 1033 of the Code, or (2) the action, occurrence, or omission is in response to a regulatory directive made by the government of the United States.

“Disposition Proceeds” means any amounts (including property, such as an agreement to provide services) derived from the sale, exchange, or other disposition of property (other than Investments) financed with the proceeds of the Obligations.

“Nonqualified Obligations” means that portion of the Obligations outstanding at the time of a Deliberate Action in an amount that, if the outstanding Obligations were issued or executed and delivered on the date on which the Deliberate Action occurs, the outstanding Obligations would not satisfy the Private Business Use Test or the Private Loan Financing Test, as applicable. For this purpose, the amount of private business use is the greatest percentage of private business use in any one-year period commencing with the Deliberate Action.

“Private Activity Bond Tests” means, collectively, the Private Business Use Test, the Private Security or Payment Test, and the Private Loan Financing Test.

“Private Business Tests” means the Private Business Use Test and the Private Security or Payment Test.

“Private Business Use Test” has the meaning set forth in Section 141(b)(1) of the Code.

“Private Loan Financing Test” has the meaning set forth in Section 141(c) of the Code.

“Private Security or Payment Test” has the meaning set forth in Section 141(b)(2) of the Code.

“Remedial Action” means any of the applicable actions described in Section 4 hereof, or such other actions as may be prescribed from time to time by the Department of the Treasury or the Internal Revenue Service, which generally have the effect of rectifying noncompliance by the City with certain provisions of Section 141 of the Code and the Regulations thereunder and are undertaken by the City to maintain the federal tax status of the Obligations.

6. **Change in Law.** This attachment is based on law in effect as of this date. Statutory or regulatory changes, including but not limited to clarifying Treasury Regulations, may affect the matters set forth in this attachment.

\$10,148,000
CITY OF SEDONA, ARIZONA
EXCISE TAX REVENUE OBLIGATION, SECOND SERIES 2022

CERTIFICATE AND RECEIPT OF TRUSTEE

The undersigned, on behalf of U.S. Bank Trust Company, National Association, in its capacity as trustee (the “Trustee”) under the Fifth Trust Agreement, dated as of December 1, 2022 (the “Trust Agreement”), by and between the City of Sedona, Arizona (the “City”) and the Trustee, does hereby certify and acknowledge, as applicable, as follows (terms denoted by initial capitals herein and not otherwise defined herein have the definitions of such terms set forth in the Trust Agreement):

1. The Trustee is a national banking association duly organized and existing under and by virtue of the laws of the United States of America and is duly qualified to do trust business in the State of Arizona.

2. The Trustee hereby acknowledges receipt of (i) a certified copy of Resolution No. 2022-34, adopted by the Mayor and Council of the City on November 22, 2022, authorizing, among other things, the execution and delivery on behalf of the City of the Trust Agreement and the Purchase Agreement (together, the “Trustee Documents”), and (ii) executed counterparts of each of the Trustee Documents.

3. Pursuant to the written request and authorization from the City, dated this date, the Trustee has executed the \$10,148,000 principal amount Excise Tax Revenue Obligation, Second Series 2022 (the “Obligation”), on behalf of the City, dated the date hereof, maturing, bearing interest and having other terms provided by the Trust Agreement, and has delivered the Obligation to the purchaser thereof, after execution and registration, upon application of the proceeds of the Obligation as described below.

4. The Trustee Documents and the Obligation were executed by the undersigned officer who at the time of such execution was and is duly authorized to execute such documents on behalf of the Trustee.

5. Attached hereto as the Exhibit is documentation of the Trustee which sets forth the authority of the undersigned to act as signatory on behalf of the Trustee, and that said authority was in effect on the date or dates said signatory acted and remains in full force and effect on the date hereof.

6. To the knowledge of the undersigned, no litigation is pending or threatened against the Trustee before any judicial, quasi-judicial or administrative forum (a) to restrain or enjoin the performance by the Trustee of its obligations and duties under the Trustee

Documents, (b) in any way contesting or affecting any authority for, or the validity of, the Obligation or the application of the proceeds of the Obligation, or (c) in any way contesting the existence or corporate trust powers of the Trustee.

7. The representations and warranties of the Trustee contained in the Trustee Documents are true and correct in all material respects on the date hereof, the Trustee has duly executed and delivered the Trustee Documents, and the Trustee has complied with all agreements and satisfied all conditions on its part to be performed or satisfied pursuant to the Trustee Documents, on or prior to the date hereof.

8. The Trustee has full power and authority to execute and deliver the Obligation and execute and deliver, and to perform its obligations pursuant to, the Trustee Documents.

9. The Trustee has by proper corporate action duly authorized (a) the execution and delivery of, and the due performance of its obligations pursuant to, the Trustee Documents, (b) the execution and delivery of the Obligation, and (c) the taking of any and all other actions as may be required on the part of the Trustee to carry out, give effect to and consummate the transactions contemplated by the Trustee Documents.

10. The Trustee's execution and delivery of the Trustee Documents and its compliance with terms thereof does not contravene any provision of any order, decree, writ or injunction known to the Trustee, or the Trustee's Articles of Association or Bylaws, or result in breach of or default under, or require consent pursuant to any agreement, indenture or other instrument to which the Trustee is a party or by which it is bound.

11. The Trustee has received \$148,000.00 of the proceeds of the Obligation for the payment of Delivery Costs. The balance of the proceeds of the Obligation (\$10,000,000.00) have been transferred by the Owner on the date hereof as described in the Final Closing Memorandum with respect to the Obligation for purposes of acquiring the Project. (The sum of such amounts is equal to the aggregate principal amount of the Obligation.)

[Signature page follows.]

DATED: December 8, 2022

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By 
Authorized Representative

ATTACHMENT:

Evidence of Authority



**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
ASSISTANT SECRETARY'S CERTIFICATE**

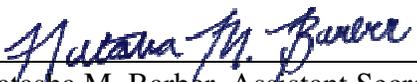
I, Natasha M. Barber, an Assistant Secretary of U.S. Bank Trust Company, National Association, hereby certify that the following is a true and exact extract from the Bylaws of U.S. Bank Trust Company, National Association, a national banking association organized under the laws of the United States.

Section 7.1. Execution of Instruments. All agreements, checks, drafts, orders, indentures, notes, mortgages, deeds, conveyances, transfers, endorsements, assignments, certificates, declarations, receipts, discharges, releases, satisfactions, settlements, petitions, schedules, accounts, affidavits, bonds, undertakings, guarantees, proxies and other instruments or documents may be signed, countersigned, executed, acknowledged, endorsed, verified, delivered or accepted on behalf of the Association, whether in a fiduciary capacity or otherwise, by any officer of the Association, or such employee or agent as may be designated from time to time by the Board by resolution, or by the Chairman or the President by written instrument, which resolution or instrument shall be certified as in effect by the Secretary or an Assistant Secretary of the Association. The provisions of this section are supplementary to any other provision of the Articles of Association or Bylaws.

I further certify that the following individuals have been appointed officers of the Association to act under Section 7.1 of the Bylaws of the Association and that such authority is in full force and effect as of the date hereof and have not been modified, amended or revoked.

