

RESOLUTION NO. 9692

**RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$30,865,000 AGGREGATE PRINCIPAL AMOUNT OF TAXABLE GENERAL OBLIGATION BONDS, SERIES 2010 (BUILD AMERICA BONDS – DIRECT PAY); PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE BONDS; APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF AN AGREEMENT FOR THE SERVICES OF A BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT; APPROVING THE DISTRIBUTION OF AN OFFICIAL STATEMENT IN CONNECTION WITH THE ISSUANCE AND SALE OF THE BONDS HEREIN AUTHORIZED; RATIFYING THE ACTIONS OF CITY OFFICERS AND AGENTS CONCERNING THE BONDS AND THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT PERTAINING TO THE BONDS; MAKING IRREVOCABLE ELECTIONS UNDER THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009; AND PROVIDING CERTAIN TERMS, COVENANTS AND PROVISIONS REGARDING THE BONDS.**

**WHEREAS**, pursuant to special bond elections held in and for the City of Mesa, Arizona (the "*City*"), on April 28, 1987 and November 4, 2008, the issuance of general obligation bonds has been approved; and

**WHEREAS**, the City now desires to issue and sell \$30,865,000 of its Taxable General Obligation Bonds, Series 2010 (Build America Bonds – Direct Pay) (the "*Bonds*"), for the purposes and according to the terms as set forth in this resolution; and

**WHEREAS**, the City elects to have the Bonds treated as Qualified Build America Bonds pursuant to Section 54AA of the Internal Revenue Code of 1986, as amended (the "*Code*"), to have the interest on the Bonds be taxable for federal income tax purposes and to have the United States, pursuant to Section 6431 of the Code, pay directly to the City the tax credit in the amount of 35% of the interest paid by the City on the Bonds and

**WHEREAS**, all acts, conditions and things required by the Constitution and laws of the State of Arizona to happen, exist and be performed precedent to and in the adoption of this resolution have happened, exist and have been performed as so required in order to make this resolution a valid and binding instrument for the security of the Bonds authorized herein;

**NOW, THEREFORE, IT IS RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF MESA, ARIZONA, AS FOLLOWS:**

**Section 1. Authorization.** For the purpose of providing funds to make certain of the acquisitions and public improvements authorized by the qualified electors of the City at the special bond elections held on April 28, 1987 and November 4, 2008, there is hereby authorized to be issued and sold \$30,865,000 aggregate principal amount of the Bonds.

**Section 2. Terms.**

A. Issuance of the Bonds. The Bonds hereby authorized to be issued shall be designated City of Mesa, Arizona Taxable General Obligation Bonds, Series 2010 (Build America Bonds – Direct Pay) (the "*Bonds*"). The Bonds shall be dated as of the date of delivery of the Bonds to the purchaser and will bear interest from the most recent January 1 or July 1 to which interest has been paid. The first interest payment date will be January 1, 2011, and interest shall be payable semiannually thereafter on each succeeding July 1 and January 1 during the term of the Bonds. The Bonds will be initially issued in fully registered book-entry-only form in denominations equal to the respective year's maturity amount. If the book-entry-only system is discontinued, the Bonds will be issued in the denomination of \$5,000 each or integral multiples thereof. The Bonds will mature on July 1 in the years and amounts and will bear interest at the rates as follows:

<b>Maturity Date (July 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Maturity Date (July 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2020	\$1,115,000	4.750%	2026	\$1,975,000	5.550%
2021	1,250,000	4.900%	2027	2,125,000	5.700%
2022	1,375,000	5.000%	2028	2,325,000	5.800%
2023	1,500,000	5.150%	2029	2,500,000	5.850%
2024	1,675,000	5.300%	2030	13,225,000	5.700%
2025	1,800,000	5.450%			

B. Book-Entry-Only System. So long as the Bonds are administered under the Book-Entry-Only System described herein, interest payments and principal payments that are part of periodic principal and interest payments shall be paid to Cede & Co. or its registered assigns in same-day funds no later than the time established by Depository Trust Company, New York, New York ("DTC") on each interest or principal payment date or Certificate payment date (or in accordance with then existing arrangements between the District and DTC). The City has previously entered into an agreement (the "*Letter of Representations*") with DTC in connection with the issuance of the City's bonds, including the Bonds and, while the Letter of Representations is in effect, the procedures established therein shall apply to the Bonds.

