

RESOLUTION NO. _____

THIRTY-NINTH SUPPLEMENTAL RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESA, ARIZONA, SUPPLEMENTING THE CITY'S RESOLUTION NO. 6362, DATED JULY 29, 1991, AS AMENDED AND SUPPLEMENTED, PERTAINING TO THE ISSUANCE OF CITY UTILITY SYSTEMS REVENUE BONDS AND AUTHORIZING THE ISSUANCE AND SALE OF CITY OF MESA, ARIZONA, UTILITY SYSTEMS REVENUE BONDS, SERIES 2020; DELEGATING THE AUTHORITY TO APPROVE CERTAIN MATTERS WITH RESPECT TO THE SERIES 2020 BONDS; PRESCRIBING THE FORM AND OTHER DETAILS OF THE SERIES 2020 BONDS; PROVIDING THAT THE SERIES 2020 BONDS SHALL BE PARITY BONDS AS DEFINED IN RESOLUTION NO. 6362, AS AMENDED AND SUPPLEMENTED; APPOINTING A BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT FOR THE SERIES 2020 BONDS; APPROVING THE FORM OF CERTAIN DOCUMENTS AND AUTHORIZING THE COMPLETION, SIGNING AND DELIVERY THEREOF; DELEGATING THE AUTHORITY TO APPROVE AND DEEM FINAL A FORM OF OFFICIAL STATEMENT; AND RATIFYING ALL ACTIONS TAKEN AND TO BE TAKEN WITH RESPECT TO THE SERIES 2020 BONDS IN FURTHERANCE OF THIS THIRTY-NINTH SUPPLEMENTAL RESOLUTION.

WHEREAS, on July 29, 1991, the City Council of the City of Mesa, Arizona (the "City") adopted Resolution No. 6362, as amended by Resolution No. 7960 adopted by the City Council of the City on February 3, 2003 (as amended, the "*1991 Master Resolution*") pertaining to the issuance by the City of its utility systems revenue bonds; and

WHEREAS, pursuant to a special bond election held in and for the City on November 4, 2014 (the "*2014 Election*"), the issuance of utility systems revenue bonds has been approved; and

WHEREAS, the City Council has previously adopted thirty-eight supplemental resolutions amending and supplementing the 1991 Master Resolution (excluding Resolution No. 10183 adopted by the City Council of the City on January 28, 2013 and Resolution No. 10200 adopted by the City Council of the City on March 18, 2013, amending Resolution No. 10183 (together, the "*Twenty-Sixth Supplemental Resolution*"), both of which were repealed by Resolution No. 10539 adopted by the City Council of the City on September 22, 2014) (collectively, the "*Supplemental Resolutions*" and, together with the 1991 Master Resolution, the "*Master Resolution*"); and

WHEREAS, pursuant to Title 9, Chapter 5, Article 3, Arizona Revised Statutes, as amended ("A.R.S."), the Master Resolution and this Thirty-Ninth Supplemental Resolution, the City now desires to issue and sell not to exceed \$85,275,000 aggregate original principal amount of its Utility Systems Revenue Bonds, Series 2020 (the "*Series 2020 Bonds*"), to provide funds to (i) acquire and construct certain improvements to the City's water, wastewater, natural gas, and electric systems and (ii) pay costs of issuance of the Series 2020 Bonds; and

WHEREAS, the firm of Hilltop Securities Inc. will serve as the City's financial advisor (the "*Financial Advisor*") with respect to the Series 2020 Bonds; and

WHEREAS, the City will receive a proposal for the purchase of the Series 2020 Bonds from J.P. Morgan Securities LLC and RBC Capital Markets, LLC (together, the “*Underwriters*”) in the form of a bond purchase agreement in substantially the form now on file with the City Clerk (the “*Bond Purchase Agreement*”), and the City Council desires that the Series 2020 Bonds be sold through negotiation to the Underwriters on such terms as may hereafter be approved by the Deputy City Manager and Chief Financial Officer and agreed to by the Underwriters; and

WHEREAS, within and by the parameters set forth in this Thirty-Ninth Supplemental Resolution, the City Council will authorize the execution, issuance and sale of the Series 2020 Bonds and their delivery to the Underwriters in accordance with the Bond Purchase Agreement and at such prices, interest rates, maturities and redemption features as may be hereafter determined by the Deputy City Manager and Chief Financial Officer of the City, with the advice of the Financial Advisor, and agreed to by the Underwriters; and

WHEREAS, the forms of the following documents are on file with the City Clerk and have been made available to the City Council of the City:

1. the Bond Purchase Agreement;
2. a continuing disclosure certificate pertaining to the Series 2020 Bonds;
3. a bond registrar, transfer agent and paying agent contract; and
4. the preliminary official statement pertaining to the Series 2020 Bonds; and

WHEREAS, all acts, conditions and things required by the Constitution and the laws of the State of Arizona (the “*State*”) and the requirements of the City to happen, exist and be performed precedent to and in the adoption of the Master Resolution and this Thirty-Ninth Supplemental Resolution have happened, exist and have been performed as so required in order to make this Thirty-Ninth Supplemental Resolution and the Master Resolution valid and binding instruments for the security of the Series 2020 Bonds authorized herein; and

