
FINANCING AGREEMENT

by and between

LAKE HAVASU CITY, ARIZONA,

and

[PURCHASER]

Dated as of [_____] 1, 2017

FINANCING AGREEMENT

THIS FINANCING AGREEMENT, dated as of [_____] 1, 2017 (this “*Financing Agreement*”), by and between Lake Havasu City, Arizona, a municipal corporation and a political subdivision of the State of Arizona (the “*City*”), and [PURCHASER], a national banking association duly organized and existing pursuant to the laws of the United States of America (the “*Bank*”),

W I T N E S S E T H:

WHEREAS, the Mayor and Council of the City have determined that it will be beneficial to its citizens to finance the prepayment of the City’s Arizona Public Safety Personnel Retirement System pension expenditures for the fiscal years 2018 and 2019 (the “*Project*”); and

WHEREAS, in order to finance the costs of the Project, the City desires to issue and sell, and the Bank desires to purchase, the City’s Excise Tax Revenue Bonds, Series 2017 (the “*Series 2017 Bonds*”) in an original principal amount of \$[PAR], in substantially the form set forth as Exhibit A hereto, on the terms set forth in this Financing Agreement; and

WHEREAS, the Series 2017 Bonds will be payable from and secured by Excise Tax Revenues (as defined herein), on a parity with the 2008 GADA Loan (as defined herein) (the Series 2017 Bonds constituting “Parity Obligations” under the 2008 GADA Loan Agreement (as defined herein), and the 2008 GADA Loan constituting Parity Obligations hereunder); and

WHEREAS, the financing of the Project, the execution, sale and delivery of the Series 2017 Bonds and the pledge of Excise Tax Revenues as security therefor, and the execution of this Financing Agreement and all other related agreements pursuant to which the Series 2017 Bonds are issued is authorized pursuant to Resolution No. 17-[_____] , adopted by the Mayor and Council of the City on November [__], 2017; and

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

Section 1. Definitions. The following terms have the following meanings.

“*2008 GADA Loan*” means the loan from the Greater Arizona Development Authority to the City pursuant to the 2008 GADA Loan Agreement, of which \$1,260,000 remains outstanding.

“*2008 GADA Loan Agreement*” means the Loan Repayment Agreement, dated as of April 22, 2008, between the City and the Greater Arizona Development Authority, evidencing the 2008 GADA Loan.

“*Bank*” means [_____] , a national banking association duly organized and existing pursuant to the laws of the United States of America.

“*Business Day*” means any day other than a Saturday, Sunday or legal holiday or a day on which banking institutions in the State are required or permitted to be closed.

“*Closing Date*” means [_____], 2017, which is the closing date and issue date of the Series 2017 Bonds.

“*City*” means Lake Havasu City, Arizona, a municipal corporation and political subdivision of the State.

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

“*Excise Tax Revenues*” means all revenues from the City’s sales and transaction privilege taxes.

“*Financing Agreement*” means this Financing Agreement, dated as of [_____] 1, 2017, between the City and the Bank.

“*Parity Obligations*” means the 2008 GADA Loan and any bonds or other obligations of the City secured by a pledge of, and security interest in, Excise Tax Revenues on parity with the pledge of and security interest in Excise Tax Revenues pledged by this Financing Agreement, issued pursuant to Section 8 hereof.

“*Project*” has the meaning described in the recitals hereto and is to be funded with the proceeds of the Series 2017 Bonds.

“*Series 2017 Bonds*” means \$[PAR] in aggregate principal amount of the Lake Havasu City, Arizona Excise Tax Revenue Bonds, Series 2017, issued, sold and delivered to the Bank pursuant to this Financing Agreement, in substantially the form as forth on Exhibit A hereto.

“*State*” means the State of Arizona.

Section 2. Agreement to Issue Series 2017 Bonds. The City hereby agrees to issue, sell and deliver, and the Bank hereby agrees to purchase, the Series 2017 Bonds in the aggregate original principal amount of \$[PAR] subject to the terms and conditions of this Financing Agreement. The Series 2017 Bonds shall be in substantially the form set forth in Exhibit A hereto.

