

PURCHASE AGREEMENT

October [15], 2019

Mayor and Members of the City Council
City of Saginaw, Texas
333 West McLeroy Boulevard
Saginaw, Texas 76179

McCall, Parkhurst & Horton L.L.P.
717 N. Harwood, 9th Floor
Dallas, Texas 75201

SAMCO Capital Markets, Inc.
1020 NE Loop 410 Suite 640
San Antonio, Texas 78209

I, the undersigned, being an authorized officer of [_____] (the “Bank”), being a financial institution, to-wit: a bank within the definition of section 3(a)(2) of the Securities Act of 1933, engaged in the business of investing in securities such as the bond described below (the “Bond”), acknowledge that the City of Saginaw, Texas (the “Issuer”), is issuing its General Obligation Refunding Bond, Series 2019 to finance the costs incurred by the Issuer in connection with (i) refunding certain outstanding obligations of the Issuer for debt service savings as described in the ordinance authorizing the sale and issuance of the Bond (the “Ordinance”), and (ii) the payment of costs of issuance related to the Bond. The Bond is to be issued under the authority of Chapter 1207, Texas Government Code, as amended.

The Bank understands that the Bond will be payable from, and secured by a lien on and pledge of, the receipts of an ad valorem tax levied in sufficient amounts (within the limits prescribed by law) to provide for the payment of the interest on and principal of the Bond, as such interest and principal come due. In accordance with laws of the State of Texas (the “State”) and the Issuer’s home rule charter, the Issuer is limited to a tax rate of \$1.50 per \$100 of taxable assessed valuation, including the payment of debt service on its debt, including the Bond. The Bank hereby acknowledges receipt of the ordinance authorizing the issuance and sale of the Bond (the “Ordinance”).

The Bank further understands that the Bond will be sold for cash, approved by the Attorney General of the State of Texas, and delivered in the form of one fully-registered Bond representing the full maturity amount of the Bond, \$[____], which Bond has a final maturity of September 1, [2025], provided that annual principal installment payments shall be made to the registered owner thereof, as described below. The Bond will initially be made payable to the order of the Bank, but may be assigned by the Bank in whole, but not in part, and the Bank or any assignee of the Bond from any prior registered owner shall be the registered owner thereof. The Bond will be delivered in physical form, and will not be subject to a book entry system of payment, registration and transfer.

In connection with the Bond, the Bank agrees as follows:

- A. Delivery of the Bond to the Bank (the “Closing”) shall be made at the Bank on or about November [13], 2019, but not later than November 14, 2019, (the “Delivery Date”), it being understood that this Delivery Date may be extended by mutual consent of the Bank and the Issuer.
- B. Interest on the Bond shall accrue from the Delivery Date, and be payable semiannually on each March 1 and September 1, commencing March 1, 2020, and continuing thereafter until maturity.

- C. The purchase price for the Bond shall be the principal amount thereof. The Bond will finally mature on September 1, [2025], but annual principal installment payments shall be made to the registered owner of the Bond on the Payment Dates and in the Principal Installment amounts, and shall bear interest on the unpaid Principal Installment amounts thereof calculated on the basis of a 360-day year consisting of twelve 30-day months, as set forth in the following schedule:

<u>Payment Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Installment (\$)</u>	<u>Interest</u> <u>Rate (%)</u>
2020		
2021		
2022		
2023		
2024		
2025		

- D. It is understood and agreed to that the Bond is not subject to redemption prior to maturity.
- E. The Bond will be fully registered as to principal and interest, and the Bank shall serve as the initial paying agent and registrar for the Bond without charge to the Issuer, except for the reimbursement of any reasonable expenditure incurred by the Bank in the capacity of paying agent and registrar.
- F. In regard to its purchase of the Bond, the Bank acknowledges that no prospectus, official statement, or other offering document has been prepared; however, the Issuer has furnished the Bank with all information requested by the Bank to permit the Bank to make an informed decision concerning its purchase of the Bond, and the Bank has made such inspections and investigations as it has deemed necessary to determine the investment quality of the Bond and to assess all risk factors associated with the purchase and ownership of the Bond. The Bank hereby acknowledges and represents that it has been furnished with such financial information relating to the Issuer as it has requested for the purposes of making its assessment of an investment in the Bond. The Bank has had a reasonable opportunity to request and review such other information as it needs from the Issuer in order to enable it to make its investment decision. The Bank is not relying on McCall, Parkhurst & Horton L.L.P., the Issuer's Bond Counsel, nor SAMCO Capital Markets, Inc., the Issuer's Financial Advisor, as to the completeness or accuracy of any financial information provided to the Bank by the Issuer in connection with its determination to make an investment in the Bond.
- G. The Bond is being purchased by the Bank for the account of the Bank as evidence of a loan (and not on behalf of another), and the Bank has no present intention of reselling such Bond or dividing its interest therein, either currently or after the passage of a fixed or determinable period of time or upon the occurrence or nonoccurrence of any predetermined event or circumstance; provided, however that the Bank reserves the right to sell, pledge, transfer, convey, hypothecate, or dispose of the Bond at some future date, but only to persons who have been provided sufficient information with which to make an informed decision to invest in the Bond. The Bond may be transferred and registered in the name of the new registered owner in whole but not in part.
- H. The Bank acknowledges that the Bond will not be rated. In addition, the Bank acknowledges that the Bond will not be listed on any securities exchange. Further, no trading market now exists for the Bond, and none may exist in the future. Accordingly, the Bank understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to the maturity for the Bond may not be possible or may be at a price below that which the Bank is paying for the Bond.

