

**CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATION**

CC: _____
Amend No. _____

Date Prepared: May 19, 2010 **Council Meeting Date:** June 15, 2010

TO: Carl Swenson, City Manager
FROM: Brent D. Mattingly, Chief Financial Officer *BDM*
THROUGH: Susan Thorpe, Deputy City Manager *ST*
SUBJECT: Authorize Sale and Contract Award of General Obligation Bonds, Series 2010

RECOMMENDATION:

That the Mayor and Council review and approve Resolution No. 2010-____ authorizing the sale and issuance of City of Peoria, Arizona General Obligation Bonds (Projects of 2000, 2005, and 2008), Series 2010, in the principal amount of \$29,390,000; providing for the annual levy of a tax on all the taxable property within the City of Peoria, Arizona, to provide for the payment of said bonds; approving and authorizing the execution of various documents with respect to said bonds; ratifying the distribution of a Preliminary Official Statement with respect to said bonds and approving an Official Statement with respect to said bonds; awarding a contract for the purchase of said bonds and declaring an emergency.

SUMMARY:

On June 1, 2010, the Mayor and Council approved the sale of City of Peoria, Arizona General Obligation Bonds (Projects of 2000, 2005, and 2008), Series 2010, in an amount not to exceed \$31,000,000; and authorized the publication of a notice inviting proposals for the purchase of the bonds. The resolution referenced above continues the legal process required for the sale of said bonds.

The attached resolution provides for the following:

- 1) The issuance of bonds in the principal amount of \$29,390,000;
- 2) Authorizes the appointment of a bond registrar and paying agent in connection with the bonds;
- 3) Approves a contract for ongoing disclosure of the bonds;

CITY CLERK USE ONLY:

Consent Agenda
 Carry Over to Date: _____
 Approved
 Unfinished Business (Date heard previous: _____)
 New Business

ORD. # _____ RES. # _____
LCON# _____ LIC. # _____
Action Date: _____

- 4) Ratifies the distribution of a Preliminary Official Statement (POS);
- 5) Approve a final form of the Official Statement for the bonds.

The resolution also approves the award of a contract to the lowest bidder on the bond sale date of June 15, 2010, after the appropriate verification of all bidder information. The City's Financial Advisor will verify the interest rate and debt service amount for the bonds at the time of sale. Bids for the bonds will be received electronically by 10:00 a.m. on the sale date. Staff will provide detailed information on the bids received and the contract award at the council meeting.

In summary, staff is requesting that Council approve the attached resolution which authorizes the sale and contract award of the City of Peoria, General Obligation Bonds (Projects of 2000, 2005 and 2008), Series 2010, ratifies the distribution of a Preliminary Official Statement and approves a final form of the Official Statement for the bonds. A copy of the General Obligation Bonds (Projects of 2000, 2005, and 2008), Series 2010 – Preliminary Official Statement will be distributed to Council prior to the council meeting. The resolution has been approved as to form by the City Attorney. The Chief Financial Officer and the City's Financial Advisor will be present to provide detailed information and address any specific questions Council may have.

ATTACHMENTS:

1. Resolution No. 2010 - _____

Contact:

Deborah Card, Treasury Manager, X7148

RESOLUTION NO. 2010-40

RESOLUTION AUTHORIZING THE SALE AND ISSUANCE OF CITY OF PEORIA, ARIZONA GENERAL OBLIGATION BONDS (PROJECTS OF 2000, 2005 AND 2008), SERIES 2010, IN THE TOTAL, AGGREGATE PRINCIPAL AMOUNT OF \$29,390,000; PROVIDING FOR THE ANNUAL LEVY OF A TAX ON ALL THE TAXABLE PROPERTY WITHIN THE CITY OF PEORIA, ARIZONA, TO PROVIDE FOR THE PAYMENT OF INTEREST ON AND PRINCIPAL OF SAID BONDS; APPOINTING A BOND REGISTRAR AND PAYING AGENT AND AUTHORIZING EXECUTION OF A CONTRACT IN CONNECTION THEREWITH; APPROVING A CONTINUING DISCLOSURE UNDERTAKING PERTAINING TO PROVIDING ONGOING DISCLOSURE WITH RESPECT TO SAID BONDS AND AUTHORIZING EXECUTION OF SUCH UNDERTAKING; RATIFYING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO SAID BONDS AND APPROVING AN OFFICIAL STATEMENT WITH RESPECT TO SAID BONDS; AWARDING A CONTRACT FOR THE PURCHASE OF SAID BONDS AND DECLARING AN EMERGENCY

WHEREAS, at a special bond election held in and for the City of Peoria, Arizona (the "City"), on September 12, 2000, there was submitted to the qualified electors thereof the following questions:

QUESTION NO. 3

STORM SEWER AND FLOOD PROTECTION BONDS

Shall the City of Peoria, Arizona be authorized to issue and sell bonds of the City in the principal amount of \$22,300,000 to provide funds to improve the handling of stormwater drainage in the City by constructing, reconstructing and expanding retention basins; construct, reconstruct and extend storm sewers, pipes, culverts and conduits; design and construct bank protection and erosion control facilities; acquire land and interests in land or facilities or rights of way by purchase, condemnation or any other method, whether inside or outside the City Limits; and pay all legal, financial, engineering, architectural and all other necessary costs in connection therewith, such bonds to be issued at the option of the Council, as general obligation bonds or as tax secured revenue bonds payable from utility revenues and if such revenues prove insufficient, from the levy of an ad valorem tax against the assessed valuation of all taxable property within the City or as utility revenue bonds payable solely from the revenues of the drainage utility system of the City; such bonds to be issued in one or

more series, maturing not more than 30 years following the date of issuance of each series and to bear interest at a rate or rates not higher than 12% per annum?

QUESTION 5

PARKS AND OPEN SPACE BONDS

Shall the City of Peoria, Arizona be authorized to issue and sell general obligation bonds of the City in a principal amount of \$30,000,000 to provide funds to acquire, construct, improve and equip neighborhood parks and recreation facilities, trails and bicycle routes; acquire, construct, improve and equip a community park; to acquire, construct, improve or equip City swimming pool; to acquire, construct, improve or equip park maintenance facilities; acquire fee or lesser interests in land separately or pursuant to an intergovernmental agreement with the State and/or a political subdivision of this State for the purpose of preserving open space and recreational trail corridors, condemnation or any other method, to include joint facilities to be utilized with others, and to pay all legal, financial, engineering, architectural and all other necessary costs in connection therewith, such bonds to be issued in one or more series, maturing not more than 30 years following the date of the issuance of each series and bearing interest at a rate or rates not higher than 12% per annum?

