

RESOLUTION NO. 9652

RESOLUTION ORDERING THE SALE OF NOT TO EXCEED \$25,000,000 PRINCIPAL AMOUNT OF CITY OF MESA HIGHWAY PROJECT ADVANCEMENT NOTES, SERIES 2010.

WHEREAS, the City of Mesa (the "*City*") plans to issue not to exceed \$25,000,000 of its Highway Project Advancement Notes, Series 2010 (the "*Notes*"); and

WHEREAS, the Notes will be sold competitively, pursuant to A.R.S. § 28-7682, through an on-line bidding process;

NOW THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF MESA, ARIZONA, as follows:

Section 1. The Notes are hereby ordered to be sold competitively through an on-line bidding process pursuant to Title 28, Chapter 21, Article 6, Arizona Revised Statutes, as amended, and in accordance with the terms and provisions in the City of Mesa, Arizona, Highway Project Advancement Notes, Series 2010, Notice Inviting Bids for the Purchase of Notes (the "*Notice*") in substantially the form attached hereto as *Exhibit A*. The Notes shall be payable as to both principal and interest from an assignment of all repayment of the funds advanced by the City to the State of Arizona (the "*State*") if, as and when received from the State and the City's Excise Taxes, as defined in the Notice.

Section 2. The Deputy City Manager, or his designee, is hereby authorized to finalize the terms of the Notice and to announce the bids received for the purchase of the Notes. The Mayor and Council will meet at the hour and date set forth in the Notice to consider the bids and, if acceptable, award the sale for the purchase of the Notes to the bidder whose bid results in the lowest net interest cost to the City. No defect or error in such Notice shall affect or invalidate the sale of the Notes. The Deputy City Manager 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 Notes will be received through Thomson Financial's PARITY® System "on-line bidding process." 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 on April 5, 2010.

CITY OF MESA, ARIZONA

By: _____
Mayor

ATTEST:

Linda Crocker
City Clerk



APPROVED AS TO FORM:

Scott W. Rejcek
Bond Counsel

CERTIFICATE

I, Linda Crocker, the duly appointed City Clerk of the City of Mesa, Arizona, do hereby certify that the above and foregoing Resolution No. 9652 was duly passed by the City Council of the City of Mesa, Arizona, at a special meeting held on April 5, 2010, and the vote was 7 ayes and 0 nays and that the Mayor and Council Members were present thereat.

DATED: April 5, 2010.

Linda Crocker
City Clerk

EXHIBIT A

**\$25,000,000
CITY OF MESA, ARIZONA
HIGHWAY PROJECT ADVANCEMENT NOTES,
SERIES 2010**

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

NOTICE IS HEREBY GIVEN that unconditional bids will be received to and including the hour of 11:00 a.m., Mountain Standard Time ("*MST*"), on May 12, 2010, by the City of Mesa, Arizona (the "*City*"), for the purchase of all, but not less than all, of \$25,000,000 aggregate principal amount of the City's Highway Project Advancement Notes, Series 2010 (the "*Notes*"). A bid may be submitted only through the facilities of PARITY® ("*PARITY*"). Submission of bids is further discussed below. The Deputy City Manager or Wedbush Securities, the Financial Advisor to the City (the "*Financial Advisor*") will announce the bids received at such time. The Mayor and Council will meet at the hour of 7:30 a.m. on May 13, 2010, for the purpose of considering bids received and, if an acceptable bid is received, awarding the contract for the purchase of the Notes.

No bid will be accepted at a price less than the 100.50% of the par value of the Notes (\$25,125,000), together with all accrued interest thereon at the date of delivery of the Notes.

The City reserves the right to continue the date for receipt of bids. If the date for receipt of bids is continued, prior to 11:00 a.m. MST on May 11, 2010, or prior to 10:00 a.m. MST on the day prior to the date to which receipt of bids has been continued, the City will give notice of the continuance by PARITY® at www.i-Deal.com.

The Notes will be dated as of the date of initial delivery, and will bear interest from their date to the maturity of each of the Notes at a rate per annum of not to exceed eight percent (8%). Interest on the Notes is payable semiannually on January 1 and July 1 commencing January 1, 2011. The Notes will mature on July 1 in the year and in the principal amount as follows:

Maturity Date (July 1)	Principal Amount
2016	\$25,000,000

TIME FOR RECEIPT OF BIDS. Bids will be received to and including the hour of 11:00 a.m., MST. 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 Notes (the "*Notice*"). 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 Thomson Financial Municipal Group'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 communications media, and not as the City's agent, to conduct electronic bidding for the Notes.

All bids made through the facilities of PARITY shall be deemed irrevocable offers to purchase the Notes on the terms provided in this Notice and shall be binding upon the entity making the bid. 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 facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

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, 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 provision of this Notice and the Official Bid Form.

PURPOSE: The Notes are being issued for the purpose of providing funds to the State of Arizona, by and through the Arizona Department of Transportation, for the acceleration of right-of-way acquisition and design of highway improvements to State Route 802 between State Route 202L to Ellsworth Road in the City.