- I. It is understood and agreed that the Bank is buying the Bond in a private placement by the Issuer to the Bank. The Bond is exempt from any federal securities registration requirements by virtue of Section 3(a)(2) of the Securities Act of 1933. The private placement of the Bond is exempt from the provisions of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”); consequently the Issuer has not undertaken to make any on-going disclosures for the benefit of the registered owner of the Bond in accordance with the Rule.
- J. This agreement shall be terminated by delivery of the Bond in the amount of \$[_____] to the Bank at the Closing date, provided that the representations of the Bank in paragraph “F.” above shall survive the termination hereof.
- K. The Issuer will designate the Bond as a “qualified tax-exempt obligation” within the meaning of section 265(b) of the Internal Revenue Code. In furtherance of that designation, in the Ordinance, the Issuer will covenant to take such action which would assure or to refrain from such action which would adversely affect the treatment of the Bond as a “qualified tax-exempt obligation.”
- L. As a condition to the purchase of the Bond, the Bank shall receive at the Closing an opinion of Bond Counsel in substantially the form attached hereto as Exhibit A. In addition, the Bank shall receive, at the Closing, an opinion of the Attorney General of the State of Texas to the effect that the Bond has been lawfully issued by the Issuer and is a valid and binding obligation of the Issuer under applicable laws of the State of Texas.
- M. The Bank hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Purchase Agreement is a contract for goods or services, will not boycott Israel during the term of this Purchase Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, “boycott Israel” 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 specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Bank understands “affiliate” to mean an entity that controls or is controlled by, or is under common control, with the Bank and exists to make a profit.
- N. The Bank represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

<https://comptroller.texas.gov/purchasing/docs/sudanlist.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/ftolist.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Bank and The Bank’s parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Bank understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with, the Bank and exists to make a profit.

- O. [The Bank has delivered to the Issuer a disclosure form and certification of filing generated by the Texas Ethics Commission's (the "TEC") electronic portal (the "Disclosure Form"), signed by an authorized agent of the Bank and attested to by unsworn declaration, prior to the execution of this Purchase Agreement by the Issuer and the Bank. The Issuer hereby confirms receipt of the Disclosure Form from the Bank and agrees to acknowledge such form with the TEC through its electronic filing application within thirty (30) days of the date of this Purchase Agreement.][The Bank is a subsidiary of a publicly traded entity and is therefore exempt from the disclosure form and certification of filing requirements of the Texas Ethics Commission pursuant to Section 2252.908(c)(4) of the Texas Government Code.]

[Execution page follows]

Respectfully submitted,

[PURCHASER]

By: _____

Name: _____

Title: _____

ACCEPTANCE

ACCEPTED pursuant to the Ordinance adopted by the City Council of the City of Saginaw, Texas, on October [15], 2019.

Mayor
City of Saginaw, Texas

Exhibit A
Form of Opinion of Bond Counsel

CITY OF SAGINAW, TEXAS
GENERAL OBLIGATION REFUNDING BOND, SERIES 2019

November __, 2019

Mayor and Members of the City Council
City of Saginaw, Texas
333 West McLeroy Boulevard
Saginaw, Texas 76179

[PURCHASER ADDRESS]

Re: \$[_____] City of Saginaw, Texas General Obligation Refunding Bond, Series 2019

As Bond Counsel for the City of Saginaw, Texas, the issuer (the “Issuer”) of the bond (the “Bond”) described above, we have examined into the legality and validity of the Bond, which bears interest from the date of initial delivery of the Bond, until maturity, at the rate and payable on the dates as stated in the text of the Bond, and matures, all in accordance with the terms and conditions stated in the text of the Bond.

We have examined the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Bond, including executed Bond Number R-1.

Based on said examination, it is our opinion that the Bond has been authorized, issued and duly delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to governmental immunity, bankruptcy, reorganization, and other similar matters affecting creditors’ rights generally, and by general principles of equity which permit the exercise of judicial discretion, the Bond constitutes a valid and legally binding obligation of the Issuer; and that a continuing ad valorem tax of the Issuer sufficient to provide for the payment of the interest on and principal of the Bond has been levied and pledged for such purpose, within the limits prescribed by law, as provided in the ordinance authorizing the issuance of the Bond.

It is further our opinion that, except as discussed below, under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion, for federal income tax purposes, the interest on the Bond (i) is excludable from the gross income of the owner thereof and (ii) the Bond will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants regarding the use and investment of the proceeds of the Bond and the use of the property financed therewith, and the sufficiency certificate of the paying agent for the Refunded Obligations verifying the sufficiency of the amounts deposited with such paying agent to pay the principal of and interest on the Refunded Obligations to their respective due dates. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Bond may become includable in gross income retroactively to the date of issuance of the Bond.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bond.

We express no opinion as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bond, nor as to any such insurance policies issued in the future.

Our sole engagement in connection with the issuance of the Bond is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bond under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bond for federal income tax purposes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure, if any, thereof in connection with the sale of the Bond, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bond and have relied solely on certificates executed by officials of the Issuer as to certain matters upon which we have relied in rendering our opinion, including the current outstanding indebtedness of, and the assessed valuation of taxable property within, the Issuer.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bond. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bond as includable in gross income for federal income tax purposes.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,