Mary J. Ambriz-Reyes	Vice President	Eunice B. Ortega	Assistant Vice President
Keith N. Henselen	Vice President	Linda Y. Riley	Assistant Vice President
Michelle A. Knutson	Vice President		

IN WITNESS WHEREOF, I have set my hand this 2nd day of August, 2022.



Natasha M. Barber, Assistant Secretary

\$10,148,000
CITY OF SEDONA, ARIZONA
EXCISE TAX REVENUE OBLIGATION, SECOND SERIES 2022

RECEIPT FOR OBLIGATION AND CERTIFICATE OF PURCHASER

The undersigned, on behalf of ZMFU II, Inc., the purchaser (the “Purchaser”) of the above-referenced Obligation (the “Obligation”), acting for and on behalf of the Purchaser, does hereby acknowledge receipt on this date, from U.S. Bank Trust Company, National Association, as trustee, of the Obligation, fully executed and delivered, in fully registered, physically certificated form, dated the date hereof, payable on the date and in the principal amount and bearing interest at the per annum rate indicated in the Obligation.

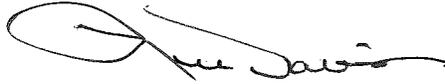
The undersigned, on behalf of the Purchaser, hereby certifies that the Purchaser is purchasing the Obligation for the amount of \$10,148,000.00 and that the terms of the purchase and the amount of the Obligation and the interest rate on the same represent the “arm’s length” agreement negotiated by the Purchaser and the City of Sedona, Arizona (the “Issuer”), and that the Purchaser is being paid no fee for its services in connection with the execution and delivery of the Obligation.

The undersigned, on behalf of the Purchaser, further certifies that the Purchaser (a) is purchasing the Obligation for its own account and without a present intention to sell, reoffer or otherwise dispose any portion thereof or interest therein to any other person has not contracted with any person pursuant to a written agreement to have such person participate in the initial sale of the Obligation; provided, however, that the Purchaser retains the right to transfer the Obligation or any interest therein in accordance with the terms of the Trust Agreement pursuant to which the Obligation was executed and delivered; and (b) is not an Underwriter or a related party to an Underwriter in connection with its purchase of the Obligation. For purposes of this paragraph, “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligation to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this sentence to participate in the initial sale of the Obligation to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Obligation to the Public); “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an underwriter; and “*related party*” generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly. The Purchaser makes no representations regarding the legal import or sufficiency of any of the representations contained herein.

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

DATED: December 8, 2022

ZMFU II, Inc.



By.....
Authorized Representative

City of Sedona, Arizona

Stifel, Nicolaus & Company, Incorporated

Re: City of Sedona, Arizona Excise Tax Revenue Obligation, Second Series 2022

Ladies and Gentlemen:

The undersigned (the “Purchaser”) hereby acknowledges that it is purchasing the \$10,148,000 aggregate principal amount City of Sedona, Arizona Excise Tax Revenue Obligation, Second Series 2022 (the “Obligation”), authorized to be executed and delivered pursuant to Resolution No. 2022-34 (the “Resolution”) adopted by the Mayor and Council of the City of Sedona, Arizona (the “Issuer”) on November 22, 2022. The Obligation will be executed and delivered pursuant to the Fifth Trust Agreement, dated as of December 1, 2022 (the “Trust Agreement”), by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution, the Trust Agreement and the Placement Materials (as defined in the hereinafter defined Placement Agreement).

This letter is being provided pursuant to a Placement Agent Agreement, dated November 22, 2022 (the “Placement Agreement”), between the Issuer and Stifel, Nicolaus & Company, Incorporated (the “Placement Agent”).

The Purchaser acknowledges that the proceeds of the Obligation will be used for the purposes described in the Resolution. The Obligation shall be payable from the sources described in the Trust Agreement.

In connection with the sale of the Obligation to the Purchaser, the Purchaser hereby makes the following representations upon which you may rely:

1. The Purchaser has the authority and is duly authorized to purchase the Obligation and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with its purchase of the Obligation. The Purchaser (a) 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 (b) has the present intent to hold the Obligation to maturity or earlier redemption or mandatory tender.
2. The Purchaser 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 Rule 501(a)(1), (2), (3), (7), or (8) under the Securities Act.

3. The Purchaser is not purchasing the Obligation for more than one account or with a view to distributing the Obligation.
4. The Purchaser understands that the Obligation is not, and is 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 Obligation (a) is 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 or a CUSIP identification number, and (d) will be delivered in a form that may not be readily marketable.
5. The Purchaser acknowledges that it has either been supplied with or been given access to information, including the Placement Materials, to which it as a reasonable lender has requested from the Issuer as a result of it having attached significance thereto in making its lending decision with respect to the Obligation, and the Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals, including its own counsel, concerning the Issuer and the Obligation and the security therefor so that, as a reasonable lender, the Purchaser has been able to make a decision to purchase the Obligation. The Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the Obligation.
6. The Purchaser acknowledges that the obligations of the Issuer with respect to the Obligation are payable solely from the sources described in the Trust Agreement.
7. The Purchaser has made its own inquiry and analysis with respect to the Obligation and the security therefor, and other material factors affecting the security and payment of the Obligation. The Purchaser is aware that there are certain economic and regulatory variables and risks that could adversely affect the security for the Obligation. The Purchaser has reviewed the documents executed in conjunction with the execution and delivery of the Obligation, or summaries thereof, including, without limitation, the Resolution.
8. The Purchaser acknowledges and agrees that the Placement Agent and the Issuer take no responsibility for, and make no representation to the Purchaser, or any subsequent purchaser, with regard to, a sale, transfer or other disposition of the Obligation in violation of the provisions of the Trust Agreement, or any securities law or income tax law consequences thereof. The Purchaser also acknowledges that, with respect to the Issuer’s obligations and liabilities, the Purchaser is solely responsible for compliance with the sales restrictions on the Obligation in connection with any subsequent transfer of the Obligation made by the Purchaser.
9. The Purchaser 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 Obligation and this Purchaser Letter. The Purchaser also covenants to comply

with all applicable federal and state securities laws, rules and regulations in connection with any resale or transfer of the Obligation by the Purchaser.

10. The Purchaser acknowledges that the sale of the Obligation to the Purchaser is made in reliance upon the certifications, representations, and warranties herein made to the addressees hereto.
11. The interpretation of the provisions hereof shall be governed and construed in accordance with State of Arizona law without regard to principles of conflicts of laws.
12. All representations of the Purchaser contained in this letter shall survive the execution and delivery of the Obligation to the Purchaser as representations of fact existing as of the date of execution and delivery of this Purchaser Letter.

Date: December 8, 2022

Very truly yours,

Purchaser: ZMFU II, Inc.

A handwritten signature in black ink, appearing to be "Michael J. ...", written over a dotted line.

By:.....

