

## **DEPOSITORY TRUST AGREEMENT**

This Depository Trust Agreement (this "Agreement") dated as of \_\_\_\_\_ 1, 2018, by and among the **CITY OF MESA, ARIZONA**, (the "City") and **U.S. BANK NATIONAL ASSOCIATION**, as registrar of the Bonds Being Defeased (the "Defeasance Registrar") and as depository trustee (the "Depository Trustee").

### WITNESSETH:

**WHEREAS**, the following bonds of the City have been executed and delivered and are currently outstanding (the "*Bonds Being Defeased*"):

CUSIP (Base No. 590545)	Issue (Dated Date)	Name of Issue	Original Principal Amount	Maturities Being Defeased (July 1)	Principal Amount Being Defeased	Redemption or Maturity Date (July 1)	Redemption Premium on Bonds Being Defeased (% of Principal)
XF1 XG9	06/01/2006	Utility Systems Revenue Bonds, Series 2006 (the "Series 2006 Bonds")	\$8,650,000 9,000,000	2023 2024	\$1,015,000 4,645,000	2023 2024	N/A N/A
RN1 RP6 RQ4 RR2 RS0 RT8 RU5	05/29/2008	Utility Systems Revenue Bonds, Series 2008 (the "Series 2008 Bonds")	\$725,000 875,000 700,000 900,000 950,000 875,000 1,075,000	2023 2024 2025 2026 2027 2028 2029	\$175,000 215,000 435,000 740,000 765,000 785,000 860,000	2023 2024 2025 2026 2027 2028 2029	N/A N/A N/A N/A N/A N/A N/A
UB3 UC1 UD9 UE7 UH0 UQ0 UK3 UL1 UM9 UN7	10/15/2014	Utility Systems Revenue Refunding Bonds, Series 2014 (the "Series 2014 Bonds")	\$710,000 725,000 740,000 760,000 830,000 10,000,000 12,110,000 19,150,000 31,345,000 22,955,000	2019 2020 2021 2022 2025 2026 2027 2028 2029 2030	\$135,000 135,000 140,000 140,000 160,000 2,250,000 1,340,000 735,000 430,000 65,000	2019 2020 2021 2022 2024* 2024* 2024* 2024* 2024* 2024*	N/A N/A N/A N/A N/A N/A N/A N/A N/A N/A

\* July 1, 2024 optional redemption date.

; and

**WHEREAS**, the Depository Trustee is the bond registrar and paying agent for the Bonds Being Defeased; and

**WHEREAS**, by a resolution adopted April 16, 2018 (the "*Resolution*"), the City Council of the City has authorized the transfer of not to exceed \$18,000,000 in City utility systems impact fees and other available utility systems monies to the Depository Trustee in order to defease the Bonds Being Defeased; and

**WHEREAS**, it is proposed that certain of the Bonds Being Defeased be paid at maturity or called for redemption prior to maturity as hereinafter set forth; and

**WHEREAS**, the City will transfer a portion of the above-described City utility systems impact fees to the Depository Trustee together with other available utility systems monies, and the Depository Trustee is instructed herein to pay, when due, the principal of, redemption premium, if any, and interest on the Bonds Being Defeased; and

**WHEREAS**, the Resolution authorizes and directs the City to enter into an irrevocable trust agreement with the Depository Trustee for the safekeeping and handling of the moneys to be held in trust for the payment of the Bonds Being Defeased; and

**WHEREAS**, the Depository Trustee agrees to accept and administer the trust created hereby;

**NOW, THEREFORE**, in consideration of the mutual covenants, conditions and agreements hereinafter set forth it is hereby agreed as follows:

**Section 1.**     Deposit With Depository Trustee. The City will cause to be deposited with the Depository Trustee the City utility systems impact fees in the amount of \$\_\_\_\_\_. Such transferred funds shall be applied to pay at maturity or redemption and to defease the Bonds Being Defeased. The City will make a separate contribution of \$\_\_\_\_\_ of available utility systems monies to pay transaction costs of the defeasance.

**Section 2.**     Trust Account. Excluding the \$\_\_\_\_\_ of utility systems monies that shall be held by the Depository Trustee in the Costs of Defeasance Account (as defined herein) separate from the Trust Account (as defined herein) and used to pay transaction costs of defeasance, the Depository Trustee shall hold the moneys so deposited, all investments made with such moneys and all earnings from investment and reinvestment of such moneys and all other moneys received by the Depository Trustee from the City hereunder as a special fund and separate trust account separate from all other funds and investments deposited with the Depository Trustee (the "*Trust Account*"). All money, all investments made with such moneys and all earnings from investment of such moneys in each subaccount shall be segregated from the other subaccount and shall be accounted for separately. Notwithstanding the foregoing, the Trust Account shall not include any amounts held to pay the costs and expenses incurred with respect to this transaction.