; and

WHEREAS, at a special bond election held in and for the City on May 17, 2005, there was submitted to the qualified electors thereof the following questions:

QUESTION 1

WATER TREATMENT, WATER SYSTEM, WASTEWATER AND DRAINAGE BONDS

Shall the City of Peoria, Arizona be authorized to issue and sell bonds of the City in the principal amount of \$160,000,000 to provide funds to provide for expansion and to make improvements to the water production, treatment, distribution, transmission and storage system of the City, including treatment plants, pumping and storage facilities, reclamation and recharge facilities, transmission mains and facilities; constructing and equipping buildings and facilities and any property of any kind, including joint facilities to be utilized with others, whether inside or outside the City limits; acquiring water rights and/or land on which such rights are attached by purchase, lease, condemnation or any other method; acquiring land and interests in land or facilities or rights of way by purchase, condemnation or any other method, and to be authorized to issue and sell bonds of the City to provide funds to design, construct and equip existing or new wastewater (Sewer) and/or drainage/stormwater treatment plants, whether inside or outside the City limits; design, construct and equip existing or new wastewater (Sewer) reclamation plants; make improvements to the wastewater and/or drainage system of the City, including interceptor, collection lines and facilities, including but not limited to relief lines to allow transportation of wastewater to other plants used by the City; construct and equip buildings and facilities and any property of any kind, including joint facilities to be utilized with others, whether inside or outside the City limits; acquire land and interests in land or facilities or rights of way by purchase, condemnation or any other method and pay all legal, financial, engineering, architectural and all other necessary costs in connection therewith; and at the option of the Council to enter into agreements with the Water Infrastructure Financing Authority of the State of Arizona to finance improvements authorized by this question, such bonds to

be issued at the option of the Council, as general obligation bonds or as tax secured revenue bonds payable from utility revenues and if such revenues prove insufficient, from the levy of an ad valorem tax against the assessed valuation of all taxable property within the City or as utility revenue bonds payable from the revenues of the utility system of the City, the bonds to be issued in one or more series, maturing not more than 30 years following the date of the issuance of each series and bearing interest at a rate or rates not higher than 12% per annum?

QUESTION 2

PUBLIC SAFETY AND MUNICIPAL OPERATIONS BONDS

Shall the City of Peoria, Arizona be authorized to issue and sell general obligation bonds of the City in the principal amount of \$52,000,000 to provide funds to design construct, improve and equip fire stations; design, construct and improve police, fire, municipal facilities and to design, construct, improve and equip operational communications and information systems for municipal services; design, construct and equip dispatch and records management systems and to design, construct and equip one or more municipal maintenance and operations facilities; to acquire land or interests in land or rights of way for such purposes by purchase, condemnation or any other method, and pay all legal, financial, engineering, architectural and other necessary costs in connection therewith, such bonds to be issued in one or more series, maturing not more than 30 years following the date of issuance of each series and bearing interest at a rate or rates not higher than 12% per annum?

QUESTION 3

PARKS, RECREATION, AND LIBRARY BONDS

Shall the City of Peoria, Arizona be authorized to issue and sell general obligation bonds of the City in a principal amount of \$35,000,000 to provide funds to acquire, construct, improve and equip neighborhood parks and recreation facilities, trails and bicycle routes; acquire, construct, improve and equip libraries; acquire, construct, improve and equip one or more community parks; to acquire, construct, improve or equip one or more city swimming pools; to acquire, construct, improve or equip park maintenance facilities; acquire fee or lesser interests in land separately or pursuant to an intergovernmental agreement with the State and/or a political subdivision of this State for the purpose of preserving open space and recreational trail corridors, by condemnation or any other method, to include joint facilities to be utilized with others, and to pay all legal, financial, engineering, architectural and all other necessary costs in connection therewith, such bonds to be issued in one or more series, maturing not more than 30 years following the date of issuance of each series and bearing interest at a rate or rates not higher than 12% per annum?

QUESTION 4

STREETS, BRIDGES, TRAFFIC CONTROL AND TRANSPORTATION BONDS

Shall the City of Peoria, Arizona be authorized to issue and sell bonds of the City in the principal amount of \$109,000,000 to provide funds to construct streets; improve, construct, reconstruct and widen streets; design and construct bridges to replace unbridged crossings and to design and construct intermodal transportation facilities; install signage and traffic control devices and signals within the City or pursuant to

intergovernmental agreements with the State and/or political subdivisions of this State; to make improvements to related water, sewer and storm sewer lines and facilities; install noise and sound abatement facilities to reduce traffic noise; acquire land, rights of ways, or interests in land for such purposes by purchase condemnation or any other method, and to pay all legal, financial, engineering, architectural and all other necessary costs in connection therewith, such bonds to be issued at the option of the Council, as general obligation bonds or as highway user fund revenue bonds payable solely from the revenues derived from taxes, fees, charges and other moneys collected by the State and returned to the City for street and highway purposes pursuant to law and to the extent such revenues have not been pledged for other indebtedness of the City; the bonds to be issued in one or more series, maturing not more than 30 years following the date of the issuance of each series and bearing interest at a rate or rates not higher than 12% per annum?

; and

WHEREAS, at a special bond election held in and for the City on November 4, 2008, there was submitted to the qualified electors thereof the following questions:

QUESTION 1

STREETS, BRIDGES, TRAFFIC CONTROL AND TRANSPORTATION AND DRAINAGE BONDS

Shall the City of Peoria, Arizona be authorized to sell and issue bonds of the City in the principal amount of \$276,743,120 to provide funds to improve, construct, reconstruct and widen streets and bridges; construct intermodal transportation facilities; install signage and traffic control devices and signals and improve, construct reconstruct and expand drainage/storm water and related facilities; to acquire land, rights of ways, or interests in land for such purposes by purchase, condemnation or any other method, and to pay all legal, financial, engineering, architectural and all other necessary costs in connection therewith, such bonds to be issued at the option of the Council of the City, such bonds or any series thereof to be issued at the option of the Council, as general obligation bonds payable from *ad valorem* property taxes unlimited as to rate and amount, or as highway user fund revenue bonds payable solely from revenues derived from taxes, fees, charges and other moneys collected by the State and returned to the City for street and highway purposes pursuant to law or to the extent permitted by law as utility revenue bonds payable from the revenues of the utility system of the City, for drainage purposes; the bonds to be issued in one or more series, maturing not more than 30 years following the date of the issuance of each series and bearing interest at a rate or rates not higher than 12% per annum?

