

DEPOSITORY TRUST AGREEMENT

This Depository Trust Agreement (this "*Agreement*") dated as of _____, 2019, by and between the **CITY OF MESA, ARIZONA** (the "*City*"), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association authorized to do trust business in the State of Arizona, as depository trustee (the "*Depository Trustee*");

WITNESSETH:

WHEREAS, the following bonds of the City have been issued and are currently outstanding (collectively, the "*Bonds Being Refunded*");

CUSIP (Base No. 590545)	Issue (Dated Date)	Name of Issue	Principal Amount Outstanding	Maturities Being Refunded (July 1)	Principal Amount Being Refunded	Maturity or Redemption Date (July 1)	Redemption Price on Bonds Being Refunded (% of Principal)
LZ0	03/04/2004	Utility Systems Revenue Refunding Bonds, Series 2004	\$17,610,000	2019	\$5,595,000 [†]	2019	N/A
TA7	04/12/2012	Taxable Utility	\$ 3,225,000	2020	\$ 3,225,000	2020	N/A
TB5		Systems Revenue	3,380,000	2021	3,380,000	2021	N/A
TC3		Refunding Bonds,	3,610,000	2022	3,610,000	2022	N/A
TD1		Series 2012 (the	3,880,000	2023	3,880,000	2022	100%
TE9		"Series 2012	3,990,000	2024	3,990,000	2022	100
TF6		Bonds Being	4,195,000	2025	4,195,000	2022	100
TG4		Refunded")	4,425,000	2026	4,425,000	2022	100
TH2			4,675,000	2027	4,675,000	2022	100
TJ8			48,915,000	2035*	48,915,000	2022	100

[†] Subject to change.

*Term Bond.

; and

WHEREAS, U.S. Bank National Association is the bond registrar and paying agent for the Bonds Being Refunded (the "*Refunded Registrar*"); and

WHEREAS, by a resolution adopted on April 1, 2019 (the "*Bond Resolution*"), the Mayor and City Council of the City has authorized the issuance, sale and delivery of \$_____ in aggregate principal amount of the City's Utility Systems Revenue Refunding Bonds, Series 2019C (the "*Bonds*"), issued to refund the Bonds Being Refunded and pay the costs of issuance related to the Bonds; and

WHEREAS, the Bond 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 and securities to be held in trust to pay the Bonds Being Refunded; 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.** Pursuant to this Agreement, the Depository Trustee has received for deposit to the account of the City the following amount:

Bond proceeds	\$
Less: Underwriter's Discount	()
Total	\$

Such proceeds of the Bonds shall be applied as follows: (a) \$_____ to current refund the Bonds Being Refunded, (b) \$_____ to pay the costs of issuance on the Bonds and (c) \$_____ shall be transferred by the Depository Trustee to the City for deposit to the Bond Fund in accordance with the transfer instructions previously provided by the City.

Section 2. **Trust Account.** Excluding the \$_____ that shall be held by the Depository Trustee in a Costs of Issuance Account (as defined herein) separate from the Trust Account (as defined herein) and used to pay costs of issuance, and further excluding the \$_____ the Depository Trustee received and subsequently wired to the City for deposit in the Bond Fund, 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 in an irrevocable, segregated and separate trust account separate from all other funds and investments deposited with the Depository Trustee for the sole and exclusive benefit of the holders of the Bonds Being Refunded until final payment thereof (the "*Trust Account*").

Section 3. **Government Obligations.** On the date of initial delivery of the Bonds, the Depository Trustee shall invest \$_____ 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 Securities – 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*") as follows: \$_____ shall be applied 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 refund the Bonds Being Refunded.

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 the Bonds and the Bonds Being Refunded to be, or 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, if any, on the Bonds Being Refunded 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 of all unconditionally payable receipts from the investment (using the same compounding intervals and financial conventions used to compute the yield on the Bonds), 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 Securities – 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 Bonds or the Bonds Being Refunded to become "arbitrage bonds" within the meaning of Section 148 of the Code, and will not otherwise cause the interest on the Bonds or the Bonds Being Refunded 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 Refunded pursuant to this Section 4 and which are not needed to provide for payments on the Bonds Being Refunded 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 moneys hereunder shall be to invest such moneys 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's 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 Bonds Being Refunded or the Bonds to be included in gross income for federal income tax purposes and will not cause the Bonds Being Refunded or the Bonds 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's Chief Financial Officer's instructions, to pay, when due, the principal of and interest and any redemption premiums, if any, on the Bonds Being Refunded 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 Refunded, as shown by the accountant's report discussed above, may be withdrawn from the Trust Account and returned to the City's 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 Bonds are issued and delivered against payment therefor (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 as a demand deposit by the Depository Trustee and shall be secured as deposits of public moneys.