**Section 3.**     Government Obligations. The Depository Trustee shall invest \$\_\_\_\_\_ of the moneys in the Trust Account in (a) obligations issued by or the principal of and interest on which are fully and unconditionally guaranteed by the United States of America or (b) any of the senior debt of any of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities, including, without limitation: (i) United States Treasury Obligations - State and Local Government Series; (ii) United States Treasury bills, notes and bonds, as traded on the open market; (iii) Zero Coupon United States Treasury Bonds; or (iv) shares in an investment management company that invests solely in obligations issued by or the principal of and interest on which are unconditionally guaranteed by the United States of America (collectively, the "*Government Obligations*") to create a portfolio of moneys and Government Obligations as

described in Exhibit A hereto and \$\_\_\_\_\_ shall be held uninvested as an initial cash deposit to the Trust Account, all to defease the Bonds Being Defeased. The Depository Trustee shall establish separate subaccounts in the Trust Account for each of the portion of the Series 2006 Bonds being defeased, the Series 2008 Bonds being defeased and the Series 2014 Bonds being defeased, as described in Exhibit A hereto.

The investment income from the Government Obligations shall be collected and received by the Depository Trustee and credited to the Trust Account. The Depository Trustee shall keep adequate records of such moneys, Government Obligations and investment earnings so as to permit the portfolio to be accounted for separately.

The Depository Trustee shall not sell or redeem such Government Obligations in advance of their maturity dates except as provided in Section 5 hereof.

**Section 4.** Code Provisions. The parties recognize that amounts credited to the Trust Account and invested in the Government Obligations are, at the time of execution and delivery hereof, subject to restrictions as to investment under the Internal Revenue Code of 1986, as amended (the "*Code*"), in order for the interest on each of the Series 2006 Bonds, the Series 2008 Bonds, the Series 2014 Bonds and the Bonds Being Defeased to continue to be excluded from gross income for purposes of calculating federal income taxes. In order to comply with such currently applicable restrictions, and subject to the provisions of Section 5 hereof, the following provisions shall apply with respect to reinvestment of amounts credited to the Trust Account:

(a) Amounts received as maturing principal of or interest on the Government Obligations credited to the portfolio prior to the date such amounts are to be used to pay principal of or interest or redemption premium on the Bonds Being Defeased and are not to be reinvested.

(b) Yields are to be calculated by means of an actuarial method of yield calculation whereby "yield" means the discount rate that, when used in computing the present value as of the date the investment is first allocated to the Bonds Being Defeased of all unconditionally payable receipts from the investment (using the same compounding intervals and financial conventions used to compute the yield on the Bonds Being Defeased), produces an amount equal to the present value of all unconditionally payable payments for the investments. The Depository Trustee will not be responsible for the calculation of any yield.

(c) The purchase price of a Government Obligation used in determining its yield must be the market price of the Government Obligation on an established market. This means that a premium may not be paid to adjust the yield and that a lower interest rate than is usually paid may not be accepted. At the time of execution and delivery hereof, if a Government Obligation cannot be purchased on an established market or a *bona fide* bid price cannot be established at a yield that does not exceed the yield restriction applicable to the moneys to be invested regarding the Government Obligations, investments are limited to United States Treasury Certificates of Indebtedness, Notes and Bonds—State and Local Government Series which yield no more than the restricted yield.

(d) Notwithstanding the foregoing, any amounts held in the Trust Account may be invested in investments having any yield if the parties hereto receive an opinion in form and substance satisfactory to them of nationally recognized bond counsel experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds to the effect that such investment will not cause any of the Series 2006 Bonds, the Series 2008 Bonds, the Series 2014 Bonds or the Bonds Being Defeased to become arbitrage bonds within the meaning of Section 148 of the Code, and will not otherwise cause the interest on the Series 2006 Bonds, the Series 2008 Bonds, the Series 2014 Bonds or the Bonds Being Defeased to become included as gross income for purposes of calculating federal income taxes.

(e) Amounts received from reinvestment of maturing principal of and interest on Government Obligations, if any, prior to the date such amounts are to be used to make payments on the Bonds Being Defeased pursuant to this Section 4 and which are not needed to provide for payments on the Bonds Being Defeased may be withdrawn from the Trust Account and returned to the City and applied for the benefit of the City in accordance with applicable law.

Notwithstanding any provision of this Agreement to the contrary, the Depository Trustee shall not be liable or responsible for any calculation or determination which may be required in connection with, or for the purpose of complying with, Section 148 of the Code, or any successor statute or any regulation, ruling or other judicial or administrative interpretation thereof, including, without limitation, the calculation of amounts required to be paid to the United States of America or the determination of the maximum amount which may be invested in non-purpose obligations having a yield higher than the yield on the bonds, and the Depository Trustee shall not be liable or responsible for monitoring the compliance by the City with any of the requirements of Section 148 of the Code or any applicable regulation, ruling or other judicial or administrative interpretation thereof; it being acknowledged and agreed that the sole obligation of the Depository Trustee with respect to the investment of monies hereunder shall be to invest such monies in accordance with instructions received by it as set forth in this Agreement.