The issuance of these bonds will result in an annual levy of property taxes sufficient to pay the debt on the bonds, unless the governing body provides for payment from other sources in full or in part.

QUESTION 2

PUBLIC SAFETY, TECHNOLOGY AND MUNICIPAL OPERATIONS BONDS

Shall the City of Peoria, Arizona be authorized to sell and issue bonds payable from *ad valorem* property taxes, unlimited as to rate and amount, of the City in

the principal amount of \$60,317,685 to provide funds to construct, improve and equip police, fire and emergency services, maintenance and operation and other municipal facilities including, but not limited to, operational communications and information systems for municipal services and dispatch and records management systems; to acquire land or interests in land or rights of way for such purposes by purchase, condemnation or any other method, and to pay all legal, financial, engineering, architectural and all other necessary costs in connection therewith, such bonds to be issued in one or more series, maturing not more than 30 years following the date of the issuance of each series and bearing interest at a rate or rates not higher than 12% per annum?

; and

WHEREAS, the returns of the special bond election held on September 12, 2000, were duly canvassed by the Mayor and Council of the City and a certificate disclosing the purpose of the special bond election held on September 12, 2000, the total number of votes cast thereat, the total number of votes for and against the issuance of the bonds, and stating that the creation of the indebtedness by the issuance of the bonds in accordance with the foregoing questions was ordered, has been filed and recorded in the office of the County Recorder of Maricopa County, Arizona; and

WHEREAS, a majority of the qualified electors of the City, voting at the special bond election held on September 12, 2000, voted "For the Bonds," in answer to Question Nos. 3 and 5 submitted; and

WHEREAS, the returns of the special bond election held on May 17, 2005, were duly canvassed by the Mayor and Council of the City and a certificate disclosing the purpose of the special bond election held on May 17, 2005, the total number of votes cast thereat, the total number of votes for and against the issuance of the bonds, and stating that the creation of the indebtedness by the issuance of the bonds in accordance with the foregoing questions was ordered, has been filed and recorded in the office of the County Recorder of Maricopa County, Arizona; and

WHEREAS, a majority of the qualified electors of the City, voting at the special bond election held on May 17, 2005, voted "For the Bonds," in answer to Question Nos. 1, 2, 3 and 4 submitted; and

WHEREAS, the returns of the special bond election held on November 4, 2008, were duly canvassed by the Mayor and Council of the City and a certificate disclosing the purpose of the special bond election held on November 4, 2008, the total number of votes cast thereat, the total number of votes for and against the issuance of the bonds, and stating that the creation of the indebtedness by the issuance of the bonds in accordance with the foregoing questions was ordered, has been filed and recorded in the office of the County Recorder of Maricopa County, Arizona; and

WHEREAS, a majority of the qualified electors of the City, voting at the special bond election held on November 4, 2008, voted "For the Bonds," in answer to Question Nos. 1 and 2 submitted; and

WHEREAS, offers for the purchase of \$_____,000 total, aggregate principal amount of bonds to be designated as City of Peoria, Arizona General Obligation Bonds (Projects of 2000, 2005 and 2008), Series 2010 (hereinafter referred

to as the "Bonds") have been received pursuant to a Notice Inviting Proposals For Purchase Of General Obligation Bonds (hereinafter referred to as the "Notice"); and

WHEREAS, the proposal of _____ (hereinafter referred to as the "Purchaser") has been determined to result in the lowest true interest cost to the City and, in all respects, complies with the terms of the Notice; and

WHEREAS, all things required to be done preliminary to the authorization and issuance of the Bonds have been duly done and performed in the manner required by law, and the Mayor and Council of the City are now empowered to proceed with the issuance and sale of the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF PEORIA, ARIZONA, as follows:

Section 1. The Bonds are hereby authorized to be issued as a series of bonds in accordance with the Resolution and applicable law to provide funds for the purposes set forth in the above-mentioned forms of ballot Questions 3 and 5 submitted to the qualified electors of the City on September 12, 2000, ballot Questions 1, 2, 3 and 4 submitted to the qualified electors of the City on May 17, 2005, and ballot Questions 1 and 2 submitted to the qualified electors of the City on November 4, 2008.

Section 2. The Bonds herein authorized to be issued by the City and maturing in the years 20__ through and including 20__ constitute the fourth series of bonds of a total authorized issue of not to exceed \$_____ principal amount of bonds of the City approved by the qualified electors of the City (Questions 3 and 5) at a special bond election duly called and held in and for the City on September 12, 2000, under the provisions of Title 35, Chapter 3, Article 3, Arizona Revised Statutes, as amended.

The Bonds herein authorized to be issued by the City and maturing in the years 20__ through and including 20__ constitute the third series of bonds of a total authorized issue of not to exceed \$_____ principal amount of bonds of the City approved by the qualified electors of the City (Questions 1, 2, 3 and 4) at a special bond election duly called and held in and for the City on May 17, 2005, under the provisions of Title 35, Chapter 3, Article 3, Arizona Revised Statutes, as amended.

The Bonds herein authorized to be issued by the City and maturing in the years 20__ through and including 20__ constitute the first series of bonds of a total authorized issue of not to exceed \$_____ principal amount of bonds of the City approved by the qualified electors of the City (Questions 1 and 2) at a special bond election duly called and held in and for the City on November 4, 2008, under the provisions of Title 35, Chapter 3, Article 3, Arizona Revised Statutes, as amended.

Section 3. The proceeds from the sale of the Bonds maturing in the years 20__ through and including 20__ shall be credited against the total principal amount of bonds so approved and against the specific amount of bonds so authorized by the qualified electors of the City at the special bond election called and held on September 12, 2000, and for each respective purpose and project as set forth in the applicable questions on the official forms of ballots and the proceeds of the Bonds shall be applied to each respective purpose and project described in each question in the following manner:

September 12, 2000 Special Bond Election

Question No.	Purpose	Amount
3	Storm Sewer System and Flood Protection	\$
5	Parks and Open Space	_____
	TOTAL	\$

By setting forth the above schedule, the Mayor and Council of the City further declare that the indebtedness represented by the Bonds relating to Question Nos. 3 and 4 shall be applied against the City's constitutional debt limits which, with the assent of the qualified electors of the City, exceeds ___ percent, in each case of the value of the taxable property in the City, as ascertained by the last assessment for State and County purposes, previous to incurring such indebtedness.