BOOK-ENTRY-ONLY SYSTEM: The Notes 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 Notes for a book-entry-only system (the "*Book-Entry-Only System*"). Under the Book-Entry-Only System, beneficial ownership interests in the Notes will be available in book-entry form only through direct or indirect DTC participants.

Ownership interests in the Notes may be purchased in denominations of \$5,000 of principal amount or integral multiples thereof.

Transfers of beneficial ownership interest in the Notes 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.

DTC may determine to discontinue providing its services with respect to the Notes 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 Notes 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 Notes will be registered in the names of the Beneficial Owners and executed and delivered. Upon registration of Notes in the Beneficial Owner's name, the Beneficial Owners will become the owners of the Notes (the "*Owners of the Notes*") for all purposes, including the receipt of principal and interest payments and notices with respect to the Notes.

For a more detailed description of the Book-Entry-Only System, see the information in the Official Statement relating to the Notes entitled "Book-Entry-Only System".

OPTIONAL REDEMPTION: The Notes are subject to call for redemption prior to maturity, at the option of the City, in whole or in part, on July 1, 2014, or on any date thereafter, by the payment of a redemption price equal to the principal amount of the Notes called for redemption plus accrued interest to the date of redemption, but without premium.

NOTICE OF REDEMPTION: So long as the Notes are held under the Book-Entry-Only System, notices of redemption will be sent only to DTC by mail, facsimile, wire or other generally accepted electronic means. If the Book-Entry-Only System is discontinued, notice of redemption of any Note will be mailed to the registered owner of the Note or Notes being redeemed at the address shown on the note register maintained by the registrar not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Failure to properly give notice of redemption shall not affect the redemption of any Note for which notice was properly given.

REGISTRATION AND TRANSFER: U.S. Bank National Association will serve as trustee with respect to the Notes (the "*Trustee*"). If the Book-Entry-Only System is discontinued, the

Trustee will administer registration and transfer of the Notes and the Notes will be transferable only upon the note register to be maintained by the successor Trustee upon surrender to the Trustee. The Trustee may be changed without notice to any owner or beneficial owner of the Notes.

PAYMENT OF NOTES: So long as the Notes are held under the Book-Entry-Only System is in effect, all payments of principal and interest shall be paid to DTC. If the Book-Entry-Only System is discontinued, interest on the Notes shall be payable by check mailed on or prior to the interest payment date to the Owners of the Notes at the addresses of such owners as they appear on the books of the Trustee on the record date (as described hereafter). Principal of, and premium price, if any, on the Notes shall be paid when due upon surrender of such Notes at the designated office of the Trustee (unless the Owner of the Notes is eligible for payment by wire transfer). If the Book-Entry-Only System is discontinued, upon prior written request of an Owner of at least \$1,000,000 in principal amount of Notes outstanding made at least twenty (20) days prior to an interest payment date, all payments of interest shall be paid by wire transfer.

RECORD DATE. So long as the Bonds are held under the Book-Entry-Only System, payments of principal and interest shall be paid to DTC. If the Book-Entry-Only System is discontinued, the record date for determination of ownership for payment of interest shall be the fifteenth calendar day prior to an interest payment date. The Trustee shall pay interest to the Owners of record on the record date notwithstanding that transfers of ownership may occur on any Note between the record date and the next interest payment date.

SECURITY: The Notes are payable as to both principal and interest solely from (i) an assignment of all repayment of the funds advanced by the City to the State of Arizona if, as and when received from the State of Arizona and received by the City, and (ii) a pledge of, and lien on, all of the City's unrestricted excise, transaction, franchise, privilege and business taxes, state shared sales and income taxes, state shared vehicle license taxes, fees for licenses and permits, fines, forfeitures and state revenue sharing that are validly imposed by a political subdivision or contributed, allocated or paid to the political subdivision and not earmarked by the contributor or the political subdivision for a contrary or inconsistent purpose ("Excise Taxes"). Excise Taxes shall not include excise taxes collected and paid to the City under (a) the .25% transaction privilege (sales) and use tax approved by the voters of the City on May 19, 1998 the use of which is restricted to health, safety and other quality of life uses (b) the .30% transaction privilege (sales) and use tax approved by the voters of the City on May 16, 2006, the use of which is restricted to street projects in the City, or (c) any other similar tax restricted as to its use. Excise Taxes shall not include the voter approved (March 10, 2009) allocation of the 3% transient occupancy tax proceeds generated at the Gaylord Hotel and Convention Center site, when built, the use of which will be used for the promotion of tourism in the City.

INTEREST RATES: Bids for the purchase of the Notes must state the single rate of interest to be paid and no bid at a price less than the 100.50% of the par value of the Notes (\$25,125,000), together with all accrued interest thereon at the date of delivery of the Notes, will be considered. 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 Note.