**Section 5.** Investment Instructions. The Depository Trustee may sell or redeem Trust Account investments in advance of their maturity dates and invest the proceeds of such sale or redemption or other moneys credited to the Trust Account in connection with such sale or redemption in Government Obligations only upon receipt of written instructions from the City Chief Financial Officer to do so, and receipt by the parties hereto of:

(a) An opinion in form and substance satisfactory to them of nationally recognized bond counsel experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds to the effect that such action will not cause the interest on the Series 2006 Bonds, the Series 2008 Bonds, the Series 2014 Bonds or the Bonds Being Defeased to be included in gross income for federal income tax purposes and will not cause the Series 2006 Bonds, the Series 2008 Bonds, the Series 2014 Bonds or the Bonds Being Defeased to become "arbitrage bonds" within the meaning of Section 148 of the Code, and will not adversely affect the right of the City to issue obligations the interest on which is excluded from gross income for federal income tax purposes; and

(b) A report from a nationally recognized certified public accountant or firm of certified public accountants verifying the accuracy of the arithmetic computations of the

adequacy of the proceeds from the liquidation together with any other moneys and the maturing principal of and interest on any Government Obligations to be credited to the Trust Account in accordance with the City Chief Financial Officer's instructions, to pay, when due, the principal of and interest and any redemption premiums on the Bonds Being Defeased as the same become due at maturity or upon prior redemption.

Upon any such sale or redemption of investments and reinvestment, any amounts not needed in the Trust Account to provide for payment of the Bonds Being Defeased, as shown by the accountant's report discussed above, may be withdrawn from the Trust Account and returned to the City Chief Financial Officer and applied for the benefit of the City in accordance with applicable law.

(c) The parties hereto acknowledge and agree that on the date the utility systems impact fees and funds are transferred (the "*Delivery Date*"), the Depository Trustee is to receive the Government Obligations referred to above in Section 3. If the Depository Trustee shall not receive any of the Government Obligations (the "*Failed Escrow Securities*"), the Depository Trustee shall accept, as temporary substitutes cash or, at the same purchase price, other Government Obligations ("*Substitute Escrow Securities*") the payments on which are scheduled to provide, as determined by an independent certified public accountant, along with such cash, at least the same amounts of moneys on or before the same dates as the Failed Escrow Securities for which they are substituted. (The Depository Trustee may rely upon a report of an independent firm of certified public accountants that the condition in the preceding sentence is satisfied.) If Substitute Escrow Securities are delivered, thereafter, upon delivery to the Depository Trustee of Failed Escrow Securities, together with any amounts paid thereon subsequent to the Delivery Date, the Depository Trustee shall return an amount of such cash and Substitute Escrow Securities, and any amount paid thereon subsequent to the Delivery Date, corresponding to the Failed Escrow Securities which the Substitute Escrow Securities replaced.

**Section 6.** Moneys Not Invested. Any Trust Account moneys which are not at any time invested in Government Obligations shall be held uninvested by the Depository Trustee.

**Section 7.** Timely Payments. The Depository Trustee shall make timely payments from the Trust Account for the Bonds Being Defeased in the amounts and on the dates sufficient to permit the payment when due of the principal of (at maturity or prior redemption as provided for herein) and interest on the Bonds Being Defeased as the same becomes due and payable.

**Section 8.** Notices. (a) The City hereby instructs the Defeasance Registrar for the Bonds Being Defeased that the Bonds Being Defeased shall be paid at maturity or prior redemption as described in this Agreement.

(b) The City hereby irrevocably instructs the Defeasance Registrar to mail to the owners of the Series 2006 Bonds and to transmit electronically to (i) the Depository Trust Company, New York, New York ("*DTC*"), (ii) the Municipal Securities Rulemaking Board (the "*MSRB*") currently through the MSRB's Electronic Municipal Market Access system ("*EMMA*"), and (iii) Financial Guaranty Insurance Company, as bond insurer of the Series 2006 Bonds, the notice of defeasance in substantially the form of Exhibit B-1 hereto.

(c) The City hereby irrevocably instructs the Defeasance Registrar to mail to the owners of the Series 2008 Bonds and to transmit electronically to (i) DTC, (ii) the MSRB currently through the MSRB's EMMA, and (iii) Assured Guaranty Municipal Corp. (as successor to Financial Security Assurance Inc.), as bond insurer of the Series 2008 Bonds, the notice of defeasance in substantially the form of Exhibit B-2 hereto.