The proceeds from the sale of the Bonds maturing in the years 20__ through and including 20__ shall be credited against the total principal amount of bonds so approved and against the specific amount of bonds so authorized by the qualified electors of the City at the special bond election called and held on May 17, 2005, and for each respective purpose and project as set forth in the applicable questions on the official forms of ballots and the proceeds of the Bonds shall be applied to each respective purpose and project described in each question in the following manner:

May 17, 2005 Special Bond Election

Question No.	Purpose	Amount
1	Water Treatment, Water System, Wastewater and Drainage	\$
2	Public Safety and Municipal Operations	
3	Parks, Recreation and Library	
4	Streets, Bridges, Traffic Control and Transportation	_____
	TOTAL	\$

By setting forth the above schedule, the Mayor and Council of the City further declare that the indebtedness represented by the Bonds relating to Question Nos. 1, 2, 3 and 4 shall be applied against the City's constitutional debt limits which, with the assent of the qualified electors of the City, exceeds 20 percent, in each case of the value of the taxable property in the City, as ascertained by the last assessment for State and County purposes, previous to incurring such indebtedness.

The proceeds from the sale of the Bonds maturing in the years 20__ through and including 20__ shall be credited against the total principal amount of bonds so approved and against the specific amount of bonds so authorized by the qualified electors of the City at the special bond election called and held on November 4, 2008,

and for each respective purpose and project as set forth in the applicable questions on the official forms of ballots and the proceeds of the Bonds shall be applied to each respective purpose and project described in each question in the following manner:

November 4, 2008 Special Bond Election

Question No.	Purpose	Amount
1	Streets, Bridges, Traffic Control and Transportation and Drainage	\$
2	Public Safety, Technology and Municipal Operations	_____
	TOTAL	\$

By setting forth the above schedule, the Mayor and Council of the City further declare that the indebtedness represented by the Bonds relating to Question Nos. 1 and 2 shall be applied against the City's constitutional debt limits which, with the assent of the qualified electors of the City, exceeds ___ percent, in each case of the value of the taxable property in the City, as ascertained by the last assessment for State and County purposes, previous to incurring such indebtedness.

Section 4. (a) The Bonds in two subseries, designated _____ (the "Tax-Exempt Bonds") and Federally Taxable/State Tax-Exempt Series 2010 (Qualified Build America Bonds (Direct Pay)) Tax-Exempt Series 2010 (the "Federally Taxable Bonds"), shall be dated the date of initial delivery, shall be numbered by subseries, by maturity, from 1 consecutively upwards, or in any other manner deemed appropriate by the Bond Registrar and Paying Agent (as that term is hereinafter defined), shall initially be issued in book-entry form and Beneficial Owners (as that term is hereinafter defined) may acquire beneficial interests in amounts of \$5,000 of principal of a subseries due on a specific maturity date or any whole multiple thereof, shall be numbered consecutively within each maturity, shall be fully registered bonds without coupons, shall be in the denomination of \$5,000 of principal amount of a subseries or any whole multiple thereof, 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 on _____ 1, 20____, and semiannually on January 1 and July 1 of each year thereafter during the term of each of the Bonds. The principal of and premium, if any, on the Bonds shall be payable upon presentation and surrender thereof at the designated corporate trust office of the Bond Registrar and Paying Agent. Interest on the Bonds shall be payable by check mailed to the registered owner thereof, as shown on the registration books for the Bonds maintained by the Bond Registrar and Paying Agent at the address appearing therein at the close of business on the 15th day of the calendar month next preceding that interest payment date (hereinafter referred to as the "regular record date"). Any interest which is not timely paid or duly provided for shall cease to be payable to the registered owner thereof (or of one or more predecessor Bonds) as of the regular record date, and shall be payable to the registered owner thereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Bond Registrar and Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to the registered owners of the Bonds not less than ten days prior thereto. The principal, premium, if

any, and interest on the Bonds shall be payable in lawful money of the United States of America, the Bonds to mature on July 1 in the years and in the amounts and, in accordance with the term of the proposal submitted by the Purchaser for the purchase of the Bonds which is hereby accepted, the Bonds being awarded to the Purchaser, to bear interest from the date of initial delivery, at the rates, in each case as follows:

<u>Year</u>	<u>Principal Amounts Maturing</u>	<u>Interest Rate Per Annum</u>
<u>Tax-Exempt Bonds</u>		
2010	\$_____,000	%
2011	_____,000	
2012	_____,000	
2013	_____,000	
2014	_____,000	
2015	_____,000	
2016	_____,000	
<u>Federally Taxable Bonds</u>		
2017	\$_____,000	%
2018	_____,000	
2019	_____,000	
2020	_____,000	
2021	_____,000	
2022	_____,000	
2023	_____,000	
2024	_____,000	
2025	_____,000	
2026	_____,000	
2027	_____,000	
2028	_____,000	

(b) The Bank of New York Mellon Trust Company, N.A. is hereby appointed as "Bond Registrar and Paying Agent" for the Bonds. The Bond Registrar and Paying Agent shall maintain the books of the City for the registration of ownership of each Bond. A Bond may be transferred on the registration books upon delivery of the Bond to the Bond Registrar and Paying Agent, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar and Paying Agent, duly executed by the registered owner of the Bond to be transferred or his or her attorney-in-fact or legal representative, containing written instructions as to the details of the transfer of such Bond. No transfer of any Bond shall be effective until entered on the registration books.

(c) In all cases upon the transfer of a Bond, the Bond Registrar and Paying Agent shall enter the transfer of ownership in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the denomination of \$5,000 of principal amount or any whole multiple thereof (except that no Bond shall be issued which relates to more than a single principal maturity) for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of this Section. The City or the Bond Registrar and Paying Agent shall charge the owner

of such Bond, for every such transfer of a Bond, an amount sufficient to reimburse them for any transfer fee, tax or other governmental charge required to be paid with respect to such transfer, and may require that such charges be paid before any such new Bond shall be delivered. The City and the Bond Registrar and Paying Agent shall not be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 15th calendar day next preceding either any interest payment date or during the period of five days next preceding the mailing of notice of any special record date, or (b) any Bonds or part thereof called for redemption within 60 days prior to the redemption date.