Section 3. Uses of Proceeds of Series 2017 Bonds. On the Closing Date, upon receipt of the Series 2017 Bonds, the Bank shall transfer to the account of the City proceeds of the Series 2017 Bonds in the amount of \$[PAR]. The City will immediately apply \$[_____] to finance the Project. The remaining amount will be applied to pay legal and financial advisory fees and the costs of the City associated with this Financing Agreement and the Series 2017 Bonds upon receipt by the City of appropriate invoices therefor. Any unexpended balance remaining 60 days after the issuance of the Series 2017 Bonds shall be transferred to the Revenue Fund.

Section 4. Interest Rate; Interest Payments; Principal Payments.

(a) The Series 2017 Bonds will be issued only in fully-registered book-entry-only form, without coupons, will be dated the date of delivery, will be in denominations of \$5,000 each or integral multiples thereof (provided that no single Series 2017 Bond may represent principal amounts maturing on more than one date), and shall be evidenced by one bond certificate for each maturity of the Series 2017 Bonds in the principal amount of the respective maturities of the Series 2017 Bonds.

The Series 2017 Bonds shall be dated and bear interest from their initial date of delivery, computed on the basis of a 360-day-year comprised of twelve 30-day months, payable semiannually on August 1 and February 1 of each year (each an “Interest Payment Date”), commencing February 1, 2018, until the Series 2017 Bonds are paid or redeemed. The Series 2017 Bonds shall mature on August 1 in the years 2018 and 2019 (each a “Principal Payment Date”) in the following principal amounts and shall bear interest at the rates per annum set forth below:

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>[CUSIP]</u>
08/01/2018	\$_[_____]		
08/01/2019	[_____]		

(b) Limited Unconditional Obligation. The obligation of the City to pay principal of and interest on the Series 2017 Bonds shall be limited to payment from the Excise Tax Revenues which are by this Financing Agreement pledged to the payment thereof by the City. The obligation of the City to make the payments from the Excise Tax Revenues and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, abatement, counterclaim, or recoupment arising out of any breach by the Bank of any obligation to the City or otherwise, or out of indebtedness or liability at any time owing to the City by the Bank. Until such time as all of these payments shall have been fully paid or provided for, the City (i) shall not suspend or discontinue any payments provided for in this Section 4, (ii) shall perform and observe all other agreements contained in this Financing Agreement, and (iii) shall not terminate this Financing Agreement for, any cause, including, without limiting the generality of the foregoing, failure of the City to finance the Project or any failure of the City to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Financing Agreement. Nothing contained in this section shall be construed to release the Bank from the performance of any of the agreements on its part herein contained and, in the event the Bank shall fail to perform any such agreements on its part, the City may institute such action against the Bank as the City may deem necessary to compel performance so long as such action does not abrogate the obligations of the City contained in the first sentence of this paragraph (b).

(c) Payment. The City shall pay the principal of and interest coming due on the next succeeding Interest Payment Date by wire transfer in immediately available funds at least 3 days prior to such Interest Payment Date to an address or account of the Bank provided in writing.

(d) Optional Redemption. [The Series 2017 Bonds are subject to call for redemption prior to maturity, at the option of the City, in whole or in part, on any date, at a redemption price equal to the principal amount being redeemed (in integral multiples of \$5,000), together with accrued interest to the optional redemption date. A written notice of intent to redeem shall be given by the City to the Bank at least 30 days prior to the date of optional redemption.] / [The Series 2017 Bonds are not subject to optional redemption prior to maturity.]

(e) Form and Execution.

(1) The Series 2017 Bonds will be in substantially the form set forth in Exhibit A attached hereto with such changes, completions, and insertions as are necessary and appropriate for the preparation and delivery of the Series 2017 Bonds in accordance with the provisions hereof.

(2) All of the Series 2017 Bonds will be executed on behalf of the City by the manual or facsimile signature of the Mayor, or if the Mayor is not available, by the Vice Mayor of the City, or the City Manager, or the Administrative Services Director, and attested by the manual or facsimile signature of the City Clerk, or if the City Clerk is not available, the Assistant Clerk of the City. In case any officer whose manual or facsimile signature appears on any of the Series 2017 Bonds ceases to be that officer before the Series 2017 Bonds are issued and delivered, the Series 2017 Bonds will, nevertheless, be valid and binding obligations of the City, and may be issued and delivered by the City with the same effect, as though the person whose manual or facsimile signature appears on the Series 2017 Bonds had not ceased to be such officer.