WHEREAS, the City Council of the City now desire to proceed with authorizing the issuance and sale of the Series 2020 Bonds;

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

Section 1. Authority. The Series 2020 Bonds are authorized to be issued in a total aggregate principal amount of not to exceed \$85,275,000 pursuant to Title 9, Chapter 5, Article 3, Arizona Revised Statutes, as amended, the Master Resolution, this Thirty-Ninth Supplemental Resolution, the 2014 Election and other applicable provisions of law. With the exception of the Twenty-Sixth Supplemental Resolution that was previously repealed, the Master Resolution and this Thirty-Ninth Supplemental Resolution shall stay in effect until all Series 2020 Bonds are fully paid or provided for and all Policy Costs (as defined in the Master Resolution) shall have been paid in full. It is hereby determined that all limitations imposed on the City by

A.R.S. §§ 9-521 through 9-535 and A.R.S. §§ 9-536 through 9-540 have been met with respect to the Series 2020 Bonds.

Section 2. Allocation to 2014 Election. The Series 2020 Bonds will be charged against the authorization approved by the qualified electors of the City voting at the 2014 election as follows:

<u>Purpose of Bonds</u>	<u>2014 Election</u>
Natural Gas	\$ 20,000,000
Water	5,000,000
Wastewater	44,000,000
Electric	16,000,000
Total	<u>\$85,000,000</u>

Section 3. Definitions. For purposes of this Thirty-Ninth Supplemental Resolution, and except as hereafter amended or added to, all definitions contained in the Master Resolution are hereby incorporated by reference into this Thirty-Ninth Supplemental Resolution as if herein fully set forth. The following terms shall have the following meanings in the Master Resolution and in this Thirty-Ninth Supplemental Resolution unless the text expressly or by necessary implication requires otherwise:

“*Bond Registrar*” shall mean, initially, UMB Bank, n.a., as bond registrar with respect to the Series 2020 Bonds.

“*Bond Year*” shall mean, with respect to the Series 2020 Bonds, initially the period from the date of the Series 2020 Bonds to July 1, 2021 (or such other date described in the Bond Purchase Agreement), and thereafter the one-year period commencing each July 2 and ending on the next forthcoming July 1. A Bond Year shall correspond to the City’s Fiscal Year beginning on July 1 of the same calendar year and ending on June 30 of the next calendar year.

“*Bonds*” shall mean all of the bonds issued and Outstanding under the Master Resolution, including the Series 2020 Bonds issued pursuant to this Thirty-Ninth Supplemental Resolution and all Parity Bonds hereafter issued.

“*Financial Advisor*” shall mean, with respect to the Series 2020 Bonds, Hilltop Securities, Inc.

“*Paying Agent*” shall mean, initially, UMB Bank, n.a., as paying agent with respect to the Series 2020 Bonds.

“*Reserve Fund Guarantor*” shall mean, with respect to the Series 2020 Bonds, if applicable, any provider of a reserve fund guaranty policy for the Series 2020 Bonds.

“*Series 2020 Bonds*” shall mean the City’s Utility Systems Revenue Bonds, Series 2020, dated as of such date as is set forth in the Bond Purchase Agreement, authorized to

be issued by the Master Resolution and this Thirty-Ninth Supplemental Resolution in an amount not to exceed \$85,275,000.

“Thirty-Ninth Supplemental Resolution” shall mean this Resolution.

“Underwriters” shall mean, with respect to the Series 2020 Bonds, J.P. Morgan Securities LLC and RBC Capital Markets, LLC.

Section 4. Authorization of Series 2020 Bonds; Special Obligations.

A. There is hereby authorized the issuance and sale of not to exceed \$85,275,000 City of Mesa, Arizona, Utility Systems Revenue Bonds, Series 2020. The series designation of the bonds may change if the Series 2020 Bonds are not sold in calendar year 2020. The Series 2020 Bonds issued pursuant to this Thirty-Ninth Supplemental Resolution shall never be construed to be tax secured bonds of the City, as defined in A.R.S. § 9-521, or general obligation bonds of the City within the meaning of A.R.S. Title 35, Chapter 3, Article 3, or constitute a debt of the City under the Constitution and laws of the State. The Series 2020 Bonds shall be post-2002 Bonds for all purposes of the Master Resolution. The Series 2020 Bonds shall have no claim on or right to share in the pre-2003 Reserve Fund.

B. The Series 2020 Bonds are special obligations of the City payable solely from the Net Revenues (as defined in the Master Resolution) and secured as to the payment of the principal and redemption price thereof, and interest thereon, in accordance with their terms, the Master Resolution, and this Thirty-Ninth Supplemental Resolution. Subject to the provisions of Section 10(B) of the 1991 Master Resolution, the Net Revenues are hereby pledged and assigned as security for the payment of the principal of and interest on the Series 2020 Bonds. All Net Revenues shall be immediately subject to the pledge of the Master Resolution, this Thirty-Ninth Supplemental Resolution and all other resolutions amending the Master Resolution, without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all persons having claims of any kind in tort, contract or otherwise against the City, irrespective of whether such persons have notice thereof. Nothing contained in this section shall be construed as limiting any authority granted in the Master Resolution to issue Parity Bonds nor shall be deemed a limitation upon the issuance of bonds, notes or other obligations under any law pertaining to the City which are secured by moneys, income and funds other than the Net Revenues and other moneys and investments pledged hereunder.

