

RESOLUTION NO. ____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN AGREEMENT, A TRUST AGREEMENT, A CONTINUING DISCLOSURE CERTIFICATE, AND AN OBLIGATION PURCHASE CONTRACT AND APPROVING AN OFFICIAL STATEMENT; APPROVING THE SALE AND EXECUTION AND DELIVERY OF EXCISE TAX REVENUE OBLIGATIONS EVIDENCING A PROPORTIONATE INTEREST OF THE OWNERS THEREOF IN PAYMENTS TO BE MADE BY THE CITY PURSUANT TO THE AGREEMENT; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION.

WHEREAS, the City of Mesa, Maricopa County, Arizona (the "City") desires to finance the acquisition, construction, improvement, installation and equipping of certain municipal facilities and improvements at the City's "City Center" for initial use by Arizona State University, and other related projects (collectively, the "Project") through the execution and delivery in one or more series of not to exceed \$65,000,000 of the City's Excise Tax Revenue Obligations, Series 2018 (the "Series 2018 Obligations"); and

WHEREAS, the Series 2018 Obligations will be issued pursuant to a trust agreement (the "Trust Agreement") between the City and U.S. Bank National Association, as trustee (the "Trustee"), evidencing a proportionate interest of the owners of the Series 2018 Obligations in payments made by the City pursuant to an agreement (the "Agreement"), between the City, as payor, and the Trustee, as payee; and

WHEREAS, the proceeds of the Series 2018 Obligations will be deposited with the Trustee and used to finance the Project and the pay the delivery costs of the Series 2018 Obligations; and

WHEREAS, the Project generally shall be financed on a tax-exempt basis, however portions of the Project may be financed on a taxable basis; and

WHEREAS, the Series 2018 Obligations will be sold on a negotiated basis; and

WHEREAS, the firm of Hilltop Securities Inc. will serve as the City's financial advisor (the "Financial Advisor") with respect to the Series 2018 Obligations; and

WHEREAS, the Chief Financial Officer of the City will receive a proposal for the purchase of the Series 2018 Obligations from an underwriter or underwriters (collectively, the "Underwriter"), as selected by the Chief Financial Officer, with the assistance of the Financial Advisor, with such terms and at such prices, interest rates, maturities and redemption features as may hereafter be approved by the Chief Financial Officer; and

WHEREAS, an Obligation Purchase Contract, to be entered into between the City and the Underwriter (the "Obligation Purchase Contract"), will be received from the Underwriter for the purchase of the Series 2018 Obligations in a form that will be substantially similar to the obligation purchase contracts the City has entered into in the past; and

WHEREAS, the execution and delivery of the Obligation Purchase Contract, as completed, by the Mayor, the Vice Mayor, or the Chief Financial Officer shall be conclusive evidence of approval of such final terms and provisions; and

WHEREAS, by this resolution the City Council authorizes the execution and delivery of the Trust Agreement and Agreement and the sale of the Bonds to the Underwriter in accordance with the Obligation Purchase Contract; and

WHEREAS, proposed forms of the following documents have been filed with the City Clerk for this meeting:

- (i) the Agreement;
- (ii) the Trust Agreement;
- (iii) the Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"); and
- (iv) the proposed preliminary form of the Official Statement relating to the Series 2018 Obligations (the "Preliminary Official Statement" and, collectively with the Agreement, the Trust Agreement, the Obligation Purchase Contract, and the Continuing Disclosure Certificate, the "Obligation Documents").

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

Section 1. Project Financing. It is hereby found and determined that the financing of the Project pursuant to the terms of the Agreement, the Trust Agreement and the Obligation Purchase Contract is in the best interest of and in furtherance of the purposes of the City and in the public interest.

Section 2. Approval and Terms. The City hereby approves the execution and delivery of the Series 2018 Obligations, as hereinafter described, by the Trustee. The Series 2018 Obligations shall be executed in the aggregate principal amount of not to exceed \$65,000,000 to finance the Project. The Series 2018 Obligations shall be in the denomination of \$5,000 of principal each or any integral multiples in excess thereof, shall be dated their date of delivery or such later date as may be set forth in the Trust Agreement, shall bear interest from such date payable on the dates provided in the Trust Agreement, and shall be fully registered without coupons as provided in the Trust Agreement. The Series 2018 Obligations shall bear interest at the rates per annum (whether tax-exempt or taxable) set forth in the Trust Agreement and the Obligation Purchase Contract, but in no event shall the tax-exempt interest rate exceed

eight percent (8.00%) per annum and in no event shall the taxable rate exceed nine percent (9.00%) per annum. The Series 2018 Obligations shall mature on July 1 in some or all of the years 2019 through and including 2043. With respect to any portion of the Series 2018 Obligations bearing tax-exempt interest rates, the yield on such tax-exempt Series 2018 Obligations, as calculated for federal tax purposes, shall not exceed eight percent (8.00%).