Authorized Representative

December 8, 2022

U.S. Bank Trust Company, National Association
Phoenix, Arizona

Re: Excise Tax Revenue Obligation, Second Series 2022 Evidencing the Interest of the Owner Thereof in Purchase Payments to be Made by the City of Sedona, Arizona to U.S. Bank Trust Company, National Association, as Trustee, Dated the Date Hereof

We have examined the transcript of proceedings (the “Transcript”) relating to the execution and delivery by U.S. Bank Trust Company, National Association (the “Trustee”) of the Excise Tax Revenue Obligation, Second Series 2022 (the “Obligation”), pursuant to a Fifth Trust Agreement, dated as of December 1, 2022 (the “Trust Agreement”), between the Trustee and the City of Sedona, Arizona (the “City”). The Obligation is all of the interests in certain payments to be made by the City pursuant to a Fifth Purchase Agreement, dated as of December 1, 2022 (the “Purchase Agreement”), between the Trustee, as seller, and the City, as purchaser, to finance certain projects for the City. In addition, we have examined such other proceedings, proofs, instruments, certificates and other documents as well as such other materials and such matters of law as we have deemed necessary or appropriate for the purposes of the opinions rendered herein below.

In such examination, we have examined originals (or copies certified or otherwise identified to our satisfaction) of the foregoing and have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as copies and the accuracy of the statements contained in such documents. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid documents contained in the Transcript. We have also relied upon the opinions of the City Attorney delivered even date herewith as to the matters provided therein.

Greenberg Traurig, LLP | Attorneys at Law

2375 East Camelback Road | Suite 800 | Phoenix, Arizona 85016 | T +1 602.445.8000 | F +1 602.445.8100

Albany. Amsterdam. Atlanta. Austin. Berlin¹. Boston. Charlotte. Chicago. Dallas. Delaware. Denver. Fort Lauderdale. Houston. Las Vegas. London.² Long Island. Los Angeles. Mexico City³. Miami. Milan⁴. Minneapolis. New Jersey. New York. Northern Virginia. Orange County. Orlando. Philadelphia. Phoenix. Portland. Sacramento. Salt Lake City. San Francisco. Seoul⁵. Shanghai. Silicon Valley. Tallahassee. Tampa. Tel Aviv⁶. Tokyo⁷. Warsaw⁸. Washington, D.C. West Palm Beach. Westchester County.

Based upon such examination, we are of the opinion that, under the law existing on the date of this opinion:

1. The Obligation, the Trust Agreement and the Purchase Agreement are legal, valid, binding and enforceable in accordance with their respective terms, except that the binding effect and enforceability thereof and the rights thereunder are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting the rights of creditors generally; except to the extent that the enforceability thereof and the rights thereunder may be limited by the application of general principles of equity and, as to the Trust Agreement, except to the extent that the enforceability of the indemnification provisions thereof may be affected by applicable securities laws.

2. The obligations of the City pursuant to the Purchase Agreement with respect to payment of principal and interest with respect to the Obligation are solely from the revenues and other moneys pledged and assigned pursuant to the Trust Agreement to secure such payments. Those revenues and other moneys include payments required to be made by the City pursuant to the Purchase Agreement, and the obligation of the City to make those payments is secured by a limited pledge of amounts from “Excise Taxes” as described in, and provided by, the Purchase Agreement. Such payments are not secured by an obligation or pledge of any moneys raised by taxation other than the specified taxes; the Obligation does not represent or constitute a debt or pledge of the general credit of the City and the Purchase Agreement, including the obligation of the City to make the payments required thereunder, does not represent or constitute a debt or pledge of the general credit of the City.

3. (a) Based on the representations and covenants of the City and subject to the assumption stated in the last sentence of this paragraph, under existing statutes, regulations, rulings and court decisions, the portion of each payment made by the City pursuant to the Purchase Agreement, denominated and comprising interest and received by the owner of the Obligation (the “Interest Portion”), is excludable from the gross income of the owner thereof for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the case of the alternative minimum tax imposed by Section 55(b)(2) of the Internal Revenue Code of 1986, as amended (the “Code”), on applicable corporations (as defined in Section 59(k) of the Code), the Interest Portion is not excluded from the determination of adjusted financial statement income for tax years beginning after 2022. We express no opinion regarding other federal tax consequences resulting from the receipt or accrual of the Interest Portion on, or ownership or disposition of, the Obligation. The Code includes requirements which the City must continue to meet after the execution and delivery of the Obligation in order that the Interest Portion not be included in gross income for federal income tax purposes. The failure of the City to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactive to the date of issuance. The City has covenanted in the Purchase Agreement to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion. (Subject to the same limitations in the first

numbered paragraph hereof as they would relate to such covenants, the City has full legal power and authority to comply with such covenants.) In rendering the opinion expressed in this paragraph, we have assumed continuing compliance with the tax covenants referred to hereinabove that must be met after the execution and delivery of the Obligation in order that the Interest Portion not be included in gross income for federal tax purposes.

(b) Assuming the Interest Portion is so excludable for federal income tax purposes, the Interest Portion is exempt from income taxation under the laws of the State of Arizona. (We express no opinion regarding other State tax consequences resulting from the receipt or accrual of the Interest Portion on, or disposition or ownership of, the Obligation.)

Our opinion represents our legal judgment based upon our review of the law and the facts we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

Greenberg Traurig, LLP

December 8, 2022

ZMFU II, Inc.
Mesa, Arizona

Stifel, Nicolaus & Company, Incorporated
Phoenix, Arizona

Re: Excise Tax Revenue Obligation, Second Series 2022 Evidencing the Interest of the Owner Thereof in Purchase Payments to be Made by the City of Sedona, Arizona to U.S. Bank Trust Company, National Association, as Trustee, Dated the Date Hereof

We have today delivered to you a copy of our executed legal opinion as special counsel, dated this date (the “Approving Opinion”), relating to the execution and delivery of the captioned Obligation. You are entitled, as purchaser and placement agent, respectively, with respect to the Obligation, to rely upon the Approving Opinion as if it were addressed to you.

Based on the examination described in the Approving Opinion, we hereby supplement the Approving Opinion and further advise you that the Obligation is an exempted security under the Securities Act of 1933, as amended (the “1933 Act”), and it is not necessary, in connection with the offering and sale of the Obligation, to register the Obligation under the 1933 Act or to qualify the Fifth Trust Agreement, which provides for the execution and delivery of the Obligation, under the Trust Indenture Act of 1939, as amended.

This opinion may be relied upon only by you and by persons to whom we grant written permission to do so.

Yours truly,



Greenberg Traurig, LLP | Attorneys at Law

2375 East Camelback Road | Suite 800 | Phoenix, Arizona 85016 | T +1 602.445.8000 | F +1 602.445.8100

Albany. Amsterdam. Atlanta. Austin. Berlin¹. Boston. Charlotte. Chicago. Dallas. Delaware. Denver. Fort Lauderdale. Houston. Las Vegas. London.² Long Island. Los Angeles. Mexico City³. Miami. Milan⁴. Minneapolis. New Jersey. New York. Northern Virginia. Orange County. Orlando. Philadelphia. Phoenix. Portland. Sacramento. Salt Lake City. San Francisco. Seoul⁵. Shanghai. Silicon Valley. Tallahassee. Tampa. Tel Aviv⁶. Tokyo⁷. Warsaw⁸. Washington, D.C. West Palm Beach. Westchester County.