(d) The City hereby irrevocably instructs the Defeasance Registrar to mail to the owners of the Series 2014 Bonds and to transmit electronically to (i) DTC and (ii) the MSRB currently through the MSRB's EMMA, the notice of defeasance in substantially the form of Exhibit B-3 hereto.

(e) The City hereby irrevocably instructs the Defeasance Registrar that the portion of the Bonds Being Defeased comprised of the Series 2014 Bonds maturing July 1, 2025 through and including July 1, 2030, shall be redeemed by the Defeasance Registrar on July 1, 2024. Not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption, the Defeasance Registrar shall send via telecopy or other electronic means a notice of redemption of the of the Bonds Being Defeased specified in the preceding sentence in substantially the form attached hereto as Exhibit C to DTC and to the MSRB by the method required by MSRB, currently through EMMA.

(f) The City agrees to pay the expenses of the Defeasance Registrar in giving all notices required hereunder relative to the Bonds Being Defeased.

**Section 9.** Insufficient Funds. If at any time or times there are insufficient funds on hand in the Trust Account for the payment of the principal of and interest on the Bonds Being Defeased as the same becomes due, or for the payment of the fees and expenses of the Depository Trustee or the Defeasance Registrar, the Depository Trustee shall promptly notify the City of such deficiency and the City shall immediately pay such amount to the Depository Trustee or the Defeasance Registrar, as applicable. Moneys in a subaccount shall be used only to pay the principal of and interest on the Bonds Being Defeased for which the subaccount was established.

**Section 10.** Costs of Defeasance.

A. The Depository Trustee is hereby authorized and directed to pay, solely from moneys deposited with the Depository Trustee in the costs of defeasance account ("*Costs of Defeasance Account*") for the purpose of paying the transaction costs of defeasance (\$\_\_\_\_\_.00) the costs and expenses as set forth in Exhibit D hereto. Amounts deposited with the Depository Trustee for such purpose shall be held in a separate account. Any amounts remaining on July 1, 2018 shall be transferred to the City.

B. For services hereunder, the Depository Trustee shall be entitled to the Depository Trustee's fees set forth in Exhibit C attached hereto, such fees being due upon the initial deposit of moneys with the Depository Trustee and representing payment of the Depository Trustee's initial fee and prepayment of the annual Depository Trustee's fees for services hereunder during the term hereof. The Depository Trustee shall not create or permit to be created any lien on

moneys in the Trust Account for the failure to pay any such fees. The Depository Trustee shall be reimbursed for all out of pocket costs.

**Section 11.** Transfer Upon Full Payment. When all amounts payable on the Bonds Being Defeased have become due and the Depository Trustee has on deposit all moneys necessary for the payment of such amounts, and in any event on the business day preceding the date on which the last of the Bonds Being Defeased matures or is to be redeemed, the Depository Trustee shall transfer all moneys and investments credited to the Trust Account and not needed to make payments on the Bonds Being Defeased to the City.

**Section 12.** Agreement Irrevocable. The parties recognize that the owners of each of the Bonds Being Defeased have a beneficial vested interest in the moneys and investments in the applicable subaccount of the Trust Account, and held in trust hereunder and that the transfer shall be made in reliance upon the irrevocable character of the trust created hereby. This Agreement shall not be revoked, and shall not be amended in any manner which may adversely affect the rights herein sought to be protected, until the provisions hereof have been fully carried out.

**Section 13.** Non-Liability. The Depository Trustee shall be under no obligation to inquire into or be otherwise responsible for the performance or nonperformance by the City of any of its obligations or to protect any of the rights of the City under any of the proceedings with respect to the Bonds Being Defeased. The Depository Trustee shall not be liable for any act done or step taken or omitted by it or for any mistake of fact or law or for anything which it may do or refrain from doing except for its negligence or its default in the performance of any obligation imposed upon it hereunder. The Depository Trustee shall not be liable or responsible for any loss resulting from any investment made pursuant to this agreement in compliance with the provisions hereof.

**Section 14.** Audit. The City has the right to audit the books, records and accounts of the Depository Trustee insofar as they pertain to the trust created hereunder.

**Section 15.** Assignment; Merger. Neither this Agreement nor the trust created hereunder may be assigned by the Depository Trustee without the prior written consent of the City unless the Depository Trustee is required by law to divest itself of its interest in its trust department or unless the Depository Trustee sells or otherwise assigns all or substantially all of its trust business in which event the trust shall be continued by the Depository Trustee's successor in interest.