Section 5. Terms of Series 2020 Bonds.

A. Bonds. The Series 2020 Bonds shall be dated such date as is set forth in the Bond Purchase Agreement, will mature July 1 in some or all of the years 2021 through 2044, inclusive, and will bear interest from their date to the maturity date or earlier redemption date of each of the Series 2020 Bonds, all as is set forth in the Bond Purchase Agreement and provided that the Series 2020 Bonds, in the aggregate, shall have a bond yield not exceeding six percent (6.00%).

The principal amount maturing in each year, the interest rates applicable to each maturity, the optional and mandatory redemption provisions and any other final terms of the Series 2020 Bonds shall be as is set forth in the Bond Purchase Agreement, and approved by the Deputy

City Manager and Chief Financial Officer, and such approval shall be evidenced by the execution and delivery of the Bond Purchase Agreement. The Series 2020 Bonds initially will be issued in fully registered book-entry-only form in amounts equal to the respective year's maturity amount under the book-entry-only system (the "*Book-Entry-Only System*") maintained by The Depository Trust Company, New York, New York ("*DTC*"). If the Book-Entry-Only System is discontinued, the Series 2020 Bonds shall be reissued and delivered to the respective Owners (as defined herein) in the denomination of \$5,000 of principal each or any integral multiple of \$5,000 in excess thereof. The Series 2020 Bonds shall bear interest from the most recent January 1 or July 1 to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from their date, which interest shall be payable semiannually on January 1 and July 1 of each year during the term of each of the Series 2020 Bonds (each, an "*Interest Payment Date*"), commencing on July 1, 2021 (or on another date specified in the Bond Purchase Agreement).

B. Book-Entry-Only System. So long as the Series 2020 Bonds are administered under the Book-Entry-Only System, interest payments and principal payments that are part of periodic principal and interest payments shall be paid to Cede & Co. or its registered assigns in same-day funds no later than the time established by DTC on each Interest Payment Date (or in accordance with then-existing arrangements between the City and DTC). The City has previously entered into an agreement with DTC (the "*Letter of Representations*") in connection with the issuance of the City's bonds, including the Series 2020 Bonds, and while the Letter of Representations is in effect, and so long as the Series 2020 Bonds are administered under the Book-Entry-Only System, the procedures established in accordance with the Letter of Representations shall apply to the Series 2020 Bonds.

C. Registration. While the Series 2020 Bonds are subject to the Book-Entry-Only System, the Series 2020 Bonds shall be registered in the name of Cede & Co., or its registered assigns. If the Book-Entry-Only System is discontinued, the Bond Registrar's registration books will show the registered owners of the Series 2020 Bonds (the owner or owners of the Series 2020 Bonds as shown on the Bond Registrar's registration books shall be referred to individually as "*Owner*" or collectively as "*Owners*"). The Series 2020 Bonds will be administered by the Bond Registrar in a manner which assures against double issuance and provides a system of transfer of ownership on the books of the Bond Registrar in the manner set forth in the Series 2020 Bonds.

D. Payment. So long as the Series 2020 Bonds are held under the Book-Entry-Only System, all payments of principal, interest and premium, if any, shall be paid to DTC in accordance with the City's arrangements with DTC.

If the Book-Entry-Only System is discontinued, interest on the Series 2020 Bonds will be payable on each Interest Payment Date by the Paying Agent by check (unless the Owner of the Bonds is eligible for payment by wire transfer) mailed to the Owner thereof at the Owner's address as shown on the registration books maintained by the Bond Registrar as of the close of business of the Bond Registrar on the Record Date (as defined herein).

If the Book-Entry-Only System is discontinued, principal of the Series 2020 Bonds will be payable, when due, only upon presentation and surrender of the Series 2020 Bonds at the designated corporate trust office of the Paying Agent. If the Book-Entry-Only System is discontinued, upon written request made not less than twenty (20) days prior to an Interest Payment

Date by an Owner of at least \$1,000,000 in principal amount of Series 2020 Bonds then Outstanding, all payments of interest and, if adequate provision for surrender is made, principal and premium, if any, shall be paid by wire transfer in immediately available funds to an account within the United States of America designated by such Owner.

Notwithstanding any other provision of this Thirty-Ninth Supplemental Resolution, payment of principal of and interest on any Series 2020 Bond that is held by a securities depository or Series 2020 Bonds subject to the Book-Entry-Only System may be paid by the Paying Agent by wire transfer in “same-day funds.”

E. Other Terms. The Series 2020 Bonds shall have such additional terms and provisions as are set forth in substantially the form of the Series 2020 Bond attached hereto as Exhibit A and shall be sold under the terms and conditions set forth in the Bond Purchase Agreement.

Section 6. Prior Redemption.

A. Optional Redemption. The Series 2020 Bonds may be subject to redemption prior to their stated maturity date as determined by the Deputy City Manager and Chief Financial Officer and as is set forth in the Bond Purchase Agreement.

No Series 2020 Bond may be called for optional redemption prior to maturity if after such redemption any matured Series 2020 Bonds or interest payments shall be and remain unpaid or any Policy Costs shall remain due and unreimbursed.

