RESOLUTION NO. 10616

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, ORDERING THE SALE OF $30,220,000 PRINCIPAL AMOUNT OF CITY OF MESA, ARIZONA UTILITY SYSTEMS REVENUE BONDS, SERIES 2015.

WHEREAS, the City of Mesa, Arizona (the "*City*") plans to issue $30,220,000 of its Utility Systems Revenue Bonds, Series 2015 (the "*Bonds*"); and

WHEREAS, the Bonds will be sold through an on-line bidding process pursuant to Arizona Revised Statutes ("*A.R.S.*") Section 9-529;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, AS FOLLOWS:

Section 1. The Bonds are hereby ordered to be sold through an on-line bidding process pursuant to A.R.S. Title 9, Chapter 5, Article 3, as amended, and in accordance with the Notice Inviting Bids for the Purchase of Bonds (the "*Notice*") in substantially the form attached hereto as Exhibit A. The Bonds are payable as to both principal and interest from net revenues derived by the City from the operation of its utility systems.

Section 2. The Chief Financial Officer or his designee is hereby authorized to finalize the terms of the Notice and to reject all bids or accept the lowest cost bid received for the purchase of the Bonds. Such acceptance shall be subject to confirmation by the City Council. No defect or error in such Notice shall affect or invalidate the sale of the Bonds. The Chief Financial Officer is hereby authorized to cause a preliminary official statement to be prepared in compliance with Section 240.15c2-12, General Rules and Regulations, Securities and Exchange Act of 1934 (the "*Rule*"), and is authorized to deem such preliminary official statement "final" for purposes of the Rule.

Section 3. All bids for the Bonds will be received through Thomson Financial's PARITY® System "on-line bidding process" as permitted in A.R.S. Section 9-529. The official bid form shall be created for the electronic bidding. The City will assume no responsibility for the proper functioning of the PARITY® System, for any error contained in any bid submitted electronically, or failure of any bid to be transmitted, received or opened at the official time for receipt of bids.

PASSED AND ADOPTED by the City Council of the City of Mesa, Maricopa County, Arizona on April 20, 2015.

APPROVED:

By: _____
Mayor

ATTEST:

_____
City Clerk

APPROVED AS TO FORM:

_____
Bond Counsel

CERTIFICATE

I, Dee Ann Mickelsen, the duly appointed and acting City Clerk of the City of Mesa, Maricopa County, Arizona, do hereby certify that the above and foregoing Resolution No. 10616 was duly passed by the City Council of the City of Mesa, Maricopa County, Arizona, at a regular meeting held on April 20, 2015, and the vote was 5 ayes and 0 nays and that the Mayor and 5 Council Members were present thereat.

DATED: April 20, 2015.

_____
City Clerk

KMM:jh2 2354410.2 4/7/2015

EXHIBIT A

$30,220,000
CITY OF MESA, ARIZONA
UTILITY SYSTEMS REVENUE BONDS,
SERIES 2015

NOTICE INVITING BIDS FOR THE PURCHASE OF BONDS
(Electronic Bidding Only)

NOTICE IS HEREBY GIVEN that unconditional bids will be received to and including the hour of 10:30 a.m., Mountain Standard Time ("*M.S.T.*"), on [May 13, 2015], by the City of Mesa, Arizona (the "*City*"), for the purchase of all, but not less than all, of $30,220,000 aggregate principal amount of the City's Utility Systems Revenue Bonds, Series 2015 (the "*Bonds*"). A bid may be submitted only through the facilities of PARITY ("*PARITY*"). Submission of bids is further discussed below. Through PARITY, the City's Chief Financial Officer or Wedbush Securities Inc., the City's financial advisor (the "*Financial Advisor*"), will electronically receive the bids at such time. The Mayor and Council will meet at the hour of 7:30 a.m. on [May 14, 2015], for the purpose of considering bids received and, if an acceptable bid is received, awarding the contract for the purchase of the Bonds to the winning bidder.

The City reserves the right to continue the date for receipt of bids. If the date for receipt of bids is continued, prior to 10:30 a.m. M.S.T. on [May 12, 2015], or prior to 10:30 a.m., M.S.T., on the day prior to the date to which receipt of bids has been continued, the City will give notice of the continuance through PARITY at *www.ipreo.com*.