Section 5. Pledge. The City hereby irrevocably pledges the Excise Tax Revenues for prompt and punctual payment of amounts due pursuant hereto according to the terms hereof. The City intends that the pledge of the Excise Tax Revenues will constitute a first and senior lien pledge upon such amounts of the Excise Taxes as will be sufficient to make the payments pursuant hereto when due, subject only to the pledge of and lien on the Excise Tax Revenues with respect to the 2008 GADA Loan Agreement, which lien on the Excise Tax Revenues is on parity with the Series 2017 Bonds. All of the payments required pursuant to this Financing Agreement are coequal as to the pledge of, the lien on and the security interest in the Excise Tax Revenues pledged for the payment thereof and share ratably, without preference, priority or distinction, as to the source or method of payment from the Excise Tax Revenues or security therefor. The City agrees and covenants to make such payments from the Excise Tax Revenues, except to the extent it chooses to make the payments from other funds as permitted by Section 7. The obligation of the City to make payments of any amounts due pursuant to this Financing Agreement, including amounts due after default or termination hereof, is limited to payment of the Excise Tax Revenues and shall under no circumstances constitute a general obligation or a pledge of the full faith and credit of the City, the State, or any of its political subdivisions, or require the levy of, or be payable from the proceeds of, any *ad valorem* taxes.

Section 6. Excess Revenues. Subject to the rights of the Greater Arizona Development Authority pursuant to the 2008 GADA Loan Agreement, Excise Tax Revenues in excess of amounts, if any, required to be paid pursuant to this Financing Agreement and any Parity Obligations, shall constitute surplus revenues and may be used by the City for any lawful

purpose for the benefit of the City, including the payment of obligations to which the Excise Tax Revenues may from time to time be pledged on a basis subordinate to this Financing Agreement and the Parity Obligations. If at any time the moneys in the funds and accounts held for payment of amounts due in accordance with this Financing 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 pursuant to the terms of this Financing Agreement, and the transfer of any such sum or sums to said fund or accounts as may be necessary to make up any such deficiency shall be in addition to the then-current transfers required to be made pursuant thereto.

Section 7. Use of Other Funds at the Option of the City. The City may, at the sole option of the City, make payments due pursuant hereto from its other funds as permitted by law and as the City shall determine from time to time, but the Bank acknowledges that it has no claim hereunder to such other funds. Notwithstanding the foregoing, no part of the principal or interest payable pursuant to this Financing Agreement shall be payable out of any *ad valorem* taxes imposed by the City or from bonds or other obligations, to the payment of which the City's general taxing authority is pledged, unless (i) the same shall have been duly budgeted by the City according to law, (ii) such payment or payments shall be within the budget limitations of the statutes of the State, and (iii) any such bonded indebtedness or other obligation is within the debt limitations of the Constitution of the State.

Section 8. Additional Senior/Parity Obligations. So long as any amounts due pursuant hereto remain unpaid or unprovided for, the City will not further encumber the Excise Tax Revenues on a parity with the pledge thereof made pursuant to this Financing Agreement unless the Excise Tax Revenues, in the most recently completed fiscal year of the City, shall have amounted to at least two (2) times the highest combined principal and interest requirements for any succeeding fiscal year of the City for the 2008 GADA Loan, the Series 2017 Bonds and any Parity Obligations secured or so proposed to be secured by such pledge of the Excise Tax Revenues on a parity of lien therewith. In the event that the parity or additional bonds or other obligations so proposed to be secured by a pledge of the Excise Taxes are to be issued as variable rate parity or additional bonds or other variable rate obligations, they shall, for the purpose of such computation, be assumed to bear interest at the maximum permitted interest rate pursuant to the resolution or indenture, authorizing the issuance of such parity or additional bonds or other obligations. Additionally, the City will not encumber the Excise Tax Revenues on a basis senior to the pledge made pursuant to this Financing Agreement so long as any amounts due hereunder remain unpaid or unprovided for.