(d) In case any Bond becomes mutilated or destroyed or lost, the City shall cause to be executed and delivered a new Bond, as the case may be, of like type, date, maturity and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond, or in lieu of and in substitution for such Bond, destroyed or lost, upon the registered owner paying the reasonable expenses and charges of the City in connection therewith and, in the case of a Bond, destroyed or lost, filing with the Bond Registrar and Paying Agent by the registered owner evidence satisfactory to the Bond Registrar and Paying Agent that such Bond, was destroyed or lost, and furnishing the Bond Registrar and Paying Agent with a sufficient indemnity bond pursuant to Section 47-8405, Arizona Revised Statutes, as amended.

(e) The Bonds shall be subject to a Book-Entry System (as that term is hereinafter defined) of ownership and transfer, except as provided in (iii) below. The general provisions for effecting the Book-Entry System are as follows:

(i) the City hereby designates The Depository Trust Company, New York, New York, as the initial Depository (as that term is hereinafter defined) hereunder.

(ii) notwithstanding the provisions regarding exchange and transfer of Bonds under subsections (b), (c) and (d) above and so long as the Bonds are the subject of the Book-Entry System, the Bonds shall initially be evidenced by one typewritten certificate for each maturity, in an amount equal to the aggregate principal amount thereof. The Bonds so initially delivered shall be registered in the name of "Cede & Co." as nominee for The Depository Trust Company. The Bonds may not thereafter be transferred or exchanged on the registration books of the City maintained by the Bond Registrar and Paying Agent except:

(A) to any successor Depository designated pursuant to (iii) below;

(B) to any successor nominee designated by a Depository; or

(C) if the City shall elect to discontinue the Book-Entry System pursuant to (iii) below, the City will cause the Bond Registrar and Paying Agent to authenticate and deliver replacement Bonds in fully registered form in authorized denominations in the names of the Beneficial Owners or their nominees, as certified by the Depository, at the expense of the City; thereafter the provisions of subsections (b), (c) and (d) above regarding registration, transfer and exchange of the Bonds shall apply.

(iii) the Bond Registrar and Paying Agent, pursuant to a request from the City for the removal or replacement of the Depository, and upon 30 days' notice to the Depository, may remove or replace the Depository. The Bond Registrar and Paying Agent shall remove or replace the Depository at any time pursuant to the request of the City. The Depository may determine not to continue to act as Depository for the Bonds upon 30 days' written notice to the City and the Bond Registrar and Paying Agent.

If the use of the Book-Entry System is discontinued, then after the Bond Registrar and Paying Agent has made provision for notification of the Beneficial Owners of their book entry interests in the Bonds by appropriate notice to the then Depository, the City and the Bond Registrar and Paying Agent shall permit withdrawal of the Bonds from the Depository and authenticate and deliver the Bond certificates in fully registered form and in denominations authorized by this Section to the assignees of the Depository or its nominee. Such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing or otherwise preparing, and delivering, such replacement Bond certificates) of the City.

(iv) so long as the Book-Entry System is used for the Bonds, the City and the Bond Registrar and Paying Agent shall give any notice of redemption or any other notices required to be given to registered owners of Bonds only to the Depository or its nominee registered as the owner thereof. Any failure of the Depository to advise any of its participants, or of any participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or of any other action premised on such notice. Neither the City nor the Bond Registrar and Paying Agent shall be responsible or liable for the failure of the Depository or any participant thereof to make any payment or give any notice to a Beneficial Owner in respect of the Bonds or any error or delay relating thereto.

(v) notwithstanding any other provision of this Resolution or the Bonds to the contrary, so long as the Bonds are subject to the Book-Entry System, it shall not be necessary for the registered owner to present his Bond for payment of sinking fund installments. The sinking fund installments may be noted on books kept by the Bond Registrar and Paying Agent and the Depository for such purpose and the Bonds shall be tendered to the Bond Registrar and Paying Agent at their maturity.

(vi) For purposes of this Resolution, "Beneficial Owners" shall mean actual purchasers of the Bonds whose ownership interest is evidenced only in the Book-Entry System maintained by the Depository, "Book-Entry System" shall mean a system for clearing and settlement of securities transactions among participants of a Depository (and other parties having custodial relationships with such participants) through electronic or manual book-entry changes in accounts of such participants maintained by the Depository hereunder for recording ownership of the Bonds by Beneficial Owners and transfers of ownership interests in the Bonds, and "Depository" shall mean The Depository Trust Company, New York, New York or any successor depository designated pursuant to this Section.

(f) (1) The Tax-Exempt Bonds maturing before or on July 1, 20__, will not be subject to optional redemption prior to maturity. The Bonds maturing on and after July 1, 20__, will be subject to redemption prior to maturity, in whole at any time or in part on any interest payment date, on and after July 1, 20__, by the payment of the principal amount of each Bond called for redemption plus interest accrued to the date fixed for redemption without a premium.

(2) (i) The Federally Taxable Bonds maturing before or on July 1, 20__, will not be subject to optional redemption prior to maturity. The Bonds maturing on and after July 1, 20__, will be subject to redemption prior to maturity, in whole at any time or in part on any interest payment date, on and after July 1, 20__, by the payment of the principal amount of each Bond called for redemption plus interest accrued to the date fixed for redemption without a premium.

(ii) [Insert other redemption provisions]

(g) The Bonds shall be redeemed only in integral multiples of \$5,000 of principal amount. If less than all of the outstanding Bonds of a single maturity are to be redeemed, the Bonds in that maturity to be redeemed shall be selected by lot in such manner as the Bond Registrar and Paying Agent may determine.

(h) Notice of redemption, identifying the Bonds, or portions thereof, to be redeemed, shall be given by the Bond Registrar and Paying Agent by sending a copy of such notice by first class mail, postage prepaid, not more than 60 nor less than 30 days prior to the redemption date, to the registered owner of each Bond, or portion thereof, to be redeemed, at the address as shown as of the 15th day preceding the mailing on the registration books kept by the Bond Registrar and Paying Agent. Failure to mail notice to any registered owner of Bonds shall not affect the validity of the proceeding for the redemption of Bonds with respect to registered owners of other Bonds.

Section 5. The Bonds shall be executed on behalf of the City by the Mayor of the City and attested by the Clerk of the City by the facsimile signatures of such officials, and such officials are hereby authorized and directed to execute the Bonds as aforesaid.