Section 7. **Timely Payments.** The Depository Trustee shall make timely payments from the Trust Account to the Refunded Registrar in the amounts and on the dates sufficient to pay principal and interest coming due on each series of the Bonds Being Refunded. Unless otherwise directed by the City's Chief Financial Officer, in order to determine the amounts and the dates on which principal and interest is due on each series of the Bonds Being Refunded, the Refunded Registrar may rely upon the debt service schedules with respect to each series of the Bonds Being Refunded as appear in the Verification Report prepared by Public Finance Partners LLC, certified public accountants, in connection with the issuance of the Bonds.

Section 8. **Notices.** (a) On the date of initial issuance of the Bonds, the City hereby irrevocably instructs the Refunded Registrar to send via telecopy or through other electronic means to The Depository Trust Company ("*DTC*"), and to the Municipal Securities Rulemaking Board (the "*MSRB*"), by the method required by the MSRB, currently through the MSRB's Electronic Municipal Market Access system ("*EMMA*"), the notices of refunding in substantially the forms attached hereto as *Exhibit B-1* and *Exhibit B-2*. Additionally, the Refunded Registrar shall send the notice of refunding in substantially the form of *Exhibit B-1* to Financial Guaranty Insurance Company.

(b) The City hereby irrevocably instructs the Refunded Registrar that the Series 2012 Bonds Being Refunded shall be redeemed by the Refunded Registrar on July 1, 2019. Not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption, the Refunded Registrar shall send via telecopy or other electronic means a notice of redemption of the Bonds Being Refunded in substantially the form attached hereto as *Exhibit C* to DTC and Financial Guaranty Insurance Company. Additionally, the Refunded Registrar shall send a notice of the redemption of the Bonds Being Refunded to the MSRB by the method required by the MSRB, currently through EMMA.

(c) The City agrees to pay the expenses of the Refunded Registrar in giving all notices required hereunder pursuant to the registrar contract relative to the Bonds Being Refunded.

Section 9. **Insufficient Funds.** If at any time or times there are insufficient funds on hand in the Trust Account to pay the principal of and interest on the Bonds Being Refunded as the same becomes due, or for the payment of the fees and expenses of the Depository Trustee or Refunded Registrar, the Depository Trustee shall promptly notify the City of such deficiency and the City shall promptly pay such amount to the Depository Trustee or Refunded Registrar.

Section 10. **Depository Trustee Fees.** For services hereunder, the Depository Trustee shall be entitled to the Depository Trustee's fees set forth in *Exhibit D* 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. **Reports.** On or before each January 15 and July 15 during the term hereof, the Depository Trustee shall submit to the City a report covering all moneys it has received and all payments it has made under the provisions hereof during the six-month period ending on the preceding June 30 and December 31 (except for the first such report, due July 15, 2019 which will cover the period commencing with the date on which the Bonds were issued to and including June 30, 2019). Each such report shall also list all investments and moneys in the Trust Account as of the report date.

Section 12. **Transfer Upon Full Payment.** When all amounts payable on the Bonds Being Refunded 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 the last of the Bonds Being Refunded matures or is to be redeemed, the Depository Trustee shall transfer all moneys and investments credited to the Trust Account not required for payment of principal and interest with respect to the Bonds Being Refunded to the City's Chief Financial Officer for the City's benefit.

Section 13. **Agreement Irrevocable.** The parties recognize that the owners of the Bonds Being Refunded have a beneficial vested interest in the moneys and investments held in the Trust Account and that the Bonds will be delivered to and accepted by the owners thereof in reliance upon the irrevocable character of the trust so created. Therefore, 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 14. **Non-Liability.** The Depository Trustee shall be under no obligation to inquire into or be otherwise responsible for the performance or nonperformance by any paying agent for the Bonds Being Refunded of any of their obligations or to protect any of the rights of the City under any of the proceedings with respect to the Bonds Being Refunded or the Bonds. 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 hereto in compliance with the provisions hereof.

Section 15. **Audit.** The City shall have the right to audit the books, records and accounts of the Depository Trustee insofar as they pertain to the trust created hereunder.

Section 16. **Costs of Issuance.** Upon the City's prior receipt and approval of invoices, the Depository Trustee shall be authorized and directed to pay, solely from moneys deposited with the Depository Trustee in the costs of issuance account (the "*Costs of Issuance Account*") (\$_____), the costs and expenses incurred in issuing the Bonds as set forth in *Exhibit D* hereto. Amounts deposited with the Depository Trustee for such purpose shall be held in a separate Costs of Issuance Account. Any amounts remaining on July 1, 2019, shall be transferred to the City and deposited to the City's debt service fund and used to pay interest on the Bonds on the next succeeding interest payment date.