Any entity into which the Depository Trustee may be merged or converted or with which it may be consolidated, or any entity resulting from any merger, conversion or consolidation to which the Depository Trustee shall be a party, or any entity succeeding to all or substantially all of the corporate trust business of the Depository Trustee, shall be the successor of the Depository Trustee hereunder, provided such entity, association or agency shall be otherwise qualified and eligible under this Section 15, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Depository Trustee, at any time prior to the first anniversary of the date hereof, may assign and transfer by written agreement all property, rights, interests, powers, duties and obligations of the Depository Trustee

as established hereunder, to a bank or trust company that is duly qualified to conduct trust business in the State of Arizona that is under common corporate control with the Depository Trustee and that otherwise satisfies the qualification requirements hereunder for successor trustees. Upon such assignment and transfer, the transferee bank or trust company shall become successor Depository Trustee and receive, accept and hold all property, rights, interests, powers, duties and obligations thereof without further actions or approvals of any other person.

**Section 16.** Depository Trustee Responsibility. In the event the Depository Trustee is required or permitted hereby, or is requested hereunder, to take any action (or refrain from taking any action) as the Depository Trustee, the performance (or nonperformance) of which would, in the Depository Trustee's sole judgment, subject the Depository Trustee to unreasonable risk of liability or expense, the Depository Trustee shall have no duty to take (or refrain from taking) any such action until the Depository Trustee has been furnished with indemnity adequate, in its sole judgment, to protect the Depository Trustee, its directors, officers, employees, agents and attorneys for, from and against such liability or expense, and all reasonable costs and expenses (including reasonable attorneys' fees) in connection therewith, or until its duty as to any such action (or inaction) shall have been finally adjudicated by a court of competent jurisdiction and all applicable periods in which to appeal or seek appellate review have expired.

To the extent permitted by law, the City will indemnify and hold the Depository Trustee, its directors, officers, employees, agents and attorneys harmless for, from and against any loss, liability, judgment or expense (including reasonable attorneys' fees) arising from the Depository Trustee's performance of its obligations hereunder except any such loss, liability, judgment or expense resulting from the successful allegation of the Depository Trustee's negligence or willful misconduct or breach of trust. The rights of the Depository Trustee to such indemnification shall survive the termination of this Agreement.

The Depository Trustee may consult with independent counsel, chosen by it with reasonable care, and shall not be liable for action taken or not taken in good faith in reliance upon the written advice or opinion of such counsel. The Depository Trustee shall not be liable for the accuracy of any calculations provided by others to it under this Agreement as to the sufficiency of the moneys or Government Obligations deposited with it to pay the principal of and interest and redemption premiums, if any, on the Bonds Being Defeased at the respective maturities or earlier redemption of the Bonds Being Defeased. Furthermore, the Depository Trustee may conclusively rely in good faith as to the truth, accuracy and correctness of, and shall be protected and indemnified in acting or refraining from acting upon, any written opinion, calculation, notice, instruction, request, certificate, document or opinion furnished to the Depository Trustee in accordance herewith and signed or presented by the proper party pursuant hereto and it need not investigate the truth or accuracy of any fact or matter stated in such opinion, calculation, notice, instruction, request, certificate or opinion.

The Depository Trustee may at any time resign and be discharged of the duties and obligations created hereby. If the Depository Trustee resigns, or is dissolved, liquidated or in the process of being dissolved or liquidated or otherwise becomes incapable of acting hereunder, or is taken under the control of any public officer or officers or of a receiver appointed by a court, a successor depository trustee may be appointed. No resignation or



removal may become effective until a successor depository trustee shall have been appointed. In the event that no appointment of a successor depository trustee occurs within sixty (60) days, the holder of any of the Bonds Being Defeased or the retiring Depository Trustee may apply to any court of competent jurisdiction for the appointment of a successor depository trustee acceptable to the City, and such court may thereupon, after such notice as it shall deem proper, appoint a successor depository trustee acceptable to the City. Any successor depository trustee appointed under this Agreement shall execute, acknowledge and deliver to its predecessor and the City an instrument in writing accepting such appointment and, thereupon, such successor depository trustee, without any further act, deed or conveyance, shall become fully vested with all rights, estates, powers, trusts, duties and obligations of its predecessor; but, such predecessor shall, nevertheless, on the written request of such successor depository trustee, execute, acknowledge and delivery an instrument transferring to such successor Depository Trustee all of the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor depository trustee shall deliver all securities and moneys held by it to the successor Depository Trustee.

The Depository Trustee agrees to accept and act upon instructions or directions pursuant to this Trust Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Depository Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give the Depository Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Depository Trustee in its discretion elects to act upon such instructions, the Depository Trustee's understanding of such instructions shall be deemed controlling. The Depository Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Depository Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Depository Trustee, including without limitation the risk of the Depository Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

**Section 17.** Severability. If any section, paragraph, subdivision, sentence, clause or phrase hereof shall for any reason be held illegal or unenforceable, such decision shall not affect the validity of the remaining portions hereof. The parties hereby declare that they would have executed this Agreement and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof, irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases hereof may be held to be illegal, invalid or unenforceable. If any provision hereof contains an ambiguity which may be construed as either valid or invalid, the valid construction shall be adopted.