The forms, series designation, terms, interest rates, dated date, interest payment dates, maturity dates, maturity amounts, optional and mandatory redemption provisions, if any, and other provisions of the Series 2018 Obligations and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption and number shall be as set forth in the Trust Agreement. The series designation of the Series 2018 Obligations may change if the Series 2018 Obligations are not sold in calendar year 2018. The series designation, interest rates, and other provisions of the Series 2018 Obligations may change if a portion of the Series 2018 Obligations are issued on a taxable basis. The Chief Financial Officer is hereby authorized to determine the amount, if any, and provisions of Series 2018 Obligations which will be issued on a taxable basis.

Section 3. **Award.** The Series 2018 Obligations are hereby awarded to the Underwriter pursuant to the Obligation Purchase Contract.

Section 4. **Approval of Documents.** The Mayor, any member of the City Council, the Chief Financial Officer, and the City Manager is each authorized and directed to, subject to the parameters set forth in this resolution, determine and approve the interest rates, dated dates, interest payment dates, maturity dates, maturity amounts, purchase price, optional and mandatory redemption provisions, if any, and any provisions necessary in connection with the purchase of credit enhancement pursuant to Section 5 hereof, and cause the same to be set forth in the Obligation Documents and such other documents and closing documents related to the execution and delivery of the Series 2018 Obligations. The form, terms and provisions of the Obligation Documents, in substantially the form of such documents (including the form of the Series 2018 Obligations and other exhibits thereto) presented at this meeting are hereby approved, with such final provisions, insertions, deletions and changes as shall be approved by the Mayor, any member of the City Council, the Chief Financial Officer, or the City Manager, the execution of each such document being conclusive evidence of such approval. The Mayor, any member of the City Council, the Chief Financial Officer, the City Manager, and the City Clerk are hereby authorized and directed to execute and deliver, where applicable, or approve the Obligation Documents and to take all action to carry out and comply with the terms of such documents. If necessary, the modification of the Obligation Documents to provide for the issuance of a portion of the Series 2018 Obligations on a taxable basis is hereby approved.

Section 5. **Obligation Insurance.** The Mayor, any member of the City Council, the Chief Financial Officer, the City Manager, and the City Clerk are hereby authorized and directed to purchase municipal bond insurance, surety bonds or other credit enhancement as may be deemed appropriate and beneficial to the City by the Chief Financial Officer, upon consultation with the Financial Advisor, to pay or cause to be paid all premiums attendant thereto and to enter into any obligations or agreements on behalf of the City to repay amounts paid thereon by the providers thereof.

Section 6. Official Statement. The Preliminary Official Statement is hereby deemed "final" for all purposes of Section 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934, as amended, and is hereby authorized and approved in substantially the form presented at this meeting, and the distribution of the Preliminary Official Statement is hereby authorized and approved. The City will cause a final official statement (the "Official Statement") in substantially the form of the Preliminary Official Statement, with such changes as are necessary as a result of the sale of the Series 2018 Obligations, to be prepared and distributed with the Series 2018 Obligations upon initial delivery. The Mayor, any member of the City Council, the Chief Financial Officer, and the City Manager is each authorized to approve, execute and deliver the Official Statement on behalf of the City and the execution by such officer shall be deemed conclusive evidence of such approval. The City authorizes the use by the Underwriter of copies of the Preliminary Official Statement and the Official Statement in connection with the public offering and sale of the Series 2018 Obligations.

Section 7. Trustee. The City hereby appoints U.S. Bank National Association as trustee under the Trust Agreement and authorizes and directs the Trustee to take any and all action necessary in connection with the execution and delivery of the Agreement, the Trust Agreement, the Obligation Purchase Contract, and the execution, delivery and sale of the Series 2018 Obligations and further authorizes and directs the Trustee and any trustees for any obligations on a parity with the Series 2018 Obligations to enter into such agreements as may be reasonable for the administration of the trusts so held.

Section 8. Pledge of Excise Taxes. Pursuant to the Agreement and the Trust Agreement, the City hereby pledges its unrestricted excise, transaction, franchise, privilege and business taxes, state shared sales and income taxes, state shared vehicle license taxes, fees for licenses and permits, fines, forfeitures and state revenue sharing that are validly imposed by the City or contributed, allocated or paid to the City and not earmarked by the contributor or the City for a contrary or inconsistent purpose (collectively, "Excise Taxes"). Excise Taxes shall not include excise taxes collected and paid to the City under (a) the 0.25% transaction privilege (sales) and use tax approved by the voters of the City on May 19, 1998, the use of which is restricted to health, safety and other quality of life uses; (b) the 0.30% transaction privilege (sales) and use tax approved by the voters of the City on May 16, 2006, the use of which is restricted to street projects in the City; or (c) any other similar tax restricted as to its use. Revenues received by the City from vehicle license taxes charged by the State of Arizona will not be deemed Excise Taxes for purposes of the Agreement and the Trust Agreement. The City's obligation to make the payments under the Agreement or the Trust Agreement does not constitute an obligation of the City or the State of Arizona, or any of its political subdivisions, for which the City or the State of Arizona or any of its political subdivisions is obligated to levy or pledge any form of ad valorem property taxation nor does the obligation to make any payments under the Agreement or the Trust Agreement constitute an indebtedness of the City or of the State of Arizona or any of its political subdivisions within the meaning of the Constitution of the State of Arizona or otherwise. The pledge of Excise Taxes is on a parity with the existing pledges of Excise Taxes (the "Existing Parity Obligations") as described in the Trust Agreement.