Section 17. **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 Refunded at the respective maturities or earlier redemption of the Bonds Being Refunded. 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 Refunded 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 deliver 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 may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

The Depository Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("*Instructions*") given pursuant to this Agreement and delivered using Electronic Means ("*Electronic Means*" mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Depository Trustee, or another method or system specified by the Depository Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Depository Trustee an incumbency certificate listing officers with the City to provide such Instructions ("*Authorized Officers*") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Depository Trustee Instructions using Electronic Means 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 City understands and agrees that the Depository Trustee cannot determine the identity of the actual sender of such Instructions and that the Depository Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Depository Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Depository Trustee and that the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. 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 directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (a) to assume all risks arising out of the use of Electronic Means to submit Instructions 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; (b) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Depository Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (c) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (d) to notify the Depository Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 18. Assignment; Merger. Neither this Agreement nor the Trust Account 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 corporate trust business in which event the trust shall be continued by the Depository Trustee's successor in interest.

Any corporation into which the Depository Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or

consolidation to which the Depository Trustee shall be a party, or any corporation 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 corporation, association or agency shall be otherwise qualified and eligible under this Section, 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 Depository 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 19. **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 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 20. **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 21. **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 22. **Conflict of Interest.** The City hereby gives notice to the Depository Trustee and the Refunded Registrar that A.R.S. § 38-511, as amended, provides that the State of Arizona, its political subdivisions or any department or agency of either, may within three 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 23. **E-verify Requirements.** To the extent applicable under A.R.S. § 41-4401, the Depository Trustee, the Refunded 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 Refunded 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 this Agreement by the City. The City retains the legal right to randomly inspect the papers and records of

the Depository Trustee, the Refunded Registrar and their respective subcontractors who work on this Agreement to ensure that the Depository Trustee, the Refunded Registrar and their respective subcontractors are complying with the above-mentioned warranty.

The Depository Trustee, the Refunded Registrar and their respective subcontractors warrant to keep such papers, information, and records necessary to verify compliance with the above-mentioned warranty (collectively, the "*Information*") open for random inspection by the City during normal business hours. The Depository Trustee, the Refunded Registrar and their respective subcontractors shall reasonably cooperate with the City's random inspections including granting the City entry rights onto its property to perform the random inspections, granting the City access to, and use of, the Information, provided that, the City agrees that it will use the Information solely for the purpose of verifying compliance with the E-verify requirements and the warranty of this Section 23 and, subject to the requirements of law, including the public records law of the State of Arizona, the City will preserve the confidentiality of any information, records, or papers the City views, accesses, or otherwise obtains during any and every such random inspection, including, without limitation, the Information.

Section 24. No Boycott of Israel. Pursuant to A.R.S. § 35-393 et seq., the Depository Trustee and the Refunded 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.

[Remainder of Page Intentionally Left Blank]

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 _____
Title _____

**ACKNOWLEDGED AND AGREED FOR
PURPOSES OF SECTIONS 8, 9, 22, 23 AND 24**

U.S. BANK NATIONAL ASSOCIATION,
as Refunded Registrar

EXHIBIT A

GOVERNMENT OBLIGATIONS

Government Obligations will be acquired for \$_____. \$_____ will be held uninvested.

Security <u>Type</u>	Maturity <u>Date</u>	<u>Par Amount</u>	<u>Price</u>	Coupon <u>Rate</u>
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EXHIBIT B-1

NOTICE OF REFUNDING

**CITY OF MESA, ARIZONA
UTILITY SYSTEMS REVENUE REFUNDING BONDS,
SERIES 2004**

CUSIP (Base No. 590545)	Issue (Dated Date)	Name of Issue	Principal Amount Outstanding	Maturities Being Refunded (July 1)	Principal Amount Being Refunded	Maturity Date (July 1)	Redemption Price on Bonds Being Refunded (% of Principal)
LZ0	01/15/2004	Utility Systems Revenue Refunding Bonds, Series 2004	\$17,610,000	2019	\$5,595,000 [†]	2019	N/A

[†] Subject to change.

Such bonds are hereinafter referred to as the "Bonds Being Refunded."

Notice is hereby given that the undersigned has been notified that the Bonds Being Refunded have been refunded prior to maturity and that an irrevocable trust has been established and funded with cash and obligations issued by or guaranteed by the United States of America in order to provide for the payment of the Bonds Being Refunded.