C. Payment. So long as the Bonds are administered under the Book-Entry-Only System described herein, interest payments and principal payments that are part of periodic principal and interest payments shall be paid to Cede & Co. or its registered assigns in same-day funds no later than the time established by DTC on each interest or principal payment date (or in accordance with then existing arrangements between the District and DTC).

D. Registration. If the book-entry-only system is discontinued, the Registrar's (as defined below) registration books will show the registered owners of the Bonds (the owner or owners of the Bonds as shown on the Registrar's registration books shall be referred to as "*Owner*" or "*Owners*"). While the Bonds are subject to the book-entry-only system, the Bonds shall be registered in the name of Cede & Co., or its registered assigns. The Bonds will be administered by the Registrar in a manner which assures against double issuance and provides a

system of transfer of ownership on the books of the Registrar in the manner set forth in the Bonds.

E. Payment if Book-Entry-Only System is Discontinued. If the Book-Entry-Only System is discontinued, interest on the Bonds will be payable on each Interest Payment Date by check mailed to the Owner thereof at the Owner's address all as shown on the registration books maintained by the Registrar as of the close of business of the Registrar on the fifteenth (15th) day of the month preceding an Interest Payment Date (the "*Record Date*").

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 of this resolution, 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".

F. Other Terms. The Bonds have such additional terms and provisions as are set forth in the form of Bond attached hereto as Exhibit A, which is a part of this resolution.

### **Section 3. Prior Redemption.**

A. Redemption. Bonds maturing on July 1, 2020, are not subject to call for redemption prior to maturity. Bonds maturing on or after July 1, 2021 are subject to call for redemption prior to maturity, at the option of the City, in whole or in part, on July 1, 2020, or on any date thereafter by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus accrued interest to the date fixed for redemption but without premium.

B. Extraordinary Optional Redemption. The Bonds are subject to redemption prior to maturity at the option of the City, in whole or in part on any date in the event that the government of the United States of America evidences, in the sole judgment of the City, by action or failure to act, its unwillingness to provide for the direct payments to be made to the City in an amount equal to or greater than thirty-five percent (35%) of the interest payable on such Bonds on any interest payment date. The extraordinary redemption price will be the greater of (a) the principal amount of such Bonds to be redeemed; or (b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Bonds are to be redeemed, discounted to the date on which such Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (described below) plus 100 basis points; plus accrued interest on such Bonds to be redeemed to the redemption date.

“Treasury Rate” means, as of the redemption date, the yield to maturity as of such redemption date of the United States Treasury securities with a constant maturity, as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to maturity; provided, however, that if the period from the redemption date to maturity is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. The redemption price will be determined by an independent accounting firm, investment banking firm or financial consultant retained by the City at the City’s expense and such redemption price shall be conclusive and binding on the owners of the Bonds.

C. Notice. So long as the Bonds 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 of transmission. The Registrar will notify DTC at least two (2) business days prior to a date not less than twenty (20) calendar days and no more than sixty (60) calendar days prior to the redemption date, or in the case of an advance refunding, the date that the proceeds are deposited into escrow (and, in the case of an advance refunding, an additional notice will be provided no later than twenty (20) calendar days prior to the refunding date). If less than all of the bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each DTC Participant to be redeemed. If the Book-Entry-Only system is discontinued, notice of redemption of any Bond will be mailed by first class mail, postage prepaid, to the registered owner thereof at the address shown on the books of 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 given to any securities depository by mail, facsimile, wire or other generally accepted electronic means of transmission of such notices. Failure to properly give notice of redemption shall not affect the redemption of any Bond for which notice was properly given. Notice of redemption will also be sent to the Municipal Securities Rulemaking Board (the "MSRB"), currently through the MSRB's Electronic Municipal Market Access system.