The Bonds will be dated as of the date of initial delivery, and will bear interest from their date to the maturity of each of the Bonds at a rate or rates per annum of not to exceed eight percent (8.00%). Interest on the Bonds is payable semiannually on January 1 and July 1 during the term of the Bonds, commencing January 1, 2016. The Bonds will mature on July 1 in the years and in the principal amounts as follows:

Maturity Date (July 1)	Principal Amount	Maturity Date (July 1)	Principal Amount
2020	$1,000,000	2030	$1,600,000
2021	1,050,000	2031	1,700,000
2022	1,100,000	2032	1,775,000
2023	1,150,000	2033	1,875,000
2024	1,200,000	2034	1,950,000
2025	1,275,000	2035	2,050,000
2026	1,325,000		
2027	1,400,000	2037	2,150,000
2028	1,450,000	2038	2,270,000
2029	1,525,000	2039	2,375,000

TIME FOR RECEIPT OF BIDS: Bids will be received to and including the hour of 10:30 a.m. M.S.T., unless the sale is postponed. The time maintained by PARITY shall constitute the official time.

ELECTRONIC BIDDING PROCEDURES: All bids must be submitted only through the facilities of PARITY in accordance with this Notice Inviting Bids for the Purchase of Bonds (the "*Notice*"). The normal fee for the use of PARITY may be obtained from PARITY and such fee will be the responsibility of the bidder. All bids must be submitted on the official bid form that resides on the PARITY system (the "*Official Bid Form*"), without alteration or interlineation. Subscription to the Ipreo LLC's BiDCOMP Competitive Bidding System is required in order to submit a bid. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. The City is using PARITY as a communication media, and not as the City's agent, to conduct electronic bidding for the Bonds.

All bids made through the facilities of PARITY shall be deemed irrevocable offers to purchase the Bonds on the terms provided in this Notice and shall be binding upon the entity making the bid, as if made by a signed, sealed bid delivered to the City. The City and the Financial Advisor assume no responsibility or liability for bids submitted through PARITY. Neither the City nor the Financial Advisor shall be responsible for any malfunction or mistake made by, or as result of the use of the electronic bidding facilities provided and maintained by, PARITY. The use of PARITY is at the sole risk of the prospective bidders.

If any provisions of this Notice shall conflict with information provided by PARITY, as the approved provider of electronic bidding services, this Notice shall control. Further information about PARITY, including any fee charged, may be obtained from BiDCOMP/PARITY, c/o Ipreo, 1359 Broadway, 2nd Floor, New York, New York 10018, Attn: Customer Support (212.849.5021).

Bidders are requested to state in their bids the net interest cost to the City, as described under "AWARD AND DELIVERY" herein. All electronic bids shall be deemed to incorporate the provisions of this Notice and the Official Bid Form.

PURPOSE: The Bonds are being issued for the purpose of making improvements to the utility systems of the City and to pay the costs of issuance of the Bonds.

BOOK-ENTRY-ONLY SYSTEM: The Bonds will be initially issued to, and registered in the name of, Cede & Co., as nominee of The Depository Trust Company, New York, New York ("*DTC*"). DTC will act as the securities depository of the Bonds for a book-entry-only system (the "*Book-Entry-Only System*"). Under the Book-Entry-Only System, beneficial ownership interests in the Bonds will be available in book-entry form only through direct or indirect DTC participants.

Ownership interests in the Bonds may be purchased in denominations of $5,000 of principal amount due on a specific maturity date or integral multiples thereof.

Transfers of beneficial ownership interest in the Bonds will be accomplished by book entries made by DTC and the DTC Participants or Indirect DTC Participants who act on behalf of the beneficial owners (the "*Beneficial Owners*"). For every transfer and exchange of a beneficial interest in the Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is not a successor securities depository), physical certificates representing the Bonds will be executed and delivered. In addition, the City may determine to discontinue the Book-Entry-Only System of transfers through DTC (or a successor securities depository). In such event, physical certificates representing the Bonds will be registered in the names of the

Beneficial Owner s and executed and delivered. Upon registration of Bonds in the Beneficial Owner's name, the Beneficial Owners will become the owners of the Bonds (the "*Owners of the Bonds*") for all purposes, including the receipt of principal and interest payments and notices with respect to the Bonds.

For a more detailed description of the Book-Entry-Only System, see the information in the official statement relating to the Bonds entitled "BOOK-ENTRY-ONLY SYSTEM".

OPTIONAL REDEMPTION: The Bonds maturing on or before July 1, 2025, are not subject to call for redemption prior to maturity. Bonds maturing on or after July 1, 2026 are subject to call for redemption prior to maturity, at the option of the City, in whole or in part, on July 1, 2025, or on any date thereafter by the payment of a redemption price equal to the principal amount of the Bonds called for redemption plus accrued interest to the date of redemption, but without premium.