The Bonds Being Refunded will be paid on the dates and in the amounts (plus interest accrued thereon to the redemption date), as set forth above.

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 notice or on any bond.

U.S. BANK NATIONAL ASSOCIATION, the
Refunded Registrar

THIS IS NOT A REDEMPTION NOTICE

The Refunded Registrar shall mail this notice by first class mail to all registered owners of the Bonds Being Refunded and to Financial Guaranty Insurance Company and send to the Municipal Securities Rulemaking Board, currently through the Electronic Municipal Market Access system, within 30 days following the issuance of the bonds which refund the Bonds Being Refunded.

EXHIBIT B-2

NOTICE OF REFUNDING

**CITY OF MESA, ARIZONA
TAXABLE UTILITY SYSTEMS REVENUE REFUNDING BONDS,
SERIES 2012**

CUSIP (Base No. 590545)	Issue (Dated Date)	Name of Issue	Principal Amount Outstanding	Maturities Being Refunded (July 1)	Principal Amount Being Refunded	Maturity or Redemption Date (July 1)	Redemption Price on Bonds Being Refunded (% of Principal)
TA7	04/12/2012	Taxable Utility Systems Revenue Refunding Bonds, Series 2012	\$ 3,225,000	2020	\$ 3,225,000	2020	N/A
TB5			3,380,000	2021	3,380,000	2021	N/A
TC3			3,610,000	2022	3,610,000	2022	N/A
TD1			3,880,000	2023	3,880,000	2022	100%
TE9			3,990,000	2024	3,990,000	2022	100
TF6			4,195,000	2025	4,195,000	2022	100
TG4			4,425,000	2026	4,425,000	2022	100
TH2			4,675,000	2027	4,675,000	2022	100
TJ8			48,915,000	2035*	48,915,000	2022	100

*Term Bond.

Such bonds are hereinafter referred to as the "Bonds Being Refunded."

Notice is hereby given that the undersigned has been notified that the Bonds Being Refunded have been refunded prior to maturity and that an irrevocable trust has been established and funded with cash and obligations issued by or guaranteed by the United States of America in order to provide for the payment of the Bonds Being Refunded.

The Bonds Being Refunded will be paid on the dates and in the amounts (plus interest accrued thereon to the redemption date), as set forth above.

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 notice or on any bond.

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

THIS IS NOT A REDEMPTION NOTICE

The Refunded Registrar shall mail this notice by first class mail to all registered owners of the Bonds Being Refunded and send to the Municipal Securities Rulemaking Board, currently through the Electronic Municipal Market Access system, within 30 days following the issuance of the bonds which refund the Bonds Being Refunded.

EXHIBIT C

NOTICE OF REDEMPTION
of the following obligations:

City of Mesa, Arizona Taxable Utility Systems Revenue Refunding Bonds, Series 2012.

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, 2022. The maturity dates and amounts of the bonds to be redeemed are as follows:

CUSIP (Base No. 590545)	Issue (Dated Date)	Name of Issue	Principal Amount Outstanding	Maturities Being Refunded (July 1)	Principal Amount Being Refunded	Redemption Date (July 1)	Redemption Price on Bonds Being Refunded (% of Principal)
TC3	04/12/2012	Taxable Utility Systems Revenue Refunding Bonds, Series 2012	\$ 3,610,000	2022	\$ 3,610,000	2022	100%
TD1			3,880,000	2023	3,880,000	2022	100
TE9			3,990,000	2024	3,990,000	2022	100
TF6			4,195,000	2025	4,195,000	2022	100
TG4			4,425,000	2026	4,425,000	2022	100
TH2			4,675,000	2027	4,675,000	2022	100
TJ8			48,915,000	2035*	48,915,000	2022	100

*Term Bond

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

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

EXPENSES

Upon the City's prior receipt and approval of invoices, the following expenses are to be paid by the Depository Trustee from Bond proceeds deposited with the Depository Trustee for that purpose:

Bond Counsel Fee and Costs (1)	\$_____
Financial Advisor Fee and Expenses (2)	
CPA Verification (3)	
Depository Trustee and Initial Bond Registrar Fees (4)	
Official Statement Printing and Preparation (5)	
Bond Ratings (6)	
Miscellaneous	
Total	\$_____

- (1) Gust Rosenfeld P.L.C.
- (2) Hilltop Securities Inc.
- (3) Public Finance Partners LLC
- (4) U.S. Bank National Association
- (5) IPREO/ i-Deal Prospectus
- (6) Standard & Poor's (\$_____)
- Moody's (\$_____)