The Series 2020 Bonds shall be redeemed by lot, as selected by the Paying Agent, and only in integral multiples of \$5,000.

B. Mandatory Redemption. The Series 2020 Bonds may be subject to mandatory redemption as determined by the Deputy City Manager and Chief Financial Officer and as is set forth in the Bond Purchase Agreement.

Whenever Series 2020 Bonds subject to mandatory redemption are redeemed (other than pursuant to mandatory redemption) or are delivered to the Bond Registrar for cancellation, the principal amount of the Series 2020 Bonds so retired shall satisfy and be credited against the mandatory redemption requirements for such Series 2020 Bonds for such years as the City may direct.

C. Notice of Redemption. So long as the Series 2020 Bonds are held under the Book-Entry-Only System, notices of redemption will be sent to DTC in the manner required by DTC. If the Book-Entry-Only System is discontinued, notice of redemption of any Series 2020 Bond will be mailed to the Owner of the Series 2020 Bond or Series 2020 Bonds being redeemed at the address shown on the registration books maintained by the Bond Registrar not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. Neither the failure of any Owner to receive a notice of redemption nor any defect in a

notice of redemption will affect the redemption of any Series 2020 Bond for which notice was properly given.

Notice of any redemption will also be sent to the Municipal Securities Rulemaking Board (the “MSRB”), currently through the MSRB’s Electronic Municipal Market Access system, in the manner required by the MSRB, but no defect in said further notice or record nor any failure to give all or a portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the City, an escrow trustee or the Paying Agent prior to sending the notice of redemption, such redemption will be conditional on such moneys being so held on or prior to the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect. The notice of redemption will describe the conditional nature of the redemption.

The prior redemption terms for any Parity Bonds shall be set forth in the Supplemental Resolutions authorizing such series of Parity Bonds.

D. Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the Series 2020 Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Series 2020 Bonds on such date, and, if moneys for payment of the redemption price are held in separate accounts by the City, an escrow trustee or the Paying Agent, interest on such Series 2020 Bonds or portions of Series 2020 Bonds so called for redemption shall cease to accrue, such Series 2020 Bonds shall cease to be entitled to any benefit or security hereunder and the owners of such Series 2020 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and such Series 2020 Bonds shall be deemed paid and no longer Outstanding.

E. Redemption of Less than All of a Bond. The City may redeem an amount which is included in a Series 2020 Bond in an amount equal to or in excess of, but divisible by, \$5,000. In that event, if the Book-Entry-Only System is discontinued, the Owner shall submit the Series 2020 Bond for partial redemption and the Paying Agent shall make such partial payment and the Bond Registrar shall cause to be issued a new Series 2020 Bond in a principal amount equal to the unpaid amount remaining on such Series 2020 Bond after the redemption to be authenticated and delivered to the Owner thereof.

Section 7. Form of Series 2020 Bonds. Pursuant to A.R.S. § 35-491, a fully registered bond form is hereby adopted as an alternative to the form of bond provided in A.R.S. § 9-529. The Series 2020 Bonds are expected to be initially issued in fully registered book-entry-only form and, so long as the Book-Entry-Only System is in effect, the Series 2020 Bonds shall be in substantially the form of Exhibit A, attached hereto and incorporated by reference herein, with such appropriate omissions, insertions and variations as are permitted or required hereby or by the Bond Purchase Agreement and approved by those officers executing the Series 2020 Bonds; execution thereof by such officers shall constitute conclusive evidence of such approval. If the Book-Entry-Only System is discontinued, the Series 2020 Bonds shall be redelivered to the respective Owners thereof, provided that the form of the Series 2020 Bonds in that event shall be

substantially in the form of Exhibit A with such appropriate omissions, insertions and variations to accommodate the requirements of non-book-entry bonds as permitted or required hereby and approved by those officers executing the Series 2020 Bonds; execution thereof by such officers shall constitute conclusive evidence of such approval.

The Series 2020 Bonds may have notations, legends or endorsements required by law, securities exchange rule or usage. Each Series 2020 Bond shall show both the date of its issue and the date of such Series 2020 Bond's authentication and registration. The Series 2020 Bonds are prohibited from being converted to coupon or bearer form without the consent of the City Council and approval of Bond Counsel (as defined in the Master Resolution).

Section 8. Application of Revenues.

A. The Deputy City Manager and Chief Financial Officer previously created the following special funds and accounts to be held in trust for the Owners or the City, as the case may be, and expended as provided in the Master Resolution:

- (1) the Revenue Fund;
- (2) the Bond Fund;
- (3) the Reimbursement Fund;
- (4) the Post-2002 Reserve Fund, which fund, if it is required to be maintained , also contains separate accounts known as the Capitalized Reserve Account and the Contributed Reserve Account;
- (5) the Rebate Fund;
- (6) the Replacement Fund; and
- (7) the Construction Fund.