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 or prior to 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. The notice of redemption shall describe the conditional nature of the redemption. If a conditional redemption notice has been give and money sufficient to redeem all the Series 2010 Bonds or portions thereof called for redemption is not held in separate accounts by the City or by a Paying Agent on the day set for redemption, then such redemption shall be cancelled and be of no force and effect.

D. Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date, and, if

moneys for payment of the redemption price are held in separate accounts by the Paying Agent, interest on such Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds shall cease to be entitled to any benefit or security hereunder and the owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and such Bonds shall be deemed paid and no longer outstanding.

E. Redemption of Less Than All of a Bond. The City may redeem an amount which is included in a Bond in the denomination in excess of, but divisible by, \$5,000. In that event, the registered owner shall submit the Bond for partial redemption and the Paying Agent shall make such partial payment and the Registrar shall cause to be issued a new Bond in a principal amount equal to the unpaid amount remaining on such Bond after the redemption to be authenticated and delivered to the registered owner thereof.

**Section 4. Security.** For the purpose of paying the principal of, interest and premium (if any) on early redemption and costs of administration of the registration and payment of the Bonds there shall be levied on all the taxable property in the City a continuing, direct, annual, ad valorem tax with limit as to rate or amount sufficient to pay all such principal, interest, premium and administration costs on the Bonds as the same becomes due, such taxes to be levied, assessed and collected at the same time and in the same manner as other taxes are levied, assessed and collected. The proceeds of the taxes shall be kept in a special fund and shall be used only for the purpose for which collected.

**Section 5. Form of Bonds.** So long as the Book-Entry-Only System is in effect, the Bonds shall be in substantially the form of Exhibit A, attached hereto and incorporated by reference herein, with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby and are approved by those officers executing the Bonds and execution thereof by such officers shall constitute conclusive evidence of such approval. If the Book-Entry-Only System is discontinued, the Bonds shall be reissued and transferred in forms of Bonds and Certificates to be prepared at that time.

The Bonds may have notations, legends or endorsements required by law, securities exchange rule or usage. Each Bond shall be dated the date of its authentication and registration.

**Section 6. Use of Proceeds.** After payment of the expenses of issuance, the net proceeds from the sale of the Bonds shall be set aside and deposited by the Deputy City Manager in the separate accounts and used for the following respective purposes allocated to the following respective elections and charged against the following respective 20% (for water, artificial lights, sewer, open space preserves, parks, playgrounds and recreational facilities, public safety, law enforcement, fire and emergency services facilities and streets and transportation facilities) debt limit set forth in Article 9, Section 8, Arizona Constitution:

<u>Purpose of Bonds</u>	<u>Bond Election</u>	<u>Debt Limit</u>	<u>Amount</u>
Public Safety Improvements	November 4, 2008	20%	\$17,905,000
Street Improvements	November 4, 2008	20%	7,935,000
Storm Sewer Improvements	April 28, 1987	20%	<u>5,025,000</u>
			\$30,865,000

**Section 7. Execution of Bonds.** The Bonds shall be executed for and on behalf of the City by the Mayor and attested by the Clerk by their manual or facsimile signatures and the City seal will be either photographically, mechanically reproduced or manually imprinted or affixed on the Bonds. If the signatures are affixed or imprinted by facsimile, the Mayor and Clerk shall execute a certificate adopting as their signatures the facsimile signatures appearing on the Bonds. If an officer whose signature is on a Bond no longer holds that office at the time the Bond is authenticated and registered, the Bond shall nevertheless be valid.

A Bond shall not be valid or binding until authenticated by the manual signature of an authorized officer of the Registrar. The signature shall be conclusive evidence that the Bond has been authenticated and issued under this resolution.

**Section 8. Mutilated, Lost or Destroyed Bonds.** In case any Bond becomes mutilated or destroyed or lost, the City shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed or lost, upon the registered owner's paying the reasonable expenses and charges of the City in connection therewith and, in the case of the Bond destroyed or lost, filing with the City Clerk by the registered owner evidence satisfactory to the City that such Bond was destroyed or lost, and furnishing the City with a sufficient indemnity bond pursuant to A.R.S. § 47-8405.