**Section 18.** Applicable Laws. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Arizona. This Agreement expresses the entire understanding and all agreements of the parties hereto with each other with respect to the subject matter hereof and no party hereto has made or shall be bound by any agreement or any representation to any other party which is not expressly set forth herein.

**Section 19.** Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original, but all of which together shall constitute but one instrument.

**Section 20.** Conflict of Interest. The City hereby gives notice to the Depository Trustee and the Defeasance Registrar that Section 38-511, Arizona Revised Statutes, as amended, provides that the State of Arizona, its political subdivisions or any department or agency of either, may within three (3) years after execution thereof cancel any contract without penalty or further obligation, made by the State of Arizona, its political subdivisions or any department or agency of either, if any person significantly involved in initiating, negotiating, securing, drafting or creating such agreements on behalf of the State of Arizona, its political subdivisions or any department or agency of either, is at any time while such contract or any extension thereof is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

**Section 21.** E-verify requirements. To the extent applicable under A.R.S. § 41-4401, the Depository Trustee, the Defeasance Registrar and their respective subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees and compliance with the E-verify requirements under A.R.S. § 23-214(A). The Depository Trustee's, the Defeasance Registrar's or their respective subcontractors' breach of the above-mentioned warranty shall be deemed a material breach of this Agreement and may result in the termination of the Agreement by the City. The City retains the legal right to randomly inspect the papers and records of the Depository Trustee, the Defeasance Registrar and their respective subcontractors who work on the Agreement to ensure that the Depository Trustee, the Defeasance Registrar and their respective subcontractors are complying with the above-mentioned warranty.

The Depository Trustee, the Defeasance Registrar and their respective subcontractors warrant to keep the papers and records open for random inspection by the City during normal business hours. The Depository Trustee, the Defeasance Registrar and their respective subcontractors shall cooperate with the City's random inspections including granting the City entry rights onto its property to perform the random inspections and waiving their respective rights to keep such papers and records confidential.

**Section 22.** No Boycott of Israel. Pursuant to A.R.S. §35-393 et seq., the Depository Trustee and the Defeasance Registrar each hereby certifies it is not currently engaged in, and for the duration of this Agreement will not engage in, a boycott of Israel. The term "boycott" has the meaning set forth in A.R.S. §35-393.

[Signature Page to Follow]

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

**CITY OF MESA, ARIZONA**

\_\_\_\_\_  
Mayor

**ATTEST:**

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

**U.S. BANK NATIONAL ASSOCIATION**, as  
Depository Trustee

By: \_\_\_\_\_  
\_\_\_\_\_

**Acknowledged and Agreed for  
Purposes of Sections 8, 9, 20, 21 and 22**

\_\_\_\_\_  
**U.S. BANK NATIONAL ASSOCIATION**,  
as Defeasance Registrar for the Bonds  
Being Defeased

**EXHIBIT A**

**GOVERNMENT OBLIGATIONS**

Government Obligations to be acquired for \$\_\_\_\_\_. \$\_\_\_\_\_ will be held uninvested.

**SERIES 2006 BONDS BEING DEFEASED**

<b><u>Security Type</u></b>	<b><u>Type of SLGS</u></b>	<b><u>Maturity Date</u></b>	<b><u>Principal Amount</u></b>	<b><u>Price</u></b>	<b><u>Coupon Rate</u></b>
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The Series 2006 subaccount will consist of the above-referenced obligations totaling \$\_\_\_\_\_, with \$\_\_\_\_\_ held uninvested.

**SERIES 2008 BONDS BEING DEFEASED**

<b><u>Security Type</u></b>	<b><u>Type of SLGS</u></b>	<b><u>Maturity Date</u></b>	<b><u>Principal Amount</u></b>	<b><u>Price</u></b>	<b><u>Coupon Rate</u></b>
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The Series 2008 subaccount will consist of the above-referenced obligations totaling \$\_\_\_\_\_, with \$\_\_\_\_\_ held uninvested.

**SERIES 2014 BONDS BEING DEFEASED**

<u>Security Type</u>	<u>Type of SLGS</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Price</u>	<u>Coupon Rate</u>
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The Series 2014 subaccount will consist of the above-referenced obligations totaling \$\_\_\_\_\_, with \$\_\_\_\_\_ held uninvested.

## **EXHIBIT B-1**

### **NOTICE OF DEFEASANCE** of the following bonds:

A portion of the City of Mesa, Arizona (the "City"), Utility Systems Revenue Bonds, Series 2006, dated June 1, 2006 maturing July 1, 2023 and July 1, 2024 (the "Bonds Being Defeased").