City Attorney's Office
102 Roadrunner Dr.
Sedona, AZ 86336

Kurt W. Christianson, City Attorney
William A. Kunisch, City Prosecutor
Roger L. Tarbutton, Assistant City Attorney

ITEM 13

December 8, 2022

ZMFU II, Inc.
Mesa, Arizona

Greenberg Traurig, LLP
Phoenix, Arizona

Re: Excise Tax Revenue Obligation, Second Series 2022 Evidencing Proportionate Interests of the Owners Thereof in Purchase Payments to be Made by the City of Sedona, Arizona to U.S. Bank Trust Company, National Association, as Trustee, Dated the Date Hereof

I hold the office of City Attorney of the City of Sedona, Arizona (the "City"), and in that capacity render this opinion in connection with the placement of the captioned Obligation (the "Obligation"). (The capitalized terms used in this opinion and not otherwise defined herein have the meaning ascribed to them in the Placement Agent Agreement, dated November 22, 2022, between the City and Stifel, Nicolaus & Company, Incorporated.)

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

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

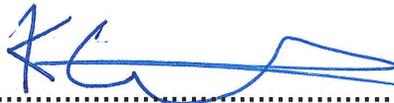
1. The City is duly organized and validly incorporated as a municipal corporation in accordance with the Constitution and laws of the State of Arizona and has all requisite power and authority thereunder to enter into and perform its agreements in accordance with the Resolution and its covenants and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

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

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

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

Respectfully submitted,



.....
Kurt W. Christianson
City Attorney, City of Sedona, Arizona

Part I Reporting Authority		Check box if Amended Return <input type="checkbox"/>	
1 Issuer's name City of Sedona, Arizona		2 Issuer's employer identification number (EIN) 86-0596516	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address) 102 Roadrunner Drive		Room/suite	5 Report number (For IRS Use Only) 3
6 City, City, or post office, state, and ZIP code Sedona, Arizona 86336-3710		7 Date of issue 12/08/2022	
8 Name of issue Excise Tax Revenue Obligation, Second Series 2022		9 CUSIP number None	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information Karen Osburn, City Manager		10b Telephone number of officer or other employee shown on 10a 928-282-3113	

Part II Type of Issue (Enter the issue price.) See the instructions and attach schedule.	
11 Education	11
12 Health and hospital	12
13 Transportation	13
14 Public safety	14
15 Environment (including sewage bonds)	15
16 Housing	16
17 Utilities	17
18 Other. Describe Land acquisition	18 \$10,148,000.00
19a If bonds are TANs or RANs, check only box 19a	<input type="checkbox"/>
b If bonds are BANs, check only box 19b	<input type="checkbox"/>
20 If bonds are in the form of a lease or installment sale, check box	<input type="checkbox"/>

Part III Description of Bonds. Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	07/01/2037	\$ 10,148,000.00	\$ 10,148,000.00	8.1920 years	4.2095 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)				
22	Proceeds used for accrued interest.....	22		
23	Issue price of entire issue (enter amount from line 21, column (b)).....	23	\$10,148,000.00	
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	148,000.00	
25	Proceeds used for credit enhancement.....	25		
26	Proceeds allocated to reasonably required reserve or replacement fund	26		
27	Proceeds used to refund prior tax-exempt bonds. Complete Part V	27		
28	Proceeds used to refund prior taxable bonds. Complete Part V.....	28		
29	Total (add lines 24 through 28)	29	148,000.00	
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	\$10,000,000.00	

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.			
31	Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded.....	▶	_____
32	Enter the remaining weighted average maturity of the taxable bonds to be refunded.....	▶	_____
33	Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY)	▶	_____
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)		_____

Part VI Miscellaneous

- | | |
|------------|--|
| 35 | |
| 36a | |
| 37 | |
- 35** Enter the amount of the state volume cap allocated to the issue under section 141(b)(5).....
 - 36a** Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions
 - b** Enter the final maturity date of the GIC ▶ (MM/DD/YYYY) _____
 - c** Enter the name of the GIC provider ▶ _____
 - 37** Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units.....
 - 38a** If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ and enter the following information:
 - b** Enter the date of the master pool bond ▶ (MM/DD/YYYY) _____
 - c** Enter the EIN of the issuer of the master pool bond ▶ _____
 - d** Enter the name of the issuer of the master pool bond ▶ _____
 - 39** If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box..... ▶
 - 40** If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box..... ▶
 - 41a** If the issuer has identified a hedge, check here ▶ and enter the following information:
 - b** Name of hedge provider ▶ _____
 - c** Type of hedge ▶ _____
 - d** Term of hedge ▶ _____
 - 42** If the issuer has superintegrated the hedge, check box ▶
 - 43** If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box..... ▶
 - 44** If the issuer has established written procedures to monitor the requirements of section 148, check box..... ▶
 - 45a** If some portion of the proceeds was used to reimburse expenditures, check here ▶ and enter the amount of reimbursement ▶ _____
 - b** Enter the date the official intent was adopted ▶ (MM/DD/YYYY) _____

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.				
	Signature of issuer's authorized representative	12/08/2022 Date	Scott Jablow, Mayor Type or print name and title		
Paid Preparer Use Only	Print/Type preparer's name Solomon Cadle	Preparer's signature <i>Solomon Cadle</i>	Date 12/22/2022	Check <input type="checkbox"/> if self-employed	PTIN P01481569
	Firm's name ▶ Greenberg Traurig, LLP			Firm's EIN ▶ 13-3613083	
	Firm's address ▶ 2101 L Street, N.W., Suite 1000, Washington, D.C. 20037			Phone no. 202-331-3113	

December 27, 2022

VIA UPS NEXT DAY AIR

Department of the Treasury
Ogden – Internal Revenue Submission Processing Center
1973 Rulon White Blvd.
Ogden, UT 84201

\$10,148,000
CITY OF SEDONA, ARIZONA
EXCISE TAX REVENUE OBLIGATION,
SECOND SERIES 2022

Ladies and Gentlemen:

We enclose, pursuant to section 149(e) of the Internal Revenue Code, the I.R.S. Form 8038-G relating to the above-captioned obligations.

Sincerely,



Sharon Rush
Legal Secretary to Paul Gales

Enclosure

Rush, Sharon L. (LSS-PHX-BD)

From: UPS <pkginfo@ups.com>
Sent: Wednesday, December 28, 2022 10:09 AM
To: Rush, Sharon L. (LSS-PHX-BD)
Subject: UPS Delivery Notification, Tracking Number 1Z0049VA0195019830 - SEDONA

EXTERNAL TO GT



Hello, your package has been delivered.

Delivery Date: Wednesday, 12/28/2022

Delivery Time: 9:29 AM

Left At: RECEIVER

Signed by: MORGAN

GREENBERG TRAUIG

Tracking Number: [1Z0049VA0195019830](#)

Ship To: OGDEN - INTERNAL REVENUE SUBMISSION
1973 RULON WHITE BLVD.
OGDEN, UT 842011000
US

Number of Packages: 1

UPS Service: UPS Next Day Air®

Package Weight: 0.0 LBS

Reference Number: 062915.011000

Reference Number: SEDONA, SECOND SERIES 2022

Reference Number: RUSH

Discover more about UPS:

- [Visit www.ups.com](http://www.ups.com)
- [Sign Up For Additional E-Mail From UPS](#)
- [Read Compass Online](#)

Error!
Hyperlink [Download the UPS mobile app](#)
reference
not valid.