**Section 9. Acceptance of Final Bid.** The bid of Morgan Keegan & Co., Inc. (the "*Purchaser*"), which is on file with the City Clerk, is hereby accepted as the lowest and best bid and the Bonds are hereby ordered sold to such purchaser in accordance with the terms of such bid and the terms and conditions of the Notice Inviting Bids for the Purchase of Bonds.

The Deputy City Manager is hereby authorized and directed to cause the Bonds to be delivered to or upon the order of the purchaser upon receipt of payment therefor and satisfaction of the other conditions for delivery thereof in accordance with the terms of the sale.

**Section 10. Registrar and Paying Agent.** The City will maintain an office or agency where Bonds may be presented for registration or transfer (the "*Registrar*") and an office or agency where Bonds may be presented for payment (the "*Paying Agent*"). The City may appoint one or more co-registrars or one or more additional Paying Agents. The Registrar and Paying Agent may make reasonable rules and set reasonable requirements for their respective functions with respect to the owners of the Bonds.

Initially, U.S. Bank National Association, Phoenix, Arizona, will act as, and is hereby designated as, the Registrar and Paying Agent with respect to the Bonds. Any entity into which the Registrar and Paying Agent is merged or consolidated shall continue as the Registrar and Paying Agent hereunder without notice to the owners of Bonds or any further action by the City. The City may change the Registrar or Paying Agent without notice to or consent of owners of the Bonds and the City may act in any such capacity.

The contract for Registrar's services is hereby approved in substantially the form on file with the City Clerk, to provide for payment of Registrar's services. The Deputy City Manager is hereby authorized and directed to execute the contract with the Registrar.

Each Paying Agent will be required to agree in writing that the Paying Agent will hold in trust for the benefit of the owners of the Bonds all moneys held by the Paying Agent for the payment of principal of and interest and any premium on the Bonds.

The Registrar may appoint an authenticating agent acceptable to the City to authenticate Bonds. An authenticating agent may authenticate Bonds whenever the Registrar may do so. Each reference in this resolution to authentication by the Registrar includes authentication by an authenticating agent acting on behalf and in the name of the Registrar and subject to the Registrar's direction.

The Registrar shall keep a register of the Bonds, the registered owners of the Bonds and of transfer of the Bonds. When Bonds are presented to the Registrar or a co-registrar with a request to register transfer, the Registrar will register the transfer on the registration books if its requirements for transfer are met and will authenticate and deliver one or more Bonds registered in the name of the transferee of the same principal amount, maturity and rate of interest as the surrendered Bonds. Bonds presented to the Registrar for transfer after the close of business on the Record Date and before the close of business on the next subsequent interest payment date will be registered in the name of the transferee but the interest payment will be made to the registered owners shown on the books of the Registrar as of the close of business on the Record Date.

The Registrar shall authenticate Bonds for original issue up to \$30,865,000 in aggregate principal amount upon the written request of the Deputy City Manager. The aggregate principal amount of Bonds outstanding at any time may not exceed that amount except for replacement Bonds as to which the requirements of the Registrar and the City are met.

**Section 11. Official Statement.** The preparation, completion, use and distribution of the Preliminary Official Statement dated May 10, 2010 (the "*Preliminary Official Statement*"), pertaining to the original issuance of the Bonds in the form now on file with the City Clerk is approved as a "deemed final" official statement (excepting permitted omissions), by the City as of its date for purposes of Securities and Exchange Commission Rule 15c2-12 (the "*Disclosure Rule*"). Either the Mayor or the Deputy City Manager is hereby authorized to certify or represent that the Official Statement is "final" for purposes of the Disclosure Rule. Such approval of the Preliminary Official Statement by either the Mayor or Deputy City Manager shall constitute the approval and designation by the City of the Preliminary Official Statement as a

deemed final Official Statement for all purposes of the Disclosure Rule. Either the Mayor or Deputy City Manager is authorized on the City's behalf to complete a final official statement to be dated on or about the date hereof, and in substantially the form of the Preliminary Official Statement (the "*Final Official Statement*"). (The Preliminary Official Statement and the Final Official Statement are collectively referred to herein as the "*Official Statement*"). The Final Official Statement shall contain such modifications, changes and supplements as either the Mayor or Deputy City Manager shall approve or authorize as necessary to make true and accurate the information contained therein. Either the Mayor or Deputy City Manager is hereby authorized to execute and deliver to the Purchaser the Final Official Statement.