Notice is hereby given that the below-described principal amount of the Bonds Being Defeased will be defeased prior to maturity and that an irrevocable trust for the Bonds Being Defeased will be established and funded with cash and Government Obligations in order to provide for the payment or prepayment of the Bonds Being Defeased. The maturity dates and amounts (plus interest accrued to the date of redemption) of the Bonds Being Defeased are as follows:

<b><u>CUSIP</u></b> (590545)	<b>Maturity Date (July 1)</b>	<b>Coupon</b>	<b>Original Principal Amount</b>	<b>Principal Amount Defeased</b>	<b>Maturity Date (July 1)</b>	<b>Redemption Premium (as a Percentage of Principal)</b>
XF1	2023	5.00%	\$8,650,000	\$1,015,000	2023	N/A
XG9	2024	5.00	9,000,000	4,645,000	2024	N/A

U.S. Bank National Association, the defeasance registrar (the "Defeasance Registrar"), shall not be responsible for the selection or use of the CUSIP numbers, nor is any representation made as to its correctness indicated in this redemption notice or on any bond.

DATED: \_\_\_\_\_

**U.S. BANK NATIONAL ASSOCIATION**, as  
Defeasance Registrar

By \_\_\_\_\_

The Defeasance Registrar shall cause a notice of such defeasance to be mailed by first class mail to the registered owner of each bond to be redeemed at the address shown on the registration book maintained by the Defeasance Registrar, and to transmit electronically to (i) The Depository Trust Company, and (ii) the Municipal Securities Rulemaking Board, currently through the Electronic Municipal Market Access system. Additionally, the Defeasance Registrar shall cause a notice of such defeasance to be mailed to Financial Guaranty Insurance Company, the bond insurer of the Bonds Being Defeased.

## **EXHIBIT B-2**

### **NOTICE OF DEFEASANCE** of the following bonds:

A portion of the City of Mesa, Arizona (the "City"), Utility Systems Revenue Bonds, Series 2008, dated May 29, 2008, maturing July 1, 2023 through and including July 1, 2029 (the "Bonds Being Defeased").

Notice is hereby given that the below-described principal amount of the Bonds Being Defeased will be defeased prior to maturity and that an irrevocable trust for the Bonds Being Defeased will be established and funded with cash and Government Obligations in order to provide for the payment or prepayment of the Bonds Being Defeased. The maturity dates and amounts (plus interest accrued to the date of redemption) of the Bonds Being Defeased are as follows:

<b><u>CUSIP</u></b> (590545)	<b>Maturity Date (July 1)</b>	<b>Coupon</b>	<b>Original Principal Amount</b>	<b>Principal Amount Defeased</b>	<b>Maturity Date (July 1)</b>	<b>Redemption Premium (as a Percentage of Principal)</b>
RN1	2023	5.250%	\$725,000	\$175,000	2023	N/A
RP6	2024	5.250	875,000	215,000	2024	N/A
RQ4	2025	5.250	700,000	435,000	2025	N/A
RR2	2026	5.250	900,000	740,000	2026	N/A
RS0	2027	5.250	950,000	765,000	2027	N/A
RT8	2028	5.250	875,000	785,000	2028	N/A
RU5	2029	5.250	1,075,000	860,000	2029	N/A

U.S. Bank National Association, the defeasance registrar (the "Defeasance Registrar"), shall not be responsible for the selection or use of the CUSIP numbers, nor is any representation made as to its correctness indicated in this redemption notice or on any bond.

DATED: \_\_\_\_\_

**U.S. BANK NATIONAL ASSOCIATION**, as  
Defeasance Registrar

By \_\_\_\_\_

The Defeasance Registrar shall cause a notice of such defeasance to be mailed by first class mail to the registered owner of each bond to be redeemed at the address shown on the registration book maintained by the Defeasance Registrar, and to transmit electronically to (i) The Depository Trust Company, and (ii) the Municipal Securities Rulemaking Board, currently through the Electronic Municipal Market Access system. Additionally, the Defeasance Registrar shall cause a notice of such defeasance to be mailed to Assured Guaranty Municipal Corp. (as successor to Financial Security Assurance Inc.), the bond insurer of the Bonds Being Defeased.

### **EXHIBIT B-3**

#### **NOTICE OF DEFEASANCE** of the following bonds:

A portion of the City of Mesa, Arizona (the "City"), Utility Systems Revenue Refunding Bonds, Series 2014, dated October 15, 2014, maturing July 1, 2019 through and including July 1, 2022 and July 1, 2025 through and including July 1, 2030 (the "Bonds Being Defeased").