B. In addition to the payments required to be made into the Bond Fund under the Master Resolution, the following additional payments shall be made to the Bond Fund with respect to the Series 2020 Bonds on or before the tenth (10th) day of each month:

- (1) Commencing on the tenth (10th) day of the month following the closing date of the Series 2020 Bonds, the amount due on the next succeeding interest payment date divided by the number of monthly payments that can be made prior to such next succeeding interest payment date, and commencing on the tenth (10th) day of the month following the first interest payment date, one-sixth (1/6) of the interest coming due on the next semiannual interest payment date on all of the Series 2020 Bonds then Outstanding; and
- (2) Commencing on the tenth (10th) day of the month following the closing date of the Series 2020 Bonds, the amount due on the next succeeding principal payment date divided by the number of monthly payments that can be made prior to such next succeeding principal payment date, and commencing on the tenth (10th) day of the month following the first

principal payment date, one-twelfth (1/12) of the principal becoming due on the next succeeding principal payment date on all Series 2020 Bonds then Outstanding.

Section 9. Disposition of Series 2020 Bond Proceeds. Immediately upon closing of the Series 2020 Bonds, the proceeds from the sale of the Series 2020 Bonds shall be disposed of as follows: (1) an amount equal to all accrued interest, if any, together with all or a portion of any net original issue premium received as the Deputy City Manager and Chief Financial Officer shall direct, shall be deposited in the Bond Fund, and (2) the remaining proceeds of the Series 2020 Bonds shall be deposited in the Construction Fund and used to pay the costs and expenses of the authorization and issuance of the Series 2020 Bonds, including but not limited to any premium due the Bond Insurer (as defined in the Master Resolution) and to provide for the improvements and extensions to the System for the purposes authorized in the 2014 Election. Notwithstanding the foregoing, for convenience any premium due to the Bond Insurer may be paid directly by the Underwriters and credited to the payment for the Series 2020 Bonds.

Section 10. Resolution a Contract. The provisions of the Master Resolution and this Thirty-Ninth Supplemental Resolution are deemed incorporated into the Series 2020 Bonds themselves and shall constitute a contract among the City, the Bond Insurer for the Series 2020 Bonds, if any, the Reserve Fund Guarantor, if any, and the Owner or Owners and, after the issuance of any of the Series 2020 Bonds, no amendment, change, variation or alteration of any kind in the provisions of the Master Resolution or this Thirty-Ninth Supplemental Resolution shall be made in any manner, except as provided in Section 17 and Section 18 of the 1991 Master Resolution or until such time as all of the principal of the Series 2020 Bonds and interest due thereon have been paid in full. The performance by the City Council of the obligations in the Master Resolution, this Thirty-Ninth Supplemental Resolution, the Series 2020 Bonds and the other documents and agreements listed in Section 11 of this Thirty-Ninth Supplemental Resolution is hereby authorized and approved.

To the extent applicable by provision of law, and to the extent this Thirty-Ninth Supplemental Resolution constitutes a contract, this Thirty-Ninth Supplemental Resolution is subject to cancellation pursuant to A.R.S. § 38-511, as amended, the provisions of which are hereby incorporated as if herein fully set forth.

Section 11. Execution of Series 2020 Bonds and Other Documents.

A. **Bond Purchase Agreement.** The Underwriters will purchase the Series 2020 Bonds pursuant to the Bond Purchase Agreement in substantially the form now on file with the City Clerk, which is hereby approved. The Deputy City Manager and Chief Financial Officer shall cause the Bond Purchase Agreement to be completed to reflect the final terms of the Series 2020 Bonds, including the price at which the Series 2020 Bonds are sold and provisions for original issue premium or original issue discount with respect thereto; provided, however, that the parameters of this Thirty-Ninth Supplemental Resolution shall govern the Bond Purchase Agreement and no officer of the City shall insert in the Bond Purchase Agreement any terms or conditions which would be contrary to this Thirty-Ninth Supplemental Resolution. The Mayor, any member of the City Council, or the Deputy City Manager and Chief Financial Officer is each hereby authorized and directed to execute the Bond Purchase Agreement, as completed and consistent with this Thirty-Ninth Supplemental Resolution, on behalf of the City, and the execution

and delivery of the Bond Purchase Agreement by such officer of the City shall be conclusive evidence of approval of the final terms and provisions thereof. The City Manager or the Deputy City Manager and Chief Financial Officer is each hereby authorized and directed to cause the Series 2020 Bonds to be delivered to or upon the order of the Underwriters upon receipt of payment therefor and satisfaction of all conditions for delivery thereof in accordance with the terms of the Bond Purchase Agreement.

B. Bonds. The Series 2020 Bonds shall be executed for and on behalf of the City by the Mayor and attested by the City Clerk by their manual or facsimile signatures and the City seal will be either photographically, mechanically or manually imprinted, affixed or reproduced on the Series 2020 Bonds. If the signatures are affixed or imprinted by facsimile, the Mayor and City Clerk shall execute a certificate adopting as their signatures the facsimile signatures appearing on the Series 2020 Bonds. If an officer whose signature is on a Series 2020 Bond no longer holds that office at the time the Series 2020 Bond is authenticated and registered, such Series 2020 Bond shall nevertheless be valid. A Series 2020 Bond shall not be valid or binding until authenticated by the manual signature of an authorized representative of the Bond Registrar. The signature of the authorized representative of the Bond Registrar shall be conclusive evidence that such Series 2020 Bond has been authenticated and issued pursuant to this Thirty-Ninth Supplemental Resolution.