Either the Mayor or Deputy City Manager is further authorized to use and distribute, or authorize the use and distribution of, the Final Official Statement and supplements thereto concerning the original issuance of the Bonds as may in the Mayor's or Deputy City Manager's judgment be necessary or appropriate.

The Mayor, City Clerk or Deputy City Manager is also authorized to sign and deliver, on the City's behalf and in their official capacities, such certificates concerning the accuracy of the Final Official Statement and any amendment thereto as may, in their judgment, be necessary or appropriate.

**Section 12. Continuing Disclosure Undertaking.** In order to comply with the provisions of the Disclosure Rule, the Deputy City Manager is hereby authorized and directed to prepare, execute and deliver on behalf of the City a written undertaking or agreement for the benefit of the owners of the Bonds. The written undertaking or agreement shall contain such terms and provisions as are necessary to comply with the Disclosure Rule including, but not limited to (i) an agreement to provide to the Municipal Securities Rulemaking Board (the "MSRB"), currently through MSRB's Electronic Municipal Market Access system ("EMMA") and to the Arizona state information depository, if one shall be so designated by the State of Arizona, the financial information or operating data presented in the Final Official Statement as determined by the Deputy City Manager and the annual audited financial statements of the City and (ii) an agreement to provide material events disclosures to the MSRB, currently through the MSRB's EMMA and to the Arizona state information depository, if one shall be so designated by the State of Arizona.

**Section 13. Rebate Fund; Rebate Payments.** The Mayor and the Council hereby authorize the Deputy City Manager or any agent thereof to create a separate fund to be known as the Rebate Fund. Into such fund shall be deposited any and all moneys deemed necessary to remain in compliance with the provisions of Section 148 of the Internal Revenue Code of 1986, as amended (the "*Code*"), or any regulations promulgated thereunder. Moneys in such fund shall be segregated or (if authorized in writing by an opinion of bond counsel) commingled with other moneys of the City. The Deputy City Manager is ordered and directed to employ or engage one or more arbitrage rebate consultants to calculate annually any necessary rebate amount to be paid to the United States of America. The Deputy City Manager is authorized and directed to pay any amounts necessary to the United States, as arbitrage rebate(s).

**Section 14. Resolution a Contract.** This resolution shall constitute a contract between the City and the registered owners of the Bonds and shall not be repealed or amended in any manner which would impair, impede or lessen the rights of the registered owners of the Bonds then outstanding.

**Section 15. Severability.** If any section, paragraph, subdivision, sentence, clause or phrase of this resolution is for any reason held to be illegal, invalid or unenforceable, such decision will not affect the validity of the remaining portions of this resolution. The Mayor and Council hereby declare that the City would have adopted this resolution and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this resolution may be held illegal, invalid or unenforceable.

**Section 16. Ratification of Actions.** All actions of the officers and agents of the City which conform to the purposes and intent of this resolution and which further the issuance and sale of the Bonds as contemplated by this resolution whether heretofore or hereafter taken shall be and are hereby ratified, confirmed and approved. Any change made in the Notice Inviting Proposals for the Purchase of Bonds which do not conform to the prior order of this Mayor and Council are hereby ratified. The proper officers and agents of the City are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the City as may be necessary to carry out the terms and intent of this resolution.