NOTICE OF REDEMPTION: So long as the Bonds are held under the Book-Entry-Only System, notices of redemption will be sent to DTC in the manner required by DTC. If the Book-Entry-Only System is discontinued, notice of redemption of any Bond will be mailed to the registered owner of the Bond or Bonds being redeemed at the address shown on the bond register maintained by the registrar not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. Failure to properly give notice of redemption shall not affect the redemption of any Bond for which notice was properly given. A conditional notice of redemption may be mailed to the registered owners prior to the deposit of funds for such redemption in the City's Debt Service Fund, conditional upon the deposit of such funds to said Debt Service Fund.

Notice of any redemption will also be sent to the Municipal Securities Rulemaking Board (the "*MSRB*"), currently through the MSRB's Electronic Municipal Market Access system ("*EMMA*"), in the manner required by the MSRB, but no defect in said further notice or record nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the City or by a paying agent prior to sending the notice of redemption, such redemption shall be conditional on such moneys being so held on the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect.

REGISTRATION AND TRANSFER: [U.S. Bank National Association] will serve as bond registrar and paying agent with respect to the Bonds (the "*Registrar*"). If the Book-Entry-Only System is discontinued, the Registrar will administer registration and transfer of the Bonds and the Bonds will be transferable only upon the bond register to be maintained by the successor Registrar upon surrender to the Registrar. The Registrar may be changed without notice to any owner or beneficial owner of the Bonds.

PAYMENT OF BONDS: So long as the Bonds are held under the Book-Entry-Only System, all payments of principal and interest shall be paid to DTC. If the Book-Entry-Only System is discontinued, interest on the Bonds shall be payable by check mailed on or prior to the interest payment date to the Owners of the Bonds at the addresses of such owners as they appear on the books of the Registrar on the record date (as described hereafter). Principal of, and premium, if any, on the Bonds shall be paid when due upon surrender of such Bonds at the designated corporate trust office of the Registrar (unless the Owner of the Bonds is eligible for payment by wire transfer). If the Book-Entry-

Only System is discontinued, principal of the Bonds will be payable, when due, only upon presentation and surrender of the Bond at the designated corporate trust office of the Paying Agent (as defined hereafter). Upon written request of a registered owner of at least $1,000,000 in principal amount of Bonds not less than twenty (20) days prior to an interest payment date, all payments of interest and, if adequate provision for surrender is made, principal shall be paid by wire transfer in immediately available funds to an account within the United States of America designated by such Owner. Notwithstanding any other provision, payment of principal of and interest on any Bond that is held by a securities depository or Bonds subject to a Book-Entry-Only System may be paid by the Paying Agent by wire transfer in "same day funds".

RECORD DATE: The record date for determination of ownership for payment of interest shall be the fifteenth calendar day prior to an interest payment date. The Registrar shall pay interest to the Owners of record on the record date notwithstanding that transfers of ownership may occur on any Bond between the record date and the next interest payment date.

SECURITY: The Bonds are payable as to both principal and interest solely from the net revenues derived by the City from the ownership, use and operation of its utility systems pursuant to law, including Title 9, Chapter 5, Article 3, Arizona Revised Statutes, as amended (the "*Net Revenues*"). Neither the Bonds nor the obligations of the City issued thereunder constitute a debt or a pledge of the full faith and credit of the City, the State or any political subdivision thereof. The Bonds are being issued on a parity of lien on such Net Revenues with the City's outstanding Utility Systems Revenue Bonds and Utility Systems Revenue Refunding Bonds previously issued and the City's outstanding Loan Agreements with the Water Infrastructure and Finance Authority of Arizona. The aggregate outstanding principal amount for all parity obligations is presently $1,001,339,351.

INTEREST RATES: Bids for the purchase of the Bonds must state the rate or rates of interest to be paid and no bid at a price less than the par value of the Bonds, together with all accrued interest thereon at the date of delivery of the Bonds, will be considered. All Bonds of the same maturity must bear the same rate of interest. The highest rate bid shall not exceed the lowest rate bid by more than three percent (3%) per annum. Bids must be expressed in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent. Interest will be calculated on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

Any interest rate bid which would result in an interest payment amount having fractional cents will be deemed a waiver of the right to payment of such fractional cents. No fractional cents will be paid or accumulated for payment on any Bond.