Report of Bond and Security Issuance Pursuant To A.R.S. § 35-501B

This information is due to the Arizona State Department of Administration
within 60 days of the issue.

1. Jurisdiction: City of Sedona, Arizona	
2. Issue name / title: Excise Tax Revenue Obligation, Second Series 2022	
3. Dated Date: December 8, 2022 Closing Date: December 8, 2022	<i>If multipurpose and is subject to more than one debt limit, please designate appropriate portion</i>
5. Overall interest rate (TIC OR NIC): 4.2095% TIC 4.2100% NIC	4. Par amount: N/A 6. Type of Bond or Security: Participating interest in installment payments under purchase agreement
7. Repayment sources: Excise tax revenues and State shared revenues	
8. Total amount outstanding: \$ 47,721,000	9. Total amount outstanding of senior or subordinate bonds: \$ 0
10. Original issue price: Attach Schedule 1 a. Par Amount (Principal Amount) \$ 10,148,000.00	11. Total limitations (Constitutional or Statutory) on the type of bonds/securities issued: <u>N/A</u> <i>If multipurpose and is subject to more than one limitation provide information for each limitation</i> For General Obligation Bonds: a. Secondary net assessed value: \$ b. Debt limit percentage: c. Total debt limit: \$
b. Original Issue Discount (-) \$ 0.00	
c. Premium Amount (+) \$ 0.00	
d. Original Issue Price (=) \$ 10,148,000.00	
e. Placement Agent Compensation(-) \$ (101,480.00)	
f. Net Proceeds (=) \$ 10,046,520.00	
14. Remaining authorized amount: \$ N/A	12. Available debt limit: \$ N/A 13. Total amount authorized: \$ N/A 15. If voter authorized, Election dates: N/A

16. Attach a detailed listing of Issue Cost.

17. Attach the Debt Service Schedule.

18. Attach Form 8038.

19. Attach Final Official Statement.

**Arizona State Department of Administration
Report of Bond and Security Issuance**

Schedule 1

For each maturity date, list either the Original Issue Discount or the Premium Amount. The total of these figures should equal the amounts listed on 10b and 10c on the form. In all cases, 10a - 10b + 10c - 10e = 10f.

Name of Issue: City of Sedona, Arizona Excise Tax Revenue Obligation, Second Series 2022

Par Amount: \$10,148,000

Date Closed: December 8, 2022

Maturity Date (July 1)	Par Amount (Principal Amount) 10a	Coupon Rate	Yield	Original Issue Price	Premium or Discount 10b or 10c
2037	\$10,148,000	4.21%	4.21%	\$10,148,000.00	\$ --
TOTALS	\$10,148,000	N/A	N/A	\$10,148,000.00	\$ --
10e. Underwriter's Discount and/or Placement Agent Fee, if any				(101,480.00)	
10f. Net Proceeds (as shown on issuance form)				\$10,046,250.00	

Arizona State Department of Administration
Report of Bond and Security Issuance

Schedule 2

Listing of Issuance Costs

Name of Issue: City of Sedona, Arizona Excise Tax Revenue Obligation, Second Series 2022 Date Closed: December 8, 2022

(A) Underwriter's compensation -	\$	
(B) Bond Counsel fees -	\$	45,000.00
(C) Financial advisor fees -	\$	
(D) Verification agent fees -	\$	
(E) Placement agent fees -	\$	101,480.00
(F) Investment securities brokerage fees -	\$	
(G) Escrow trustee fees -	\$	
(H) Trustee fees -	\$	1,375.00
(I) Credit enhancement fees -	\$	
(J) Rating agency fees -	\$	
(K) Official statement printing and prep costs -	\$	
(L) DTC/CUSIPs/Blue Sky -	\$	
(M) Internet roadshow fees -	\$	
(N) Other - Miscellaneous	\$	145.00

Arizona State Department of Administration
Report of Bond and Security Issuance

Debt Service Schedule

Name of Issue: City of Sedona, Arizona Excise Tax Revenue Obligation, Second Series 2022

Date Closed: December 8, 2022

City of Sedona, Arizona
Excise Tax Revenue Obligation, Second Series 2022
Direct Placement with ZMFU II, Inc.
*** FINAL NUMBERS ***

Dated Date 12/08/2022
Delivery Date 12/08/2022

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/08/2022					
07/01/2023	669,000	4.210%	240,910.70	909,910.70	909,910.70
01/01/2024			199,532.95	199,532.95	
07/01/2024	511,000	4.210%	199,532.95	710,532.95	910,065.90
01/01/2025			188,776.40	188,776.40	
07/01/2025	532,000	4.210%	188,776.40	720,776.40	909,552.80
01/01/2026			177,577.80	177,577.80	
07/01/2026	555,000	4.210%	177,577.80	732,577.80	910,155.60
01/01/2027			165,895.05	165,895.05	
07/01/2027	578,000	4.210%	165,895.05	743,895.05	909,790.10
01/01/2028			153,728.15	153,728.15	
07/01/2028	602,000	4.210%	153,728.15	755,728.15	909,456.30
01/01/2029			141,056.05	141,056.05	
07/01/2029	628,000	4.210%	141,056.05	769,056.05	910,112.10
01/01/2030			127,836.65	127,836.65	
07/01/2030	654,000	4.210%	127,836.65	781,836.65	909,673.30
01/01/2031			114,069.95	114,069.95	
07/01/2031	682,000	4.210%	114,069.95	796,069.95	910,139.90
01/01/2032			99,713.85	99,713.85	
07/01/2032	710,000	4.210%	99,713.85	809,713.85	909,427.70
01/01/2033			84,768.35	84,768.35	
07/01/2033	740,000	4.210%	84,768.35	824,768.35	909,536.70
01/01/2034			69,191.35	69,191.35	
07/01/2034	772,000	4.210%	69,191.35	841,191.35	910,382.70
01/01/2035			52,940.75	52,940.75	
07/01/2035	804,000	4.210%	52,940.75	856,940.75	909,881.50
01/01/2036			36,016.55	36,016.55	
07/01/2036	838,000	4.210%	36,016.55	874,016.55	910,033.10
01/01/2037			18,376.65	18,376.65	
07/01/2037	873,000	4.210%	18,376.65	891,376.65	909,753.30
	10,148,000		3,499,871.70	13,647,871.70	13,647,871.70

**Arizona State Department of Administration
Report of Bond and Security Issuance**

Form 8038-G

Name of Issue: City of Sedona, Arizona Excise Tax Revenue Obligation, Second
Series 2022

Date Closed: December 8, 2022

Attached

Part I Reporting Authority		Check box if Amended Return <input type="checkbox"/>	
1 Issuer's name City of Sedona, Arizona		2 Issuer's employer identification number (EIN) 86-0596516	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address) 102 Roadrunner Drive		Room/suite	5 Report number (For IRS Use Only) 3
6 City, City, or post office, state, and ZIP code Sedona, Arizona 86336-3710		7 Date of issue 12/08/2022	
8 Name of issue Excise Tax Revenue Obligation, Second Series 2022		9 CUSIP number None	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information Karen Osburn, City Manager		10b Telephone number of officer or other employee shown on 10a 928-282-3113	