**Section 17. Qualified Tax-Exempt Obligations.** The Bonds are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

**Section 18. Election Under American Recovery and Reinvestment Act.** The City hereby makes an irrevocable election, pursuant to Section 54AA(d)(1)(C) of the Code, to have Section 54AA apply to the Bonds so that the Bonds are Build America Bonds and an irrevocable election, pursuant to Section 54AA(g)(2)(B) of the Code, to have Subsection 54AA(g) apply to the Bonds, so that the City shall receive direct payments from the United States of the tax credit in the amount of 35% of the interest paid on the Bonds pursuant to Section 6431 of the Code. The Mayor, any member of Council, the Manager or the Deputy City Manager and all other officers and agents of the City are authorized to take any action, make any modification of the documents, enter into any agreements, make any election or certifications, modify the designated name of the Bonds and pay any costs necessary to provide for, or facilitate the issue and sale of the Bonds in such manner, and to comply with the requirements of the Code and the terms of the Bonds and any agreement related thereto.

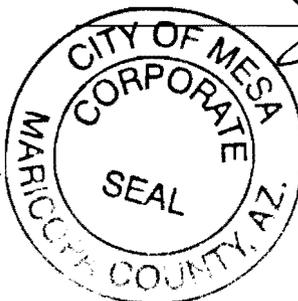
**Section 19. Maintain Qualified Build America Bond Status.** In order to maintain the status of the Bonds as Qualified Build America Bonds and receive the amount to be paid by the United States as the 35% credit allowed under Section 6431 of the Code, the Mayor, any member of the Council, the Manager or the Deputy City Manager and all other officers and agents of the City are authorized to take any action within its power and authority which would, other than as a result of the application of Section 54AA of the Code, prevent the interest income

on the Bonds from becoming includable in gross income for federal income tax purposes under either laws existing on the date of issuance of the Bonds or such laws as they may be modified or amended. To so comply, the Mayor, any member of the Council, the Manager or the Deputy City Manager and all other officers and agents of the City are authorized to comply with such requirements and are authorized to take any such action(s) as in the opinion of Gust Rosenfeld P.L.C. ("Bond Counsel") are necessary to prevent interest income on the Bonds from becoming includable in gross income for federal income tax purposes, other than as a result of the application of Section 54AA of the Code. Such requirements may include but are not limited to making truthful certifications and representations and giving necessary assurances; complying with all representations, covenants and assurances contained in certificates or agreements to be prepared by Bond Counsel; to pay to the United States of America any required amounts representing rebates of arbitrage profits relating to the Bonds; filing forms, statements and supporting documents as may be required under the federal tax laws; limiting the term of and yield on investments made with proceeds of the Bonds; and limiting the use of proceeds of the Bonds and property financed thereby.

**PASSED AND ADOPTED** by the Mayor and Council of the City of Mesa, Arizona, on May 20, 2010.

ATTEST:

  
\_\_\_\_\_  
City Clerk



  
\_\_\_\_\_  
Mayor

APPROVED AS TO FORM:

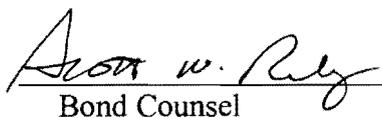
  
\_\_\_\_\_  
Bond Counsel

Exhibit A: Bond Form

**CERTIFICATION**

I, Linda Crocker, the duly appointed and acting Clerk of the City of Mesa, Arizona, do hereby certify that the above and foregoing Resolution No. 9692 was duly passed by the City Council of the City of Mesa, Arizona, at a regular meeting held on May 20, 2010, and the vote was 7 aye's and 0 nay's and that the Mayor and 6 Council Members were present thereat.

DATED: May 20, 2010.

  
\_\_\_\_\_  
City Clerk

**EXHIBIT A**

(Form of Bond to be used While Book-Entry-Only System is in Effect)

Number: R-\_\_\_\_\_

Denomination: \_\_\_\_\_

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Registrar (or any successor registrar) for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC, (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge, or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

***CITY OF MESA, ARIZONA  
TAXABLE GENERAL OBLIGATION BOND  
SERIES 2010  
(BUILD AMERICA BONDS – DIRECT PAY)***

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Dated Date</u>	<u>CUSIP No.</u>
_____%	July 1, 20__	_____, 2010	_____

Registered Owner: Cede & Co.