INFORMATION TO BE PROVIDED BY WINNING BIDDER: The winning bidder will be required to furnish to the City, at or before the closing, a certificate in a form acceptable to Gust Rosenfeld P.L.C. ("*Bond Counsel*"), Phoenix, Arizona, stating that it did offer all of the Bonds to the public in a bona fide public offering and it reasonably expected that a substantial amount of the Bonds of that maturity (i.e. at least ten percent (10%) of each maturity of the Bonds) would be sold by it, as of the sale date [May 14, 2015], at the initial offering prices set forth in the certificate, together with such additional representations as Bond Counsel may require to verify that it is reasonable to rely on the winning bidder's certification about the reasonably expected initial public offering price, including that the issue price of the Bonds set forth in the certificate did not exceed their fair market value as of the sale date. The "public" does not include bond houses, brokers or similar persons or organizations acting in the capacity of underwriters and wholesalers. The initial offering prices to be certified shall be furnished to the City within 24 hours after the award of the Bonds.

FORM OF BID AND GOOD FAITH DEPOSIT: The prescribed form of bid for the Bonds will be available on the PARITY system and all bids must be submitted on that form. The winning bidder shall deliver a good faith deposit in the amount of $604,400.00 (the "*Deposit*"), in the form of either of the following: (i) a certified or cashier's check payable to the City or (ii) a wire transfer to the City, delivered to the City within 24 hours of notification of the award. Such bidder shall be solely responsible for the timely delivery of their Deposit whether by check or wire transfer. Neither the City nor the Financial Advisor has any liability for delays in the transmission of the Deposit.

The Deposit made by certified or cashier's check should be made payable to the City and delivered to City of Mesa, Attn: Controller, 20 East Main Street, Suite 300, Mesa, Arizona 85201.

The Deposit sent via wire transfer should be sent to the City according to the following instructions:

[*JP Morgan Chase, ABA Number 021000021; Account number 90002519; For Further Credit to: Branch 902711, Reference: Name of Bidder – Utility Systems Revenue Bonds, Series 2015.]*

Contemporaneously with such wire transfer, the bidder shall send an e-mail to the City Chief Financial Officer (e-mail address: michael.kennington@mesaaz.gov), to the Finance Director (e-mail address irma.ashworth@mesaaz.gov) and to the Financial Advisor (e-mail addresses: larry.given@wedbush.com and julie.bice@wedbush.com, including the following information; (i) indication that a wire transfer has been made, (ii) the amount of the wire transfer, (iii) the issue to which it applies, and (iv) federal reference number, if available.

The Deposit received from the winning bidder, the amount of which will be deducted at settlement, will be deposited by the City and no interest will accrue to the winning bidder. In the event the winning bidder fails to comply with the accepted bid, said amount will be retained by the City as liquidated damages.

CUSIP NUMBERS: CUSIP numbers will be placed on the Bonds, but neither failure to place such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the winning bidder thereof to accept delivery of and pay for the Bonds in accordance with the terms of the sale. No CUSIP number will be deemed to be part of any Bond or of the contract evidenced thereby. All expenses of printing CUSIP numbers on the Bonds will be paid by the City, but the CUSIP Service Bureau charge for the assignment of CUSIP numbers will be paid by the winning bidder of the Bonds.

RIGHT OF REJECTION: The City reserves the right in its discretion to reject any and all bids received and to waive any irregularity or informality in the bids, except that the time for receiving bids shall be of the essence.

COST OF BOND FORMS: The City shall bear the cost of printing of the Bonds and will furnish fully executed Bonds, registered in the name of the winning bidder or nominees, to the winning bidder upon payment therefor.

AWARD AND DELIVERY: Unless all bids are rejected, the Bonds will be awarded to the bidder who complies with the provisions of this Notice and whose bid results in the lowest net interest cost to the City. The net interest cost will be determined by computing the aggregate amount of interest payable on the Bonds from their date to their respective maturity dates and by deducting therefrom any premium. Delivery of the Bonds will be made to the winning bidder upon payment in federal or

immediately available funds at the offices of Bond Counsel, or, at the winning bidder's request and expense, at any other place mutually agreeable to both the City and the winning bidder.

CANCELLATION: Bidders are to take notice that, pursuant to Arizona law, if, within three (3) years from the award of the contract to purchase the Bonds, any person who was significantly involved in initiating, negotiating, securing, drafting or creating the contract for the purchase of the Bonds on behalf of the City becomes an employee or agent of the winning bidder in any capacity or a consultant to the winning bidder with respect to the contract for the purchase of the Bonds, the City may cancel the contract without penalty or further obligation by the City. In addition to such cancellation, the City may recoup any fees or commissions paid or due to any person who was significantly involved in initiating, negotiating, securing, drafting or creating the contract for the purchase of the Bonds on behalf of the City.