Section 6. For the purpose of paying the principal of premium, if any, and interest on and costs of administration of the registration and payment of the Bonds in each year while any of the Bonds shall be outstanding, there shall be and hereby is levied upon all of the taxable property in the City a continuing, direct, annual, ad valorem tax over and above all other taxes authorized or permitted by law, which tax, together with other funds then on hand and available for such purpose, shall be sufficient to pay all such principal, premium, if any, interest and administration costs of and on the Bonds as the same become due. The tax shall be extended and collected for the City, and the officials of the City and of Maricopa County, Arizona, charged with the annual extension and collection of taxes, without further instructions from the Mayor and Council of the City, shall extend and collect the tax upon issuance of the Bonds. All moneys collected through such tax shall be paid into the treasury of the City, to the credit of the "General Obligation Bonds (Projects of 2000, 2005 and 2008), Series 2010, Debt Service Fund" of the City from which fund the Bonds shall be payable, which tax moneys shall be held in sub funds to be known as the "Interest Fund" and the "Redemption Fund," which funds shall be kept separate and apart from and not commingled with any other funds or moneys and which shall be used solely for,

respectively, payment of interest on and principal of, and premium, if any, on the Bonds. If at any time there are sufficient moneys or investments in the Debt Service Fund to pay all principal, premium, if any, and interest due or to become due on all of the Bonds, then no additional tax levy need be made for the payment of the principal of and premium, if any, and interest on the Bonds.

Section 7. The Bonds shall be in substantially the following form, allowing those officials executing the Bonds to make the insertions and deletions necessary to conform the Bonds to this Resolution and the Notice:

(Form of Bond)

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE CITY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE 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.*

REGISTERED
NO.

REGISTERED
\$.....

UNITED STATES OF AMERICA

STATE OF ARIZONA

MARICOPA COUNTY

CITY OF PEORIA, ARIZONA
GENERAL OBLIGATION BONDS
(PROJECTS OF 2000, 2005 AND 2008),
SERIES 2010

.....**

Interest Rate:
....% per annum

Maturity Date:
July 1,

Dated as of:
_____, 2010

CUSIP:
.....

REGISTERED OWNER: CEDE & CO.*

PRINCIPAL AMOUNT:DOLLARS

CITY OF PEORIA, ARIZONA (hereinafter referred to as the "City"), for value received, hereby promises to pay to the registered owner named above, or registered assigns, the principal amount stated above on the aforesaid Maturity Date, unless this Bond is redeemed prior to its maturity date and payment provided therefor, and to pay interest on the principal amount at the aforesaid Interest Rate on July 1, 2010, and semiannually on July 1 and January 1 of each year thereafter ("interest payment date") from the date of this Bond to its maturity, or until so redeemed. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the designated corporate trust office of, as Bond Registrar and Paying Agent. Interest on this Bond is payable by check mailed to the registered owner hereof, as shown on the registration books for this series maintained by the Bond Registrar and Paying Agent at the address appearing therein at

* Insert as long as DTC is the Securities Depository.

** Insert as appropriate "TAX-EXEMPT SERIES 2010" if one of the Tax-Exempt Bonds or "FEDERALLY TAXABLE/STATE TAX-EXEMPT SERIES 2010 (QUALIFIED BUILD AMERICA BONDS (DIRECT PAY))" if one of the Federally Taxable Bonds.

the close of business on the 15th day of the calendar month next preceding that interest payment date (herewith referred to or the "regular record date"). Any interest which is not timely paid or duly provided for shall cease to be payable to the registered owner hereof (or of one or more predecessor Bonds) as of the regular record date, and shall be payable to the registered owner hereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Bond Registrar and Paying Agent whenever moneys become available for payment of the overdue interest, and notice of the special record date shall be given to the registered owner hereof not less than ten days prior thereto. The principal, premium, if any, and interest on this Bond are payable in lawful money of the United States of America on the respective dates when principal and interest, become due.

This Bond is one of a series of bonds (hereinafter referred to as the "Bonds") limited to the total principal amount of \$_____,000 of like tenor except as to amount, maturity date, rate of interest and number, issued by the City to provide funds for public improvements to or for, as applicable, streets and right-of-ways; traffic controls; municipal court expansion; storm drainage and channelization; parks and recreation facilities; and other miscellaneous infrastructure improvements. The Bonds are authorized by a Resolution of the Mayor and Council of the City, duly adopted prior to the issuance hereof (all of the terms of which are hereby incorporated herein (hereinafter referred to as the "Resolution")), and pursuant to and in conformity with the Constitution and laws of the State of Arizona, including, particularly, Title 35, Chapter 3, Article 3, Arizona Revised Statutes, as amended, and all other laws of the State of Arizona relating thereto.

For the purpose of paying the principal of, premium, if any, and interest on and costs of administration of the registration and payment of this Bond in each year while it shall be outstanding, there shall be levied upon all of the taxable property in the City a continuing, direct, annual, ad valorem tax over and above all other taxes authorized or permitted by law, which tax, together with other funds then on hand and available for such purpose, shall be sufficient to pay all such principal, interest and costs of administration of and on the Bonds as the same become due.

[(1) Bonds maturing before or on July 1, 20___, are not subject to redemption prior to maturity. Bonds maturing on and after July 1, 20___, are subject for redemption prior to maturity, in whole at any time or in part on any interest payment date, on and after July 1, 20___, by the payment of the principal amount of each Bond to be redeemed plus interest accrued to the date fixed for redemption, without a premium.

OR

(2) Bonds maturing before or on July 1, 20___, are not subject to redemption prior to maturity. Bonds maturing on and after July 1, 20___, are subject for redemption prior to maturity, in whole at any time or in part on any interest payment date, on and after July 1, 20___, by the payment of the principal amount of each Bond to be redeemed plus interest accrued to the date fixed for redemption, without a premium.]*

[Insert other redemption provisions]*

* Insert (1) in the Tax-Exempt Bonds and (2) in the Federally Taxable Bonds.

The Bonds shall be redeemed only in integral multiples of \$5,000 principal amount. If less than all of the outstanding Bonds of a single maturity are to be redeemed, the Bonds in that maturity to be redeemed shall be selected by lot in such manner as the Bond Registrar and Paying Agent may determine.

Notice of redemption, identifying the Bonds, or portions thereof, to be redeemed, shall be given by the Bond Registrar and Paying Agent by sending a copy of such notice by first class mail, postage prepaid, not more than 60 nor less than 45 days prior to the redemption date, to the registered owner of each Bond, or portion thereof, to be redeemed, at the address as shown as of the 15th day preceding the mailing on the registration books kept by the Bond Registrar and Paying Agent. Failure to mail notice to any registered owner of Bonds shall not affect the validity of the proceeding for the redemption of Bonds with respect to registered owners of other Bonds.

The Bond Registrar and Paying Agent will maintain the books of the City for the registration of ownership of this Bond as provided in the Resolution.