Section 9. Creation and Use of Revenue Fund. There is hereby created and established with the City a revenue fund in the name of the City designated the "Lake Havasu City, Arizona Excise Tax Revenue Fund" (herein defined as the "Revenue Fund"). All Excise Tax Revenues shall be accounted for and maintained by the City in the Revenue Fund, which fund shall be kept separate and apart from all other accounts of the City and which shall be expended and used by the City only in the manner and order of priority specified below:

(1) As a first charge and lien on the Excise Tax Revenues, upon satisfaction in full of the debt service on the 2008 GADA Loan due on the next upcoming Interest Payment Date, the City shall transfer to the Bank, from the Revenue Fund:

(i) at least 3 days prior to each Interest Payment Date, an amount equal to the interest due on the Series 2017 Bonds on the next succeeding Interest Payment Date; plus

(ii) at least 3 days prior to each Principal Payment Date, an amount equal to the interest and principal due on the Series 2017 Bonds on the next succeeding Principal Payment Date,

the sum of which shall be sufficient to pay the principal of and interest on the Series 2017 Bonds promptly on each such Interest Payment Date or Principal Payment Date as the same become due and payable.

(2) The Excise Tax Revenues remaining after the foregoing deposits and transfers for each Interest Payment Date and Principal Payment Date, may be used at any time for any other lawful purpose, as provided in Section 6.

Section 10. Representations, Warranties and Covenants.

(a) The Bank represents, warrants and covenants that it has the power to enter into this Financing Agreement and purchase the Series 2017 Bonds; that this Financing Agreement is a lawful, valid and binding obligation of the Bank, enforceable against the Bank in accordance with its terms, and has been duly authorized, executed and delivered by the Bank; and that all required procedures for execution and performance of this Financing Agreement, and purchase of the Series 2017 Bonds, by the Bank, including publication of notice, public hearing or competitive bidding, if applicable, have been or will be complied with in a timely manner.

(b) The City represents, warrants and covenants that it has the power to enter into this Financing Agreement and issue the Series 2017 Bonds; that this Financing Agreement and the Series 2017 Bonds are the lawful, valid and binding obligations of the City, enforceable against the City in accordance with their terms, and have been duly authorized, executed and delivered by the City; that all required procedures for execution and performance of this Financing Agreement and the Series 2017 Bonds by the City, including publication of notice, public hearing or competitive bidding, if applicable, have been or will be complied with in a timely manner; neither the execution and delivery of this Financing Agreement or the Series 2017 Bonds, 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 that all payments hereunder will be paid when due out of funds which are legally available for such purposes.

(c) The City represents, warrants and covenants that it is a municipal corporation duly incorporated and validly existing under the laws of the State; the City has disclosed in writing to the Bank all facts that do or will materially adversely affect the properties, operations or financial condition of the City and that any financial statements, notices or other written statements provided by the City to the Bank pursuant hereto will not contain any untrue

statement of a material fact or omit any material fact necessary to make such statements or information not misleading.

(d) The City further represents and warrants that there are no legal or governmental proceedings (including any litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, or any governmental or administrative authority or agency) pending or, to the best of its knowledge, threatened or contemplated (or any basis therefor):

(1) wherein an unfavorable decision, ruling or finding might adversely affect its financial condition or operations, the validity of the Series 2017 Bonds, this Financing Agreement or the transactions contemplated thereby;

(2) challenging in any way the titles of the City officials or their rights to their respective offices;

(3) seeking to restrain or enjoin the issuance, sale or delivery of the Series 2017 Bonds, or the application of the proceeds of the Series 2017 Bonds or the execution, delivery and performance of this Financing Agreement or the source of payment for the Series 2017 Bonds;

(4) contesting or affecting the validity of the Series 2017 Bonds, this Financing Agreement or the collection of revenues or moneys to pay the Series 2017 Bonds;

(5) contesting the existence, boundaries or powers of the City or its authority to adopt the Resolution (defined below), to execute and deliver this Financing Agreement and to issue the Series 2017 Bonds; or

(6) contesting the levy, incorporation, collection or allocation of the taxes included in the pledge herein which could materially adversely impact the payment of the Series 2017 Bonds.