Notice is hereby given that the below-described principal amount of the Bonds Being Defeased will be defeased prior to maturity and that an irrevocable trust for the Bonds Being Defeased will be established and funded with cash and Government Obligations in order to provide for the payment or prepayment of the Bonds Being Defeased. The maturity dates and amounts (plus interest accrued to the date of redemption) of the Bonds Being Defeased are as follows:

<b><u>CUSIP</u></b> (590545)	<b>Maturity Date (July 1)</b>	<b>Coupon</b>	<b>Original Principal Amount</b>	<b>Principal Amount Defeased</b>	<b>Prior Redemption or Maturity Date (July 1)</b>	<b>Redemption Premium (as a Percentage of Principal)</b>
UB3	2019	2.00%	\$710,000	\$135,000	2019	N/A
UC1	2020	2.25	725,000	135,000	2020	N/A
UD9	2021	3.00	740,000	140,000	2021	N/A
UE7	2022	3.00	760,000	140,000	2022	N/A
UH0	2025	3.00	830,000	160,000	2024*	N/A
UQ0	2026	4.00	10,000,000	2,250,000	2024*	N/A
UK3	2027	3.00	12,110,000	1,340,000	2024*	N/A
UL1	2028	3.00	19,150,000	735,000	2024*	N/A
UM9	2029	3.25	31,345,000	430,000	2024*	N/A
UN7	2030	3.25	22,955,000	65,000	2024*	N/A

\* July 1, 2024 optional redemption date.

U.S. Bank National Association, the defeasance registrar (the "Defeasance Registrar"), shall not be responsible for the selection or use of the CUSIP numbers, nor is any representation made as to its correctness indicated in this redemption notice or on any bond.

DATED: \_\_\_\_\_

**U.S. BANK NATIONAL ASSOCIATION**, as  
Defeasance Registrar

By \_\_\_\_\_

The Defeasance Registrar shall cause a notice of such defeasance to be mailed by first class mail to the registered owner of each bond to be redeemed at the address shown on the registration book maintained by the Defeasance Registrar, and to transmit electronically to (i) The Depository Trust Company, and (ii) the Municipal Securities Rulemaking Board, currently through the Electronic Municipal Market Access system.



## **EXHIBIT C**

### **NOTICE OF REDEMPTION** of the following obligations:

City of Mesa, Arizona, Utility Systems Revenue Refunding Bonds, Series 2014.

Notice is hereby given that the below-described principal amounts of the above-referenced bonds outstanding have been called for redemption and will be redeemed on July 1, 2024. The maturity dates and amounts of the bonds to be redeemed are as follows:

<b><u>CUSIP</u></b> <b>(590545)</b>	<b>Maturity Date (July 1)</b>	<b>Coupon</b>	<b>Original Principal Amount</b>	<b>Principal Amount Defeased</b>	<b>Prior Redemption Date (July 1)</b>	<b>Redemption Premium (as a Percentage of Principal)</b>
UH0	2025	3.00%	\$830,000	\$160,000	2024	N/A
UQ0	2026	4.00	10,000,000	2,250,000	2024	N/A
UK3	2027	3.00	12,110,000	1,340,000	2024	N/A
UL1	2028	3.00	19,150,000	735,000	2024	N/A
UM9	2029	3.25	31,345,000	430,000	2024	N/A
UN7	2030	3.25	22,955,000	65,000	2024	N/A

Owners of the above-described bonds called for redemption are notified to present the same at the corporate trust office of U.S. Bank National Association (the "*Refunded Registrar*"), on or after the date set for redemption, where redemption will be made by payment of the face amount of each such bond plus accrued interest to the date set for redemption. All bonds so called for redemption must be surrendered and no interest will be paid on the above-described bonds from and after the redemption date.

The Refunded Registrar shall not be responsible for the selection or use of the CUSIP numbers, nor is any representation made as to its correctness indicated in this redemption notice or on any bond.

DATED: \_\_\_\_\_

**U.S. BANK NATIONAL ASSOCIATION, as**  
Refunded Registrar

By \_\_\_\_\_

The following is not part of this notice:

Not less than thirty (30) nor more than sixty (60) days prior to the date set for redemption, the Refunded Registrar shall cause a notice of any such redemption to be sent via telecopy or through other electronic means to the Depository Trust Company. Additionally, the Refunded Registrar shall cause a notice of any such redemption to be sent to the Municipal Securities Rulemaking Board (the "*MSRB*"), currently through the Electronic Municipal Market Access system, by the method required by the MSRB.

## **EXHIBIT D**

### **FEES AND EXPENSES OF DEFEASANCE**

The following expenses are to be paid by the Depository Trustee from amounts deposited with the Depository Trustee for that purpose:

Bond Counsel Fees and Costs (1)	\$ .00
Financial Advisor Fees and Costs (2)	.00
Depository Trustee & Defeasance Registrar Fees and Expenses (3)	.00
Verification Agent (4)	.00
CUSIP (unrefunded/prerefunded)	.00
Miscellaneous	<u>.00</u>
<b>TOTAL</b>	<b><u>\$ .00</u></b>

- (1) Gust Rosenfeld P.L.C.
- (2) Hilltop Securities Inc.
- (3) U.S. Bank National Association
- (4) Grant Thornton LLP