Part II Type of Issue (Enter the issue price.) See the instructions and attach schedule.	
11 Education	11
12 Health and hospital	12
13 Transportation	13
14 Public safety	14
15 Environment (including sewage bonds)	15
16 Housing	16
17 Utilities	17
18 Other. Describe Land acquisition	18 \$10,148,000.00
19a If bonds are TANs or RANs, check only box 19a	<input type="checkbox"/>
b If bonds are BANs, check only box 19b	<input type="checkbox"/>
20 If bonds are in the form of a lease or installment sale, check box	<input type="checkbox"/>

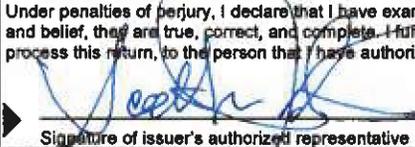
Part III Description of Bonds. Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	07/01/2037	\$ 10,148,000.00	\$ 10,148,000.00	8.1920 years	4.2095 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)				
22	Proceeds used for accrued interest	22		
23	Issue price of entire issue (enter amount from line 21, column (b))	23	\$10,148,000.00	
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	148,000.00	
25	Proceeds used for credit enhancement	25		
26	Proceeds allocated to reasonably required reserve or replacement fund	26		
27	Proceeds used to refund prior tax-exempt bonds. Complete Part V	27		
28	Proceeds used to refund prior taxable bonds. Complete Part V	28		
29	Total (add lines 24 through 28)	29	148,000.00	
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	\$10,000,000.00	

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.			
31	Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded	▶	
32	Enter the remaining weighted average maturity of the taxable bonds to be refunded	▶	
33	Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY)	▶	
34	Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	▶	

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5).....	35	
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions	36a	
b Enter the final maturity date of the GIC ▶ (MM/DD/YYYY) _____		
c Enter the name of the GIC provider ▶ _____		
37 Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units.....	37	
38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ <input type="checkbox"/> and enter the following information:		
b Enter the date of the master pool bond ▶ (MM/DD/YYYY) _____		
c Enter the EIN of the issuer of the master pool bond ▶ _____		
d Enter the name of the issuer of the master pool bond ▶ _____		
39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box.....		▶ <input type="checkbox"/>
40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box.....		▶ <input type="checkbox"/>
41a If the issuer has identified a hedge, check here ▶ <input type="checkbox"/> and enter the following information:		
b Name of hedge provider ▶ _____		
c Type of hedge ▶ _____		
d Term of hedge ▶ _____		
42 If the issuer has superintegrated the hedge, check box		▶ <input type="checkbox"/>
43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box.....		▶ <input checked="" type="checkbox"/>
44 If the issuer has established written procedures to monitor the requirements of section 148, check box.....		▶ <input checked="" type="checkbox"/>
45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ <input type="checkbox"/> and enter the amount of reimbursement		▶ _____
b Enter the date the official intent was adopted ▶ (MM/DD/YYYY) _____		

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.				
	 Signature of issuer's authorized representative	12/08/2022 Date	Scott Jablow, Mayor Type or print name and title		
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Solomon Cadle				P01481569
	Firm's name ▶ Greenberg Traurig, LLP			Firm's EIN ▶ 13-3613083	
Firm's address ▶ 2101 L Street, N.W., Suite 1000, Washington, D.C. 20037			Phone no. 202-331-3113		

**Arizona State Department of Administration
Report of Bond and Security Issuance**

Final Official Statement

Name of Issue: City of Sedona, Arizona Excise Tax Revenue Obligation, Second
Series 2022

Date Closed: December 8, 2022

None

Rush, Sharon L. (LSS-PHX-BD)

From: OpenBooks - ADOA <openbooks+canned.response@azdoa.gov>
Sent: Friday, December 9, 2022 12:38 PM
To: prvs=934258ef6e=sharon.rush@gtlaw.com
Subject: Re: ADOA Report of Bond Filing / City of Sedona, AZ ETO Second Series 2022

EXTERNAL TO GT

We have received your email and will process your request in the order in which it was received. At this time, we are experiencing large volumes of emails. If we have any further questions or need additional information we will contact you. Thank you for understanding.

Sincerely,

Outstanding Indebtedness Report

Arizona Financial Transparency Portal Team

ADOA – General Accounting Office | State of Arizona
100 North 15th Avenue, Suite 302, Phoenix, AZ 85007
Jolene Teeters: 602.542.6232 | Heather Glaser: 602-542-5407

14 Pages Total via Email

FINAL CLOSING MEMORANDUM

	<u>Phone</u>	<u>Email Address</u>
TO: Those included on the attached Closing Distribution List – Attachment A		
FROM: Mark Reader – Stifel, Nicolaus & Company, Incorporated	(602) 794-4011	mreader@stifel.com
Jack Leeper – Stifel, Nicolaus & Company, Incorporated	(602) 794-4052	jleeper@stifel.com
Jillian Johnson – Stifel, Nicolaus & Company, Incorporated	(602) 794-4009	johnsonjill@stifel.com
Ruth Thompson – Stifel, Nicolaus & Company, Incorporated	(602) 794-4013	rthompson@stifel.com
DATE: December 6, 2022		
RE:	\$10,148,000	
	City of Sedona, Arizona	
	Excise Tax Revenue Obligation, Second Series 2022	

ZMFU II, Inc. (the “Purchaser”), purchased the above-referenced obligation (the “Obligation”) of the City of Sedona, Arizona (the “City”). The Obligation is being executed and delivered pursuant to the Fifth Trust Agreement, dated as of December 1, 2022 (the “Trust Agreement”), by and between the City and U.S. Bank Trust Company, National Association as trustee (the “Trustee”). This document provides the final pricing, wire information and Obligation proceeds disposition necessary to close the transaction.

Closing is scheduled for the morning of **Thursday, December 8, 2022** via email confirmation of the receipt of wires.

The following data is included within the attachments:

Attachment A – Closing Distribution List

Attachment B – Bond Data

- Sources and Uses of Funds
- Bond Summary Statistics
- Bond Pricing
- Bond Debt Service
- Cost of Issuance
- Form 8038 Statistics
- Proof of Arbitrage Yield
- Underwriter Exclusion Disclosure

I. Payment by the Purchaser to Yavapai Title Agency the (“Escrow Agent”)

On the morning of **Thursday, December 8, 2022**, no later than 8:00 a.m. (MST), the Purchaser will wire **\$10,000,000.00** to the Escrow Agent.

Wire instructions are as follows:

Wire Instructions:	
BANK:	ZIONS BANCORPORATION, N.A. DBA NATIONAL BANK OF ARIZONA
ROUTING NUMBER:	122105320 201 N MONTEZUMA PRESCOTT, AZ 86301
ACCOUNT NUMBER:	0430004466
ACCOUNT HOLDER:	YAVAPAI TITLE AGENCY, INC.
REFERENCE:	ESCROW NO.: 07007615-710-A02 FOR THE BENEFIT OF: City of Sedona, an Arizona Municipal Corporation

II. Payment by the Purchaser to the Trustee

Also on the morning of **Thursday, December 8, 2022**, not later than 8:00 a.m. (MST) the Purchaser will wire **\$148,000.00** to the Trustee for deposit to the Costs of Issuance Fund. Invoices need to be submitted to the Trustee for payment of expenses from the deposit to the Costs of Issuance Fund.