FORM OF BID AND GOOD FAITH DEPOSIT: The prescribed form of bid for the Notes will be available on the PARITY system and all bids must be submitted on that form. Bids shall be accompanied by a deposit in the amount of \$500,000 (the "Deposit"), in the form of any of the following: (i) a certified or cashier's check payable to the City, or (ii) a wire transfer to the City, or (iii) a financial surety bond (a "Financial Surety Bond") which guarantees such bidder's bid, delivered to the City prior to the time bids will be opened. Each bidder shall be solely responsible for the timely delivery of their

Deposit whether by check, wire transfer of Financial Surety Bond. Neither the City nor the Financial Advisor have any liability for delays in the transmission of the Deposit.

Any 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.

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

JP Morgan Chase, ABA Number 021000021; Account number: 90002519; For Further Credit to: Branch 902711, Reference: Name of Bidder – Highway Project Advancement Notes 2010;

Contemporaneously with such wire transfer, the bidder shall send an e-mail to the City Deputy Manager Office (e-mail address: bryan.raines@mesaaz.gov), to the Controller (e-mail address doug.yeskey@mesaaz.gov) and to the Financial Advisor (e-mail addresses: larry.given@wedbush.com and janelle.gold@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, (iv) Federal reference number, if available, and (v) the return wire instructions if such bidder is not awarded the Notes.

Any Deposit made by the successful bidder by check or wire transfer will be retained by the City following the award of the Notes. Any Deposit made by check or wire transfer by an unsuccessful bidder will be returned to such bidder following City action relative to an award of the Notes.

If a Financial Surety Bond is used, it must be from an insurance company licensed to issue such a bond in the State of Arizona and pre-approved by the City. Such Financial Surety Bond must be submitted to the City prior to the opening of bids. The Financial Surety Bond must indentify each bidder whose bid is guaranteed by such Financial Surety Bond. If the Notes are awarded to a bidder using a Financial Surety Bond, then that bidder is required to submit its Deposit to the City in the form of a certified or cashier's check or wire transfer as instructed by the Financial Advisor not later than 1:00 P.M., M.S.T. on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the City to satisfy the Deposit requirement.

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.

The Financial Advisor to the City has reserved the right to bid on the Notes.

CUSIP NUMBERS: CUSIP numbers will be placed on the Notes, but neither failure to place such numbers on any Note nor any error with respect thereto shall constitute cause for a failure or refusal by the winning bidder to accept delivery of and pay for the Notes in accordance with the terms of the sale. No CUSIP number will be deemed to be part of any Note or of the contract evidenced thereby.

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 NOTE FORMS: The City shall bear the cost of printing of the Notes and will furnish fully executed Notes, registered in the name of the purchaser or nominees, to the purchaser upon payment therefor.

AWARD AND DELIVERY: Unless all bids are rejected, the Notes will be awarded to the bidder 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 Notes from their date to their respective maturity dates and by deducting therefrom any premium. Delivery of the Notes will be made to the purchaser upon payment in Federal or immediately available funds at the offices of Gust Rosenfeld

P.L.C. ("*Bond Counsel*"), Phoenix, Arizona, or, at the purchaser'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 Notes, any person who was significantly involved in initiating, negotiating, securing, drafting or creating the contract for the purchase of the Notes 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 Notes, 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 Notes on behalf of the City.

LEGAL OPINION: The Notes are sold with the understanding that the City will furnish the winning bidder with the approving opinion of Bond Counsel. An undated copy of such opinion will be attached to each Note. 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 Notes under Arizona law and on the exemption of the interest income on such Notes 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 Note proceeds. Except to the extent necessary to issue its approving opinion as to validity of the Notes, 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 Notes 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 Notes, 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 Notes is excluded from gross income for purposes of calculating federal income taxes and is exempt from Arizona income taxes.

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

QUALIFIED TAX-EXEMPT OBLIGATIONS: The Notes 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 Deputy City Manager, will deem the Preliminary Official Statement provided in connection with the sale of the Notes to be final as of its date, as required by Section 240.15c(2)(12), General Rules and Regulations, Securities Exchange Commission Act of 1934, 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.

Within twenty-four (24) hours after the award of the Notes, the winning bidder must provide the City with all necessary offering price information, selling compensation information, all other terms of the sale which are depending 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 Notes, the City will provide the winning bidder with 100 copies of the final Official Statements 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 Notes 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: The City will enter into an undertaking for the benefit of the owners and beneficial owners of the Notes to provide both annual financial information (and audited financial statements when available) and material events disclosure to the Municipal Securities Rulemaking Board (the "*MSRB*") through the MSRB's Electronic Municipal Market Access system..

NO LITIGATION AND NON-ARBITRAGE: The City will deliver a certificate to the effect that no litigation is pending affecting the issuance and sale of the Notes. The City will also deliver an arbitration certificate covering its reasonable expectations concerning the Notes.

ADDITIONAL INFORMATION: Copies of this Notice and the Preliminary Official Statement relating to the Notes will be furnished to any bidder upon request made to the Clerk of the City of Mesa, Arizona; or to Wedbush Securities, 2999 N. 44th Street, Suite 100, Phoenix, Arizona 85018, telephone 602.952.6800; Financial Advisor to the City with respect to the Notes.

CITY OF MESA, ARIZONA