C. Registrar Contract. The form of a bond registrar, transfer agent and paying agent contract in substantially the form now on file with the City Clerk concerning the duties of the Bond Registrar and the Paying Agent for the Series 2020 Bonds is hereby approved and the Mayor, the City Clerk, or the Deputy City Manager and Chief Financial Officer is each hereby authorized and directed to execute, and attest, as applicable, such contract on behalf of the City with such appropriate omissions, insertions and variations as are permitted or required hereby and approved by those persons executing the documents and cause such respective contract to be delivered. Execution by any such authorized representative of the City shall constitute conclusive evidence of such approval.

D. Continuing Disclosure Certificate. The form of a continuing disclosure certificate in substantially the form now on file with the City Clerk is hereby approved. The Mayor, the City Clerk, or the Deputy City Manager and Chief Financial Officer is each hereby authorized and directed to prepare, execute, attest, as applicable, and deliver such certificate on behalf of the City.

E. Official Statement. The preparation of a preliminary official statement, in substantially the form now on file with the City Clerk, to be used in connection with the sale of the Series 2020 Bonds is hereby authorized and approved and its distribution by the Underwriters is hereby authorized and approved. Such preliminary official statement is approved and may be deemed “final” for all purposes of Section 240.15c2-12, General Rules and Regulations, Securities Exchange Act of 1934 (the “Rule”), by the Mayor or the Deputy City Manager and Chief Financial Officer. The City will cause a final official statement (the “*Official Statement*”) in substantially the form of the preliminary official statement referred to above but with insertions and omissions permitted by the Rule to be prepared and distributed with the Series 2020 Bonds in accordance with the Rule. The Mayor or the Deputy City Manager and Chief Financial Officer is each hereby authorized to approve, execute and deliver the Official Statement on behalf of the City and the

execution by either such authorized representative of the City shall be deemed conclusive evidence of such approval. The preliminary official statement and the Official Statement may be prepared in conjunction with, and may be part of the same document as, the preliminary official statement and the official statement for any other bonds which may be issued by the City.

F. Authority. In the event the Mayor, any member of the City Council, or any officer of the City is unavailable or unable to discharge any obligation or duty with respect hereto, including the approval, execution or attestation of the Series 2020 Bonds or other documents, then any member of the City Council may act in the capacity of such official or officer for the purpose of discharging such obligation or duty.

Section 12. Mutilated, Lost or Destroyed Series 2020 Bonds. In case any Series 2020 Bond becomes mutilated or destroyed or lost, the Bond Registrar shall cause to be executed and delivered a new Series 2020 Bond of like date and tenor in exchange and substitution for and upon the cancellation of the mutilated Series 2020 Bond or in lieu of and in substitution for the Series 2020 Bond destroyed or lost, upon the Owner's paying the reasonable expenses and charges of the City and the Bond Registrar in connection therewith and, in the case of the Series 2020 Bond destroyed or lost, filing with the City and the Bond Registrar evidence satisfactory to the City and the Bond Registrar that such Series 2020 Bond was destroyed or lost, and furnishing the City and the Bond Registrar with a sufficient indemnity bond pursuant to A.R.S. § 47-8405.

Section 13. Bond Registrar and Paying Agent. The City will maintain an office or agency where the Series 2020 Bonds may be presented for registration or transfer and an office or agency where the Series 2020 Bonds may be presented for payment. The City may appoint one or more co-registrars or one or more additional paying agents. The Bond Registrar and the Paying Agent may make reasonable rules and set reasonable requirements for their respective functions with respect to the Owners of the Series 2020 Bonds.

Initially, UMB Bank, n.a., shall act as, and is hereby appointed as, both the Bond Registrar and the Paying Agent with respect to the Series 2020 Bonds. Any entity into which either or both of the Bond Registrar and the Paying Agent is merged or consolidated shall continue as the Bond Registrar and the Paying Agent hereunder without notice to the Owners of the Series 2020 Bonds or any further action by the City. The City may change the Bond Registrar or the Paying Agent without notice to or consent of Owners of the Series 2020 Bonds and the City may act in any such capacity.

Each Paying Agent shall be required to agree in writing that the Paying Agent will hold in trust for the benefit of the Owners of the Series 2020 Bonds all moneys held by the Paying Agent for the payment of principal of and interest and any premium on the Bonds.

The Bond Registrar may appoint an authenticating agent acceptable to the City to authenticate the Series 2020 Bonds. An authenticating agent may authenticate the Series 2020 Bonds whenever the Bond Registrar may do so. Each reference in this Thirty-Ninth Supplemental Resolution to authentication by the Bond Registrar includes authentication by an authenticating agent acting on behalf and in the name of the Bond Registrar and subject to the Bond Registrar's direction.

As described in Section 5, paragraph C, of this Thirty-Ninth Supplemental Resolution, the Bond Registrar shall keep separate registration books for the Series 2020 Bonds. So long as the Book-Entry-Only System is in effect, no transfer of the Series 2020 Bonds shall occur. If the Book-Entry-Only System is discontinued and Series 2020 Bonds are presented to the Bond Registrar or a co-registrar with a request to register transfer, such transfer will be administered as described in Section 5, paragraph C of this Thirty-Ninth Supplemental Resolution. All transfer fees and costs shall be paid by the transferor.