Wire instructions are as follows:

Wire Instructions:	
BANK:	U.S. Bank National Association 777 E Wisconsin Avenue Milwaukee, WI 53202-5300
ABA#:	091000022
ACCOUNT NUMBER:	180121167365
BNF:	Corp Trust Wire Clearing Acct
REF:	Sedona 2nd Series 2022 #220363000

ATTACHMENT A



City of Sedona, Arizona

Excise Tax Revenue Obligation, Second Series 2022 [Land Acquisition Project]

Closing Distribution List

Issuer:

City of Sedona, Arizona

102 Roadrunner Drive
Sedona, AZ 86336

Karen Osburn, City Manager
(928) 204-7127

email: kosburn@sedonaaz.gov

Joanne Keene, Deputy City Manager
(928) 204-7127

email: jkeene@sedonaaz.gov

Cherie White, Finance Director
(928) 203-5193

e-mail: cwhite@sedonaaz.gov

Kurt Christianson, City Attorney
(928) 204-7200

e-mail: kchristianson@sedonaaz.gov

Bond Counsel:

Greenberg Traurig, LLP

2375 E. Camelback Road, Suite 800
Phoenix, AZ 85016

Michael Cafiso, Esq.
(602) 445-8451

e-mail: cafisom@gtlaw.com

Paul Gales, Esq.
(602) 445-8404

e-mail: galesp@gtlaw.com

Trustee, Bond Registrar & Paying Agent:

U.S. Bank National Association

Corporate Trust Services
101 North First Avenue, Suite 1600
Phoenix, AZ 85003

Mary Ambriz-Reyes, Vice President
(602) 257-5430

e-mail: mary.ambrizreyes@usbank.com

Placement Agent:

Stifel, Nicolaus & Company, Incorporated

2801 E. Camelback Road, Suite 300
Phoenix, AZ 85016

Mark Reader, Managing Director
(602) 794-4011

Cell: (602) 432-4889

e-mail: mreader@stifel.com

Jack Leeper, Assistant Vice President
(602) 794-4052

e-mail: jleeper@stifel.com

Jillian Johnson, Associate
(602) 794-4009

e-mail: johnsonjill@stifel.com

Ruth Thompson, Closing Coordinator
(602) 794-4013

e-mail: rthompson@stifel.com

Purchaser:

NB | AZ Public Financial Services a Division of Zions Bancorporation, N.A. an Affiliate of National Bank of Arizona

1119 West Southern Avenue
Mesa, Arizona 85210

Lee Davis, Managing Director
(480) 756-7122

(602) 402-8202 (cell)

e-mail: lee.davis@zionsbancorp.com

ATTACHMENT B

	<u>Page</u>
Sources and Uses of Funds	1
Bond Summary Statistics	2
Bond Pricing.....	3
Bond Debt Service	4
Cost of Issuance	6
Form 8038 Statistics.....	7
Proof of Arbitrage Yield	8
Underwriter Exclusion Disclosure	9

SOURCES AND USES OF FUNDS

City of Sedona, Arizona
Excise Tax Revenue Obligation, Second Series 2022
Direct Placement with ZMFU II, Inc.
*** FINAL NUMBERS ***

Dated Date	12/08/2022
Delivery Date	12/08/2022

Sources:

Bond Proceeds:	
Par Amount	10,148,000.00
<hr/>	
	10,148,000.00

Uses:

Project Fund Deposits:	
Project Fund	10,000,000.00
Delivery Date Expenses:	
Cost of Issuance	148,000.00
<hr/>	
	10,148,000.00

BOND SUMMARY STATISTICS

City of Sedona, Arizona
 Excise Tax Revenue Obligation, Second Series 2022
 Direct Placement with ZMFU II, Inc.
 *** FINAL NUMBERS ***

Dated Date	12/08/2022
Delivery Date	12/08/2022
First Coupon	07/01/2023
Last Maturity	07/01/2037
Arbitrage Yield	4.209529%
True Interest Cost (TIC)	4.209529%
Net Interest Cost (NIC)	4.210000%
All-In TIC	4.433414%
Average Coupon	4.210000%
Average Life (years)	8.192
Duration of Issue (years)	6.724
Par Amount	10,148,000.00
Bond Proceeds	10,148,000.00
Total Interest	3,499,871.70
Net Interest	3,499,871.70
Total Debt Service	13,647,871.70
Maximum Annual Debt Service	910,382.70
Average Annual Debt Service	937,103.53
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
Term Bond 7/1/2037	10,148,000.00	100.000	4.210%	8.192	6.724	10,959.84
	10,148,000.00			8.192		10,959.84

	TIC	All-In TIC	Arbitrage Yield
Par Value	10,148,000.00	10,148,000.00	10,148,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-148,000.00	
- Other Amounts			
	_____	_____	_____
Target Value	10,148,000.00	10,000,000.00	10,148,000.00
Target Date	12/08/2022	12/08/2022	12/08/2022
Yield	4.209529%	4.433414%	4.209529%

BOND PRICING

City of Sedona, Arizona
 Excise Tax Revenue Obligation, Second Series 2022
 Direct Placement with ZMFU II, Inc.
 *** FINAL NUMBERS ***

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Term Bond 7/1/2037:					
	07/01/2037	10,148,000	4.210%	4.210%	100.000
		10,148,000			

Dated Date		12/08/2022	
Delivery Date		12/08/2022	
First Coupon		07/01/2023	
Par Amount		10,148,000.00	
Original Issue Discount			
Production		10,148,000.00	100.000000%
Underwriter's Discount			
Purchase Price		10,148,000.00	100.000000%
Accrued Interest			
Net Proceeds		10,148,000.00	

BOND DEBT SERVICE

City of Sedona, Arizona
Excise Tax Revenue Obligation, Second Series 2022
Direct Placement with ZMFU II, Inc.
*** FINAL NUMBERS ***