Section 11. Default and Remedies.

(a) (i) Upon (A) the nonpayment of the whole or any part of any payment at the time when the same is due as provided herein, (B) the violation by the City of any other covenant or provision of this Financing Agreement, (C) the occurrence of an event of default with respect to any Parity Obligations, or (D) the insolvency or bankruptcy of the City as the same may be defined pursuant to any law of the United States of America or the State, or any voluntary or involuntary action of the City or others to take advantage of, or to avail itself of, as the case may be, any law for the relief of debtors or creditors, including a petition for reorganization, and

(ii) if such default has not been cured (A), in the case of nonpayment of any principal and interest due hereunder on or prior to the due date, or the nonpayment of principal and interest on any Parity Obligations on their due dates; (B) in the case of the breach of any other covenant or provision of this Financing Agreement not cured within sixty (60) days after the City's receipt of notice in writing from the Bank specifying such default; and (C) in the

case of any other default with respect to any Parity Obligations not cured after any notice and passage of time provided for in accordance with the proceedings pursuant to which any such Parity Obligations were issued,

(iii) The Bank may in the case of nonpayment, (A) take whatever action at law or in equity is necessary or desirable to collect the amounts then due from the City pursuant to this Financing Agreement, or to enforce performance and observance of any pledge, obligation, agreement, or covenant of the City in accordance with this Financing Agreement, (B) with respect to Excise Tax Revenues, and subject to the 2008 GADA Loan, without notice and without giving any bond or surety to the City or anyone claiming pursuant to the City, have a receiver appointed for the Excise Tax Revenues which are pledged to the payments due pursuant hereto, with such powers as the court making such appointment shall confer (and the City does hereby irrevocably consent to such appointment) and (C) pursue any other remedy at law or in equity, including the remedy of specific performance.

(b) The obligations of the City pursuant to this Financing Agreement, including, without limitation, its obligation to make the required payments hereunder, shall survive any remedies exercised pursuant to the provisions of this Section 12, and the City shall continue to pay the principal and interest due pursuant hereto and perform all other obligations provided in this Financing Agreement; provided, however, that the City shall be credited with any amount received by the Bank pursuant to exercise of remedies pursuant to this Section 12.

Section 12. Assignment.

(a) Except as otherwise provided herein, without the prior written consent of the Bank, the City shall not assign, transfer, pledge or hypothecate or otherwise dispose of this Financing Agreement or any interest therein.

(b) The Bank shall be entitled, upon either (i) 10 days' written notice to the City delivered via registered or certified mail requiring verification of final successful delivery and telephonic communication with the Administrative Services Director or successor thereto, or (ii) 10 days' notice to the City and written or e-mail confirmation of receipt thereof from the City, to sell, pledge, assign, transfer and encumber all or any part of its right, title and interest in and to this Financing Agreement, all payments of any kind due or which become due to the Bank pursuant hereto and any of the Series 2017 Bonds, provided, however, that the transferee or assignee shall be bound by the terms hereof and all related agreements executed by the Bank in connection herewith and, upon any such assignment or transfer of the Bank's interest, any such assignee(s) or transferee(s) shall thereafter (collectively, if more than one) become and be deemed to be the Bank for all purposes hereof, and have all of the rights, powers, privileges and remedies, and be subject to all of the covenants and agreements, of the Bank hereunder for all purposes of this Financing Agreement except that the Bank and the City agree and acknowledge that following the Bank's assignment or transfer of its interest hereunder as herein provided, the City shall have no right to abate, reduce, withhold or offset against any payments due any successor of the Bank, or otherwise hereunder, on account of any claims for misrepresentations or any claims for sums due the City from the Bank or any predecessor(s) in interest of the Bank. No sale, assignment or transfer of all or any part of the Bank's right, title and interest in, to and pursuant to this Financing Agreement, payments of any kind due or to become due to the Bank