This Bond may be transferred on the registration books upon delivery hereof to the Bond Registrar and Paying Agent, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar and Paying Agent, duly executed by the registered owner of this Bond or his or her attorney-in-fact or legal representative, containing written instructions as to the details of the transfer. No transfer of this Bond shall be effective until entered on the registration books.

In all cases upon the transfer of a Bond of this series, the Bond Registrar and Paying Agent will enter the transfer of ownership in the registration book and will authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the denomination of \$5,000 of principal amount or any whole multiple thereof (except that no Bond shall be issued which relates to more than a single principal maturity) for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of the Resolution. The City or the Bond Registrar and Paying Agent shall charge the registered owner of such Bond, for every such transfer of a Bond, an amount sufficient to reimburse them for any transfer fee, tax or other governmental charge required to be paid with respect to such transfer, and may require that such charge be paid before any such new Bond shall be delivered.

The City and the Bond Registrar and Paying Agent will not be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 15th calendar day next preceding either any interest payment date or during the period of five days next preceding the mailing of notice of any special record date, or (b) any Bonds or part thereof to be redeemed within 60 days prior to the redemption date.

This Bond shall not be entitled to any security or benefit under the Resolution or be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Bond Registrar and Paying Agent.

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 do exist, have occurred and have been performed and that the series of Bonds of which this Bond is one, together

with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona and that due provision has been made for the levy and collection of a direct, annual, ad valorem tax upon all of the taxable property in the City for the payment of this Bond and of the interest hereon as each becomes due.

IN WITNESS WHEREOF, the CITY OF PEORIA, ARIZONA has caused this Bond to be executed in the name of the City by the facsimile signature of the Mayor of the City and attested by the facsimile signature of the Clerk of the City

CITY OF PEORIA, ARIZONA

By (Facsimile)
Mayor

ATTEST:

By (Facsimile)
Clerk

APPROVED AS TO FORM:

By (Facsimile)
City Attorney

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Resolution and is one of the City of Peoria, Arizona General Obligation Bonds (Projects of 2000, 2005 and 2008), Series 2010.

Date of Authentication:

.....,
Bond Registrar and Paying Agent

By.....
Authorized Representative

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto the within Bond and irrevocably constitutes and appoints attorney to transfer this Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:.....
Signature

Signature Guaranteed:

.....
Signature
Signature guarantee should be made by a guarantor institution participating in the Securities Transfer Agent Medallion Program or in such other program accept able to the Bond Registrar and Paying Agent.

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

The following abbreviations, when used in the inscription on the face of the within 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 - Custodian
(Cust) (Minor)
under Uniform Gifts/Transfers to Minors Act
(State)

Additional abbreviations may also be used though not included in the above list

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

Section 8. In consideration of the purchase and acceptance of any and all of the Bonds issued hereunder by those who shall be the registered owners of the same from time to time, this Resolution shall be deemed to be and shall constitute a contract among the City and the registered owners of the Bonds.

Section 9. Upon the payment for the Bonds in accordance with the accepted bid and the provisions of this Resolution, the Mayor, the Clerk or the Chief Financial Officer of the City, or any of them, are hereby authorized and directed to deliver the Bonds to the Purchaser thereof upon receipt of payment therefor.

Section 10. The proceeds derived from the sale of the Bonds shall be deposited in the treasury of the City to the credit of "General Obligation Bonds (Projects of 2000, 2005 and 2008), Series 2010, Construction Fund" of the City in six separate subfunds and in the amounts as follows:

<u>Name of Subfund</u>	<u>Amount</u>
"Storm Sewer and Flood Protection (2000) Subfund - Series 2010"	\$
"Parks and Open Space (2000) Subfund - Series 2010"	
"Water System, Wastewater and Drainage (2005) Subfund - Series 2010"	
"Public Safety and Municipal Operations (2005) Subfund – Series 2010"	
"Parks, Recreation and Library (2005) Subfund - Series 2010"	
"Streets, Bridges, Traffic Control and Transportation (2005) Subfund - Series 2010"	
Streets, Bridges, Traffic Control and Transportation and Drainage (2008) Subfund - Series 2010"	
"Public Safety, Technology and Municipal Operations (2008) Subfund - Series 2010"	_____
TOTALS	\$_____,000

to be used solely for the purposes specified in the aforementioned ballot Question Nos. 3 and 5 submitted to the qualified electors of the City on September 12, 2000, ballot Question Nos. 1, 2, 3 and 4 submitted to the qualified electors of the City on May 17, 2005, and ballot Question Nos. 1 and 2 submitted to the qualified electors of the City on November 4, 2008; provided, however, that (a) such proceeds may be invested in the manner and under the circumstances allowed by law and (b) any moneys remaining in any subfund after such purposes shall have been accomplished shall be transferred to the Redemption Fund and the Interest Fund of the City in the same fashion as taxes.

Section 11. The Mayor or, in the absence thereof, Vice Mayor and the Clerk of the City, for and on behalf of the City, are hereby authorized and directed to execute and attest and deliver a standard form of bond registrar and paying agent agreement with the Bond Registrar and Paying Agent, with such changes therein as may be approved by such officials whose signatures thereon shall be evidence of such approval, as well as an appropriate agreement with DTC necessary therefor.

Section 12. The distribution of the Notice and the preliminary official statement relating to the Bonds (hereinafter referred to as the "Preliminary Official Statement") are in all respects hereby ratified, approved and confirmed. (The Preliminary Official Statement is "deemed final" for purposes of the SEC Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "SEC Rule".) The Mayor or, in the absence thereof, Vice Mayor of the City is hereby authorized and directed to approve, for and on behalf of the City, a final official statement for use in connection with the offering and sale of the Bonds. The execution of the final official statement by the Mayor or, in the absence thereof, the Vice Mayor of the City which is hereby authorized shall be conclusively deemed to evidence the approval of the form and content thereof by the City.