Dated Date 12/08/2022
Delivery Date 12/08/2022

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/08/2022					
07/01/2023	669,000	4.210%	240,910.70	909,910.70	909,910.70
01/01/2024			199,532.95	199,532.95	
07/01/2024	511,000	4.210%	199,532.95	710,532.95	910,065.90
01/01/2025			188,776.40	188,776.40	
07/01/2025	532,000	4.210%	188,776.40	720,776.40	909,552.80
01/01/2026			177,577.80	177,577.80	
07/01/2026	555,000	4.210%	177,577.80	732,577.80	910,155.60
01/01/2027			165,895.05	165,895.05	
07/01/2027	578,000	4.210%	165,895.05	743,895.05	909,790.10
01/01/2028			153,728.15	153,728.15	
07/01/2028	602,000	4.210%	153,728.15	755,728.15	909,456.30
01/01/2029			141,056.05	141,056.05	
07/01/2029	628,000	4.210%	141,056.05	769,056.05	910,112.10
01/01/2030			127,836.65	127,836.65	
07/01/2030	654,000	4.210%	127,836.65	781,836.65	909,673.30
01/01/2031			114,069.95	114,069.95	
07/01/2031	682,000	4.210%	114,069.95	796,069.95	910,139.90
01/01/2032			99,713.85	99,713.85	
07/01/2032	710,000	4.210%	99,713.85	809,713.85	909,427.70
01/01/2033			84,768.35	84,768.35	
07/01/2033	740,000	4.210%	84,768.35	824,768.35	909,536.70
01/01/2034			69,191.35	69,191.35	
07/01/2034	772,000	4.210%	69,191.35	841,191.35	910,382.70
01/01/2035			52,940.75	52,940.75	
07/01/2035	804,000	4.210%	52,940.75	856,940.75	909,881.50
01/01/2036			36,016.55	36,016.55	
07/01/2036	838,000	4.210%	36,016.55	874,016.55	910,033.10
01/01/2037			18,376.65	18,376.65	
07/01/2037	873,000	4.210%	18,376.65	891,376.65	909,753.30
	10,148,000		3,499,871.70	13,647,871.70	13,647,871.70

BOND DEBT SERVICE

City of Sedona, Arizona
Excise Tax Revenue Obligation, Second Series 2022
Direct Placement with ZMFU II, Inc.
*** FINAL NUMBERS ***

Dated Date 12/08/2022
Delivery Date 12/08/2022

Period Ending	Principal	Coupon	Interest	Debt Service
07/01/2023	669,000	4.210%	240,910.70	909,910.70
07/01/2024	511,000	4.210%	399,065.90	910,065.90
07/01/2025	532,000	4.210%	377,552.80	909,552.80
07/01/2026	555,000	4.210%	355,155.60	910,155.60
07/01/2027	578,000	4.210%	331,790.10	909,790.10
07/01/2028	602,000	4.210%	307,456.30	909,456.30
07/01/2029	628,000	4.210%	282,112.10	910,112.10
07/01/2030	654,000	4.210%	255,673.30	909,673.30
07/01/2031	682,000	4.210%	228,139.90	910,139.90
07/01/2032	710,000	4.210%	199,427.70	909,427.70
07/01/2033	740,000	4.210%	169,536.70	909,536.70
07/01/2034	772,000	4.210%	138,382.70	910,382.70
07/01/2035	804,000	4.210%	105,881.50	909,881.50
07/01/2036	838,000	4.210%	72,033.10	910,033.10
07/01/2037	873,000	4.210%	36,753.30	909,753.30
	10,148,000		3,499,871.70	13,647,871.70

COST OF ISSUANCE

City of Sedona, Arizona
Excise Tax Revenue Obligation, Second Series 2022
Direct Placement with ZMFU II, Inc.
*** FINAL NUMBERS ***

Cost of Issuance	\$/1000	Amount
Bond Counsel (Greenberg Traurig)	4.43437	45,000.00
Placement Agent (Stifel)	10.00000	101,480.00
Trustee (U.S. Bank)	0.13549	1,375.00
Miscellaneous	0.01429	145.00
	<hr/> 14.58415	<hr/> 148,000.00

FORM 8038 STATISTICS

City of Sedona, Arizona
 Excise Tax Revenue Obligation, Second Series 2022
 Direct Placement with ZMFU II, Inc.
 *** FINAL NUMBERS ***

Dated Date 12/08/2022
 Delivery Date 12/08/2022

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Term Bond 7/1/2037:						
	07/01/2023	669,000.00	4.210%	100.000	669,000.00	669,000.00
	07/01/2024	511,000.00	4.210%	100.000	511,000.00	511,000.00
	07/01/2025	532,000.00	4.210%	100.000	532,000.00	532,000.00
	07/01/2026	555,000.00	4.210%	100.000	555,000.00	555,000.00
	07/01/2027	578,000.00	4.210%	100.000	578,000.00	578,000.00
	07/01/2028	602,000.00	4.210%	100.000	602,000.00	602,000.00
	07/01/2029	628,000.00	4.210%	100.000	628,000.00	628,000.00
	07/01/2030	654,000.00	4.210%	100.000	654,000.00	654,000.00
	07/01/2031	682,000.00	4.210%	100.000	682,000.00	682,000.00
	07/01/2032	710,000.00	4.210%	100.000	710,000.00	710,000.00
	07/01/2033	740,000.00	4.210%	100.000	740,000.00	740,000.00
	07/01/2034	772,000.00	4.210%	100.000	772,000.00	772,000.00
	07/01/2035	804,000.00	4.210%	100.000	804,000.00	804,000.00
	07/01/2036	838,000.00	4.210%	100.000	838,000.00	838,000.00
	07/01/2037	873,000.00	4.210%	100.000	873,000.00	873,000.00
		10,148,000.00			10,148,000.00	10,148,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	07/01/2037	4.210%	873,000.00	873,000.00		
Entire Issue			10,148,000.00	10,148,000.00	8.1920	4.2095%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	148,000.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00

PROOF OF ARBITRAGE YIELD

City of Sedona, Arizona
Excise Tax Revenue Obligation, Second Series 2022
Direct Placement with ZMFU II, Inc.
*** FINAL NUMBERS ***

Date	Debt Service	Present Value to 12/08/2022 @ 4.2095293125%
07/01/2023	909,910.70	888,785.34
01/01/2024	199,532.95	190,882.77
07/01/2024	710,532.95	665,718.03
01/01/2025	188,776.40	173,223.89
07/01/2025	720,776.40	647,760.76
01/01/2026	177,577.80	156,299.19
07/01/2026	732,577.80	631,503.58
01/01/2027	165,895.05	140,058.50
07/01/2027	743,895.05	615,094.31
01/01/2028	153,728.15	124,490.85
07/01/2028	755,728.15	599,381.90
01/01/2029	141,056.05	109,568.00
07/01/2029	769,056.05	585,064.84
01/01/2030	127,836.65	95,247.89
07/01/2030	781,836.65	570,518.87
01/01/2031	114,069.95	81,522.83
07/01/2031	796,069.95	557,202.69
01/01/2032	99,713.85	68,355.18
07/01/2032	809,713.85	543,627.63
01/01/2033	84,768.35	55,738.81
07/01/2033	824,768.35	531,141.12
01/01/2034	69,191.35	43,639.90
07/01/2034	841,191.35	519,613.85
01/01/2035	52,940.75	32,028.01
07/01/2035	856,940.75	507,743.88
01/01/2036	36,016.55	20,900.18
07/01/2036	874,016.55	496,731.32
01/01/2037	18,376.65	10,228.74
07/01/2037	891,376.65	485,927.10
	13,647,871.70	10,148,000.00

Proceeds Summary

Delivery date	12/08/2022
Par Value	10,148,000.00
Target for yield calculation	10,148,000.00

UNDERWRITER EXCLUSION DISCLOSURE

City of Sedona, Arizona
Excise Tax Revenue Obligation, Second Series 2022
Direct Placement with ZMFU II, Inc.
*** FINAL NUMBERS ***

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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