pursuant hereto or any of the Series 2017 Bonds shall be effective unless and until the notice requirements of the first sentence of this subsection (b) are satisfied and the City has received an original counterpart or photostatic copy of the instrument by which the sale, assignment or transfer is made, disclosing the name, mailing address and tax identification or social security number of each such purchaser, assignee or transferee (including where applicable, the settlor and beneficiaries of any trust and the principal and nominee with respect to any interest to be held in nominee name). Upon satisfaction of the notice requirements of the first sentence of this subsection (b) relating to the Bank's sale, assignment or transfer of all or any part of its interest in this Financing Agreement, the payments due pursuant hereto or any of the Series 2017 Bonds, the City agrees to recognize any such purchaser(s), assignee(s) or transferee(s) (jointly if more than one) as the owner(s) of all right, title and interest in, to and pursuant to this Financing Agreement and the payments thereafter due and payable pursuant to this Financing Agreement, and as the Bank pursuant to this Financing Agreement. Upon the written request of any purchaser, assignee or transferee of the Bank's interest, the City agrees to execute and deliver to such purchaser, assignee or transferee such certificates or other instruments in such forms as may reasonably be required by such purchaser, assignee or transferee, and to which the City can truthfully attest, including but not limited to a separate acknowledgment of assignment in the customary form as to such purchaser's, assignee's or transferee's right, title and interest in, to and pursuant to this Financing Agreement and the payments thereafter due and payable pursuant to this Financing Agreement. Any such purchaser, assignee or transferee shall agree in writing to assume and perform all of the duties and responsibilities of the Bank and shall acknowledge the City's rights pursuant to this Financing Agreement; provided, however, that in the event the Bank becomes merged or consolidated with any other entity and the resulting entity meets the requirements for a successor trustee under any trust agreement, then the resulting entity shall assume all rights, responsibilities and duties of the Bank hereunder without the execution or filing of any papers or any further act on the part of either party and the term "Bank" thereafter shall refer to such resulting party.

Section 13. 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 the Bank: [_____]

If to the City: Lake Havasu City, Arizona
2330 McCulloch Blvd., N.
Lake Havasu, AZ 86403
Attention: City Manager

Section 14. Conflicts of Interest. Section 38-511 of the Arizona Revised Statutes provides that the City may, within three years after its execution, cancel this Financing Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Financing Agreement on behalf of the City is, at any time while this Financing Agreement or any extension thereof is in effect, an employee or agent of any other party hereto in any capacity or a consultant to any other party of this Financing Agreement with respect to the subject matter hereof. 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 hereto arising as a result of this Financing Agreement. The City represents and warrants that to the best of its knowledge, as of the Closing Date, there are no such conflicts.

Section 15. Miscellaneous.

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

(b) This Financing Agreement shall be construed and governed in accordance with the laws of the State in effect from time to time. The parties consent and submit to the exclusive jurisdiction and venue of the State and Federal Courts located in the State for proceedings relating to enforcement of, or any other remedy pursuant to, this Financing Agreement.

(c) This Financing Agreement constitutes the entire agreement between the parties hereto and shall not be modified, waived, discharged, terminated, amended, supplemented, altered or changed in any respect except by a written document signed by both the Bank and the City.

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

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

(f) Use of the neuter gender herein is for purposes of convenience only and shall be deemed to mean and include the masculine or feminine gender whenever and wherever appropriate.

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

(h) Except as otherwise provided herein, this Financing Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns, as the case may be.

(i) Any payments due or actions required to be performed on a day which is not a Business Day may be made or taken on the next Business Day and will be deemed to have been made or taken on the date due.

(Signature Page to Follow)

IN WITNESS WHEREOF, the parties have executed this Financing Agreement as of the 1st day of [_____], 2017.

[PURCHASER]

By: _____
Its: _____

LAKE HAVASU CITY, ARIZONA

By: _____
Its: Administrative Services Director

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

EXHIBIT A

FORM OF SERIES 2017 BOND

NO. R-__ UNITED STATES OF AMERICA \$_____
STATE OF ARIZONA
MOHAVE COUNTY

LAKE HAVASU CITY, ARIZONA
EXCISE TAX REVENUE BOND,
SERIES 2017

INTEREST RATE: MATURITY DATE: DATED DATE: [CUSIP]
__% August 1, 20__ _____, 2017 _____

Registered Owner: [PURCHASER]

Principal Amount: _____ AND NO/100
DOLLARS

Lake Havasu City, Arizona (the "City"), hereby acknowledges itself indebted to, and for value received promises to pay to, the Registered Owner identified above, or assigns as hereinafter provided, but only out of the income and revenues pledged for that purpose as hereinafter provided, and not otherwise, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the date of this Bond or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum set forth above on February 1 and August 1 of each year, commencing February 1, 2018, until said Principal Amount is paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be and become applicable hereto.