The “*Record Date*” for the Series 2020 Bonds shall be the fifteenth (15th) day of the month in the month preceding an Interest Payment Date. The Bond Registrar may, but shall not be required to, transfer or exchange any Series 2020 Bonds during the period commencing on the respective Record Date extending to and including the respective Interest Payment Date. If the Bond Registrar transfers or exchanges Series 2020 Bonds within the period referred to above, interest on such Series 2020 Bonds shall be paid to the person who was the Owner at the close of business of the Bond Registrar on the Record Date as if such transfer or exchange had not occurred.

The Bond Registrar shall authenticate Series 2020 Bonds for original issue not to exceed \$85,275,000 in aggregate original principal amount upon the written request of the Deputy City Manager and Chief Financial Officer. The aggregate principal amount of Series 2020 Bonds Outstanding at any time may not exceed this amount except for replacement Series 2020 Bonds as to which the requirements of the Bond Registrar and the City are met.

Section 14. Additional Covenants. The City, in consideration of the purchase of the Series 2020 Bonds by the Owners thereof, covenants to take all actions and do all things within its power to create, perfect and enforce the pledge of Net Revenues supporting the Bonds and any additional Parity Bonds hereafter issued. The City further covenants and agrees to take all actions and do all things within its power to maintain the priority of the Owners of the Bonds as holding a first lien on the Net Revenues.

In consideration of retaining the exclusion of interest income on the Bonds, including the Series 2020 Bonds, from gross income for federal income tax purposes, the City covenants in the Master Resolution for the benefit of the Owners from time to time of the Bonds, including the Series 2020 Bonds, neither to take nor fail to take any action which action or failure to act is within its power and authority and which would result in the interest income on the Bonds becoming includable in gross income for federal income tax purposes under laws existing on the date of issuance of the Bonds, including Section 103 of the Internal Revenue Code of 1986, as amended to the date of issuance of the Series 2020 Bonds (the “*Code*”). In accordance with the Master Resolution and this Thirty-Ninth Supplemental Resolution, the City will comply with such requirements and will take any such actions as in the opinion of Bond Counsel are necessary to prevent interest income on the Series 2020 Bonds from becoming subject to inclusion in gross income for federal income tax purposes.

The City Council hereby authorizes the Deputy City Manager and Chief Financial Officer, or his designee, to represent and act for the City in all matters pertaining to the City’s tax-exempt bonds, as may be necessary to comply, on a continuing basis, with the Internal Revenue Service, Securities and Exchange Commission and other governmental entities’ requests, reporting requirements and post-issuance compliance policies and matters.

Section 15. Bond Insurance or Credit Enhancement. The Deputy City Manager and Chief Financial Officer is hereby authorized to expend or cause to be expended Series 2020 Bond proceeds to purchase a Municipal Bond Insurance Policy or other credit enhancements for the Series 2020 Bonds if, upon consultation with the Financial Advisor, deemed to be in the City's best interest.

Section 16. Qualified Tax-Exempt Obligations. The Series 2020 Bonds are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Section 17. Ratification of Actions. All actions of the officers, officials, employees and agents of the City which conform to the purposes and intent of the Master Resolution and this Thirty-Ninth Supplemental Resolution and which further the issuance and sale of the Series 2020 Bonds, as contemplated by the Master Resolution and this Thirty-Ninth Supplemental Resolution, whether heretofore or hereafter taken are hereby ratified, confirmed and approved. The proper officers, officials, employees and agents of the City are hereby authorized to do all such acts and things and to execute and deliver all such documents or certificates on behalf of the City as may be necessary to carry out the terms and intent of the Master Resolution and this Thirty-Ninth Supplemental Resolution.

Section 18. Severability. If any section, paragraph or provision of this Thirty-Ninth Supplemental Resolution or the Master Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Thirty-Ninth Supplemental Resolution or the Master Resolution.

Section 19. Waiver of Inconsistency. 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.

[Signature Page to Follow]

PASSED AND ADOPTED by the City Council of the City of Mesa, Arizona, this
19th day of October, 2020.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

Sherman & Howard L.L.C., Bond Counsel

Exhibit A: Bond Form

CERTIFICATION

I, Dee Ann Mickelsen, the duly appointed City Clerk of the City of Mesa, Arizona, do hereby certify that the above and foregoing Resolution No. ____ was duly passed by the City Council of the City of Mesa, Arizona, at a regular meeting held on October 19, 2020, and that a quorum was present thereat and that the vote thereon was ____ ayes and ____ nays; ____ did not vote or were absent.

DATED: October 19, 2020.

City Clerk

EXHIBIT A

(Form of Book-Entry-Only Bond)

Number: R-_____

Amount: _____

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

CITY OF MESA, ARIZONA UTILITY SYSTEMS REVENUE BOND, SERIES 2020

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Dated Date</u>	<u>CUSIP No.</u>
_____ %	July 1, 20____	_____, 2020	590545____

Registered Owner: CEDE & CO.

Principal Amount: _____ AND NO/100 DOLLARS (\$) _____ .00)

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

Interest is payable on January 1 and July 1 of each year commencing _____ 1, 2021, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original dated date set forth above. Interest will be computed on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

[The bonds maturing on or before July 1, 20____ are not subject to call for redemption prior to maturity. The bonds maturing on or after July 1, 20____ are subject to call for redemption prior to maturity, at the option of the City, in whole or in part on July 1, 20____, or on any date thereafter, by the payment of a redemption price equal to the principal amount of each bond called for redemption plus accrued interest to the date fixed for redemption, but without premium.]