Principal Amount: \_\_\_\_\_ AND NO/100 DOLLARS (\$ \_\_\_\_\_)

**CITY OF MESA, ARIZONA** (the "City"), for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

Bonds maturing on July 1, 2020, are not subject to call for redemption prior to maturity. Bonds maturing on or after July 1, 2021, are subject to call for redemption prior to maturity, at the option of the City, in whole or in part, on July 1, 2020, or on any date thereafter by the payment of the principal amount of each bond called for redemption plus accrued interest to the date of redemption, but without premium.

Interest is payable on January 1 and July 1 of each year commencing January 1, 2011, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original dated date set forth above. Interest will be computed on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

Principal of and interest on this bond are payable in lawful money of the United States of America. Interest payments and principal payments that are part of periodic principal and interest payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in same-day funds no later than the time established by DTC on each interest or principal payment date in accordance with existing arrangements between the City and DTC.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in

the issuance of this bond exist, have occurred and have been performed and that the series of bonds of which this is one, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona, and that due provision has been made for the levy and collection of a direct, annual, ad valorem tax upon all of the taxable property in the City for the payment of this bond and of the interest hereon as each becomes due.

This bond is one of a series of general obligation bonds in the aggregate principal amount of \$30,865,000 of like tenor except as to amount, maturity date, redemption provisions, interest rate and number, issued by the City to provide funds to make those certain acquisitions and public improvements approved by a majority vote of qualified electors voting at elections duly called and held in and for the City, pursuant to a resolution of the Mayor and Council of the City duly adopted prior to the issuance hereof (the "*Resolution*") and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of general obligation bonds, and all amendments thereto, and all other laws of the State of Arizona thereunto enabling.

For the punctual payment of this bond and the interest hereon and for the levy and collection of ad valorem taxes on all taxable property within the City sufficient for that purpose, the full faith and credit of the City are hereby irrevocably pledged.

The registrar or paying agent may be changed by the City without notice.

So long as the book-entry-only system is in effect, this bond is non-transferable. If the book-entry-only system is discontinued, this bond is transferable by the registered owner in person or by attorney duly authorized in writing at the designated office of the registrar, which on the original issue date is the corporate trust office of U.S. Bank National Association, Phoenix, Arizona, upon surrender and cancellation of this bond. Bonds of this issue will be issued only in fully registered form in the denomination of \$5,000 of principal or integral multiples thereof.

The City, the registrar and the paying agent may treat the registered owner of this bond as the absolute owner for the purpose of receiving principal and interest and for all other purposes and none of them shall be affected by any notice to the contrary.

The City has caused this bond to be executed by the Mayor and attested by the Clerk, which signatures may be facsimile signatures. This bond is not valid or binding upon the City without the manually affixed signature of an authorized representative of the registrar. This bond is prohibited from being issued in coupon or bearer form without the consent of the City and the occurrence of certain other conditions.

**CITY OF MESA, ARIZONA**

Mayor

ATTEST:

Clerk

**AUTHENTICATION CERTIFICATE**

This bond is one of the City of Mesa, Arizona, Taxable General Obligation Bonds, Series 2010 (Build America Bonds – Direct Pay), described in the resolution mentioned herein.

\_\_\_\_\_,  
as Registrar

\_\_\_\_\_  
Authorized Representative

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**FORM OF ASSIGNMENT**

The following abbreviations, when used in this bond, shall be construed as though they were written out in full according to applicable laws or regulations:

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

Additional abbreviations may also be used though not in list above

**ASSIGNMENT**

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

\_\_\_\_\_  
(Name and Address of Transferee)  
the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_  
\_\_\_\_\_, attorney to transfer the within bond on the  
books kept for registration thereof, with full power of substitution in the premises.

Dated \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
Firm or Bank  
\_\_\_\_\_  
Authorized Signature  
Signature guarantee should be made by a guarantor institution  
participating in the Securities Transfer Agents Medallion  
Program  
or in such other program acceptable to the Registrar

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

**ALL FEES AND TRANSFER COSTS SHALL BE PAID BY THE TRANSFEROR**