LEGAL OPINION: The Bonds are sold with the understanding that the City will furnish the winning bidder with the approving opinion of Gust Rosenfeld P.L.C., serving as Bond Counsel. An undated copy of such opinion can be found in the preliminary official statement (the "*Preliminary Official Statement*"). Said attorneys have been retained by the City as Bond Counsel and in such capacity are to render their opinion only upon the legality of the Bonds under Arizona law and on the exemption of the interest income on such Bonds from federal and State of Arizona income taxes (see "Tax-Exempt Status" below). Fees of Bond Counsel for services rendered in connection with such approving opinion are expected to be paid from Bond proceeds. Except to the extent necessary to issue its approving opinion as to validity of the Bonds, Bond Counsel has not been requested to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials. In submitting a bid for the Bonds, the bidder agrees to the representation of the City by Bond Counsel.

TAX-EXEMPT STATUS: In the opinion of Bond Counsel under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the City, interest income on the Bonds is excluded from gross income for purposes of calculating federal income taxes. In the opinion of Bond Counsel, interest income on the Bonds is exempt from Arizona income taxes.

Should changes in the law cause Bond Counsel's opinion to change prior to delivery of the Bonds to the winning bidder, the winning bidder will not be obligated to pick up and pay for the Bonds, and the winning bidder's Deposit will be returned.

QUALIFIED TAX-EXEMPT OBLIGATIONS: The Bonds will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "*Code*").

PRELIMINARY OFFICIAL STATEMENT DEEMED FINAL, DELIVERY OF FINAL OFFICIAL STATEMENT: The City, acting through its Chief Financial Officer, will deem the Preliminary Official Statement provided in connection with the sale of the Bonds to be final as of its date as required by Section 240.15c2-12, General Rules and Regulations, Securities Exchange Commission Act of 1934 (the "*Rule*"), except for the omission of offering prices, selling compensation, delivery dates, terms to be specified in the winning bidder's bid, ratings, other terms depending on such matters and the identity of the winning bidder, all as may be necessary for the City to complete a final official statement.

Within twenty-four (24) hours after the award of the Bonds, the winning bidder must provide the City with all necessary offering price information, selling compensation information, all other

terms of the sale which depend on such matters and any underwriter information, all as may be necessary for the City to complete the final official statement.

Within seven (7) business days after the award of the Bonds, the City will provide the winning bidder with the final official statement in an electronic format as prescribed by the MSRB at no cost. The final official statement will be in substantially the same form as the Preliminary Official Statement with such additions, deletions or revisions as the City deems necessary.

The City will deliver at closing an executed certificate stating that as of the date of delivery the information contained in the final official statement, including any supplement, relating to the City and the Bonds is true and correct in all material respects and that such final official statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

CONTINUING DISCLOSURE: In connection with the issuance of the Bonds, the City will deliver a continuing disclosure certificate for purposes of the Rule as hereinafter described and as described in the final official statement. For purposes of the Rule, the City is the only "obligated person" with respect to the Bonds. The City will agree, as described in the final official statement, to provide or cause to be provided (i) certain annual financial information and operating data (the "*Annual Information*") for the preceding fiscal year, (ii) the City's audited financial statements, (iii) timely notice, not in excess of ten (10) business days after the occurrence of certain listed events with respect to the Bonds, and (iv) timely notice of any failure by the City to provide its Annual Information within the time specified in that certificate. See the more complete description of the certificate in the final official statement. The City has established procedures to ensure timely and proper filing of its Annual Information.

NO LITIGATION AND NON-ARBITRAGE: The City will deliver a certificate to the effect, except as otherwise described in the Preliminary Official Statement or the final official statement, that no litigation is pending affecting the issuance and sale of the Bonds. The City will also deliver an arbitrage certificate covering its reasonable expectations concerning the Bonds.

ADDITIONAL INFORMATION: Copies of this Notice and the Preliminary Official Statement relating to the Bonds will be furnished to any bidder upon request made to the Clerk of the City of Mesa, Arizona; or to Wedbush Securities Inc., 3200 E. Camelback Road, Suite 290, Phoenix, Arizona 85018, telephone 602.952.6851, Financial Advisor to the City with respect to the Bonds.

CITY OF MESA, ARIZONA