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

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this bond exist, have occurred and have been performed and that the series of bonds of which this is one, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona, and that due provision has been made for payment of this bond and interest hereon, as each becomes due, from the revenues of the System (as defined herein) as further described herein.

This bond is one of a series of utility systems revenue bonds in the aggregate principal amount of \$_____ of like tenor except as to amount, maturity date, redemption provisions, interest rate and number, issued by the City pursuant to the Constitution and laws of the State of Arizona including Title 9, Chapter 5, Article 3, Arizona Revised Statutes, and all amendments thereto, the special bond election held in and for the City on November 4, 2014, Resolution No. 6362 adopted by the City Council of the City on July 29, 1991, as amended and supplemented, and Resolution No. _____ adopted by the City Council of the City on October 19, 2020 (collectively, the "*Bond Resolution*"), for purpose of providing funds with which to make improvements to the System of the City and to pay all legal, financial consulting, financial, engineering and other necessary costs in connection therewith.

The bonds are special obligations of the City payable as to both principal and interest from and secured by a prior and paramount lien and pledge of the revenues, proceeds and receipts to be derived by the City from the operation of the City's water, wastewater, electrical, natural gas, and solid waste (garbage and rubbish) utility systems (collectively, the "*System*"), subject only to the payment of the reasonable and necessary cost of operating and maintaining the System. Reference is made to the Bond Resolution for a more complete statement of the provisions made to secure payment of the bonds, the revenues from which and conditions under which this bond is payable, statements of the terms under which the Bond Resolution may be modified, and the general covenants and provisions pursuant to which this bond is issued. Said income and revenues are required by the Bond Resolution to be fully sufficient to pay the cost of operating and maintaining the System and to pay the principal of and interest on this bond promptly as each becomes due and payable. The City has covenanted and does hereby covenant that it will fix and impose such rates and charges for the System's services rendered by the System and will collect and account for sufficient revenues to pay promptly the principal of and interest on this bond and all bonds on a parity with this bond. This bond and the interest hereon are enforceable exclusively from the revenues pledged thereto in the Bond Resolution and no owner hereof shall have the right to compel any exercise of the taxing power of the City to pay this bond or the interest hereon. This bond does not constitute an indebtedness or pledge of the general credit of the City within the meaning of any constitutional, charter or statutory provisions relating to the incurring of indebtedness. This bond is a post-2002 Bond, as defined in the Bond Resolution. As such, this bond has no claim against or right to share in the "pre-2003 Reserve Fund" which pertains only to bonds issued under the terms of the bond resolutions prior to January 1, 2003.

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

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

So long as the book-entry-only system is in effect, notices of redemption will be sent to DTC, in the manner required by DTC. If the book-entry-only system is discontinued, notice of redemption of any bond will be mailed to the registered owner of the bond or bonds being redeemed at the address shown on the bond register maintained by the registrar not more than sixty (60) nor less than thirty (30) days prior to the date set for redemption. Notice of redemption may be sent to any securities depository by mail, facsimile transmission, wire transmission or any other means of transmission of the notice generally accepted by the respective securities depository. Failure to properly give notice of redemption shall not affect the redemption of any bond for which notice was properly given. Notice of any redemption will also be sent to the Municipal Securities Rulemaking Board (the "*MSRB*"), currently through the MSRB's Electronic Municipal Market Access system, in the manner required by the MSRB, but no defect in said further notice or record nor any failure to give all or a portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

If moneys for the payment of the redemption price and accrued interest are not held in separate accounts by the City, an escrow trustee or by a paying agent prior to sending the notice of redemption, such redemption shall be conditional on such moneys being so held on or prior to the date set for redemption and if not so held by such date, the redemption shall be cancelled and be of no force and effect.

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

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

CITY OF MESA, ARIZONA

Mayor

ATTEST:

City Clerk

DATED: _____, 2020.

AUTHENTICATION CERTIFICATE

This bond is one of the City of Mesa, Arizona, Utility Systems Revenue Bonds, Series 2020, described in the Bond Resolution.

UMB BANK, N.A., as Registrar

Authorized Representative

DATED: _____, 2020.

(INSERT INSURANCE STATEMENT HERE, IF APPLICABLE)

FORM OF ASSIGNMENT

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

TEN COM – as tenants in common

TEN ENT – as tenants by the entireties

JT TEN – as joint tenants with right of survivorship
and not as tenants in common

UNIF GIFT/TRANS MIN ACT-_____ Custodial _____
(Cust) (Minor)

under Uniform Gifts/Transfers to Minors Act _____
(State)

Additional abbreviations may also be used though not in list above.

ASSIGNMENT

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

(Name and Address of Transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____
_____, attorney to transfer the within bond on the books
kept for registration thereof, with full power of substitution in the premises.

Dated _____

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

Signature Guaranteed:

Firm or Bank

Authorized Signature

Signature guarantee should be made by a guarantor
institution participating in the Securities Transfer
Agents Medallion Program or in such other program
acceptable to the registrar.

ALL FEES AND TRANSFER COSTS SHALL BE PAID BY THE TRANSFEROR