Section 9. City to Maintain Coverage of Two Times Debt Service.

Pursuant to the Agreement, the City will covenant and agree that the Excise Taxes which it presently imposes will continue to be imposed in each fiscal year so that the amount of Excise Taxes, all within and for such fiscal year, shall be equal to at least two (2) times the total of the all Debt Service requirements for all Outstanding Series 2018 Obligations and other Outstanding Parity Obligations (as defined in the Trust Agreement) payable during such fiscal year. The City further covenants and agrees that if such receipts for any such fiscal year shall not equal two (2) times such Debt Service for the current fiscal year, the City will, to the extent permitted by law, promptly impose new taxes of the type included within the definition of "Excise Taxes" or other City taxes or fees, or increase the rates for the Excise Taxes currently imposed in order that (i) the current receipts will be sufficient to meet such all such requirements under the Trust Agreement and (ii) the current year's receipts will be reasonably calculated to attain the level as required above for the succeeding fiscal year's Debt Service requirements of the Series 2018 Obligations and Parity Obligations. For the purpose of this pledge, Debt Service will be determined as set forth in the Trust Agreement.

Section 10. Resolution Irrepealable. After any of the Series 2018 Obligations are delivered by the Trustee to the Underwriter thereof upon receipt of payment therefor, this resolution shall be and remain irrepealable until the Series 2018 Obligations and the interest and premium, if any, thereon shall have been fully paid, cancelled and discharged.

Section 11. Execution of Documents. The Mayor, any member of the City Council, the Chief Financial Officer, the City Manager, the City Clerk, and the other officers of the City, on behalf of the City, are each hereby authorized and directed to execute or attest, as applicable, any and all documents and to take any and all actions that may be necessary or desirable in consummating the transactions contemplated in this resolution and the Obligation Documents (as they pertain to the City). Any document specifically approved in this resolution shall be in substantially the form presented to the City Council, with such additions, deletions and modifications as shall be approved by those persons approving, executing and delivering the same on behalf of the City.

Section 12. 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 sale and execution and delivery of the Series 2018 Obligations as contemplated by this resolution whether heretofore or hereafter taken are hereby ratified, confirmed and approved. 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 13. Reimbursement. For the purposes of the United States Treasury Regulation Section 1.150-2 (the "*Reimbursement Regulation*"), the City declares its official intent to reimburse any expenditure now, or hereafter, made with respect to the Project with the proceeds of the Series 2018 Obligations. The City shall cause a written allocation to be made that evidences the City's use of proceeds of the Series 2018 Obligations to reimburse a prior expenditure. The City shall not permit proceeds of a Reimbursement Bond (as defined in the Reimbursement Regulation) to be used to reimburse a prior expenditure unless such reimbursement is made within the reimbursement time period set forth in the Reimbursement

Regulation or unless the requirements of such Reimbursement Regulation are otherwise satisfied. The City is authorized to take any other appropriate actions that are necessary to meet the requirements of the Reimbursement Regulation. The Chief Financial Officer, or his designee, is charged with documenting both the expenditures that are to be reimbursed, and the actual reimbursement of the funds from which funds are advanced prior to the execution and delivery of the Series 2018 Obligations.

Section 14. **Severability.** If any section, paragraph, clause or phrase of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or phrase shall not affect any of the remaining provisions of this resolution.

Section 15. Waiver. All orders, resolutions and ordinances or parts thereof inconsistent herewith are hereby waived to the extent only of such inconsistency. This waiver shall not be construed as reviving any order, resolution or ordinance or any part thereof.

PASSED, ADOPTED AND APPROVED by the Mayor and City Council of the City of Mesa, Maricopa County, Arizona, on this 4th day of June, 2018.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

Special Counsel

CERTIFICATION

I, Dee Ann Mickelsen, hereby certify that the foregoing Resolution No. _____ was duly passed and adopted by the Mayor and City Council of the City of Mesa, Arizona, at a meeting held on June 4, 2018, and the vote was _____ aye's and _____ nay's and that the Mayor and _____ Council members were present thereat.

DATED: _____, 2018

City Clerk, City of Mesa, Arizona