Payment of principal of, and interest on, this Bond is payable in lawful money of the United States of America at least 3 days prior to the date on which such principal or interest is due to an address or account of the Registered Owner provided in writing to the City no later than the fifteenth (15th) day of the month next preceding the principal or interest payment date, as applicable.

This Bond is one of a total authorized issue of \$[PAR] in aggregate principal amount (the "Bonds") authorized by Resolution No. 17-[_____] (the "Resolution") duly adopted and enacted by the Mayor and Council of the City on November [___], 2017 and issued by the City pursuant to the Constitution and laws of the State of Arizona and the Financing Agreement, dated as of [_____] , 2017 (the "Financing Agreement"), between the City and [PURCHASER] (the "Bank"), to provide funds to finance the prepayment of the City's Arizona Public Safety Personnel Retirement System pension expenditures for the fiscal years 2018 and 2019.

The Bonds and any obligations hereafter issued on a parity herewith, as provided in the Financing Agreement, are payable solely and ratably from, and secured by a pledge of, a first

lien on and a security interest in the Excise Tax Revenues (as defined in the Resolution and the Financing Agreement).

For further definitions, a description of the terms on which the Bonds are issued, a more complete statement of the income and revenues from which, and conditions under which, this Bond is payable, the conditions under which parity obligations may be authorized and issued, a statement of the terms pursuant to which the Financing Agreement may be modified, supplemented or amended, a statement of the general covenants and provisions pursuant to which this Bond and any parity obligation is issued, and of the rights of the Registered Owners of the Bonds, and any parity obligations, reference is made to the Financing Agreement, and to all the provisions thereof the Registered Owner hereof, by acceptance of this Bond, consents and agrees.

[The Bonds are subject to call for redemption prior to maturity, at the option of the City, in whole or in part, on any date, at a redemption price equal to the principal amount being redeemed (in integral multiples of \$5,000), together with accrued interest to the optional redemption date. A written notice of intent to redeem shall be given by the City to the Bank at least 30 days prior to the date of optional redemption.] / [The Bonds are not subject to optional redemption prior to maturity.]

This Bond is transferable by the Registered Owner hereof in person or by the Registered Owner's attorney duly authorized in writing in the manner, subject to the limitations and upon payment of the charges provided in the Resolution and the Financing Agreement, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds of authorized denominations of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

The Bonds are issued in fully registered form in the denomination of \$5,000 each or integral multiples thereof. This Bond may be exchanged with the City for a like aggregate principal amount of Bonds of the same maturity or other authorized denominations upon the terms set forth in the Resolution and the Financing Agreement.

The City may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof, premium (if any) hereon and interest due hereon and for all other purposes, and the City will not be affected by any notice to the contrary.

This Bond does not constitute an obligation or indebtedness or a pledge of the general credit of the City within the meaning or application of any Constitutional, charter or statutory limitation or provision, and the Registered Owner hereof will not have the right to compel any exercise of the taxing power of the City or to demand payment of this Bond or interest hereon out of any funds other than the Excise Tax Revenues pledged for payment thereof.

This Bond and all obligations that may hereafter be issued as parity obligations, as provided in the Financing Agreement, are co-equal as to the pledge of, lien on and security interest in all such income and revenues for the payment thereof, and share ratably without any preference, priority or distinction as to the source or method of payment and security thereof.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due form, time and manner as required by law, and that the amount of this Bond, and the series of which it is one, do not exceed any limit prescribed by the Constitution or statutes of the State of Arizona.

IN WITNESS WHEREOF, the City has caused this Bond to be signed by the duly authorized manual or facsimile signature of its Mayor and attested by the duly authorized manual or facsimile signature of its Clerk, all as of the Dated Date identified above.

LAKE HAVASU CITY, ARIZONA

By: _____
Mayor

ATTEST:

By: _____
Clerk