Section 13. (a) The Mayor and Council of the City shall not make or direct the making of any investment or other use of the proceeds of any Bonds which would cause such Bonds to be "arbitrage bonds" as that term is defined in Section 148 (or any successor provision thereto) of the Internal Revenue Code of 1986, as amended, or "private activity bonds" as that term is defined in Section 141 (or any successor provision thereto) of such Code, and the Mayor and Council of the City shall comply with the requirements of such Code sections and related regulations throughout the term of the Bonds. (Particularly, the City shall be the owner of the facilities financed with the proceeds of the sale of the Bonds (the "Facilities") for federal income tax purposes. Except as otherwise advised in a Bond Counsel's Opinion (as such term is defined in the next Section), the City shall not enter into (i) any management or service contract with any entity other than a governmental entity for the operation of any portion of the Facilities unless the management or service contract complies with the requirements of Revenue Procedure 97-13 or such other authority as may control at the time, or (ii) any lease or other arrangement with any entity other than a governmental entity that gives such entity special legal entitlements with respect to any portion of the Facilities. Also, the payment of principal and interest with respect to the Bonds shall not be guaranteed (in whole or in part) by the United States or any agency or instrumentality of the United States. The proceeds of the Bonds, or amounts treated as proceeds of the Bonds, shall not be invested (directly or indirectly) in federally insured deposits or accounts, except to the extent such proceeds (i) may be so invested for an initial temporary period until needed for the purpose for which the Bonds are being issued, (ii) may be so used in making investments of a bona fide debt service fund, or (iii) may be invested in obligations issued by the United States Treasury.)

(b) The Mayor and Council of the City hereby further covenants and agrees to comply with the procedures and covenants contained in any arbitrage rebate provision (initially as provided in Section 15 hereof) or separate agreement executed in connection with the issuance of the Bonds for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. In consideration of the purchase and acceptance of the Bonds by such holders from time to time and of retaining such exclusion and as authorized by Title 35, Chapter 3, Article 7, Arizona Revised Statutes, as amended, the Mayor and Council of the City covenants, and the appropriate officials of the City are hereby directed, to take all action required to retain such exclusion or to refrain from taking any action prohibited by such Code which would adversely affect in any respect such exclusion.

(c) (i) The Mayor and Council of the City shall take all necessary and desirable steps to comply with the requirements hereunder in order to

ensure that interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under such Code; provided, however, compliance with any such requirement shall not be required in the event the City receives a Bond Counsel's Opinion that either (i) compliance with such requirement is not required to maintain the exclusion from gross income of interest on the Tax-Exempt Bonds, or (ii) compliance with some other requirement will meet the requirements of such Code. In the event the City receives such a Bond Counsel's Opinion, this Resolution shall be amended to conform to the requirements set forth in such opinion.

(c) If for any reason any requirement hereunder is not complied with, the Mayor and Council City shall take all necessary and desirable steps to correct such noncompliance within a reasonable period of time after such noncompliance is discovered or should have been discovered with the exercise of reasonable diligence and the City shall pay any required interest or penalty under Regulations section 1.148-3(h) relating to such Code.

(a) The City shall not make or direct the making of any investment or other use of the proceeds of any Bonds which would cause such Bonds to be "arbitrage bonds" as that term is defined in Section 148 (or any successor provision thereto) of the Internal Revenue Code of 1986, as amended, or "private activity bonds" as that term is defined in Section 141 (or any successor provision thereto) of such Code, and the City shall comply with the requirements of such Code sections and related regulations throughout the term of the Bonds. (Particularly, the City shall be the owner of the facilities financed with the proceeds of the sale of the Bonds (the "Facilities") for federal income tax purposes. Except as otherwise advised in a Bond Counsel's Opinion (as such term is defined in the next Section), the City shall not enter into (i) any management or service contract with any entity other than a governmental entity for the operation of any portion of the Facilities unless the management or service contract complies with the requirements of Revenue Procedure 97-13 or such other authority as may control at the time, or (ii) any lease or other arrangement with any entity other than a governmental entity that gives such entity special legal entitlements with respect to any portion of the Facilities. Also, except as provided in the next subsection, the payment of principal and interest with respect to the Bonds shall not be guaranteed (in whole or in part) by the United States or any agency or instrumentality of the United States. The proceeds of the Bonds, or amounts treated as proceeds of the Bonds, shall not be invested (directly or indirectly) in federally insured deposits or accounts, except to the extent such proceeds (i) may be so invested for an initial temporary period until needed for the purpose for which the Bonds are being issued, (ii) may be so used in making investments of a bona fide debt service fund, or (iii) may be invested in obligations issued by the United States Treasury.) The Mayor and Council of the City hereby further covenants and agrees to comply with the procedures and covenants contained in Section 14 hereof or any other arbitrage rebate provision or separate agreement executed in connection with the issuance of the Bonds for so long as compliance is necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds.

(b) Pursuant to Section 54AA(d)(1)(C) of such Code, it is hereby elected irrevocably that Section 54AA of such Code apply to the Bonds, and the Bonds are qualified and sold as "Build America Bonds" with the federal tax credits paid directly to the City. (Pursuant to Section 54AA(g)(2)(B) of such Code, it is hereby elected irrevocably that Section 54AA(g) apply to the Bonds so that a credit as provided by Section 6431 of such Code in the amount of 35% of each interest payment of the Bonds shall be allowed.) The Finance Director of the City is hereby authorized and directed to

determine such matters on behalf of the City and then to take any action, make any modification of the documents, enter into any agreements, make any elections or certifications and pay any costs necessary to provide for, or facilitate the sale and issuance of the Bonds in such manner and to comply with the requirements of such Code and the terms of the Bonds and any agreement related thereto.

Section 15. (a) Terms not otherwise defined in Subsection (b) hereof shall have the meanings given to them in the arbitrage certificate of the City delivered in connection with the issuance of the Bonds.

(b) The following terms shall have the following meanings:

Bond Counsel's Opinion shall mean an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the City.

Bond Year shall mean each one-year period beginning on the day after the expiration of the preceding Bond Year. The first Bond Year shall begin on the date of issue of the Bonds and shall end on the date selected by the City, provided that the first Bond Year shall not exceed one calendar year. The last Bond Year shall end on the date of retirement of the last Bond.

Bond Yield is as indicated in such arbitrage certificate. Bond Yield shall be recomputed if required by Regulations section 1.148-4(b)(4) or 4(h)(3). Bond Yield shall mean the discount rate that produces a present value equal to the Issue Price of all unconditionally payable payments of principal, interest and fees for qualified guarantees within the meaning of Regulations section 1.148-4(f) and amounts reasonably expected to be paid as fees for qualified guarantees in connection with the Bonds as determined under Regulations section 1.148-4(b). The present value of all such payments shall be computed as of the date of issue of the Bonds and using semiannual compounding on the basis of a 360-day year.

Code shall mean the Internal Revenue Code of 1986, as amended, and any successor provisions thereto.

Gross Proceeds shall mean:

(i) any amounts actually or constructively received by the City from the sale of the Bonds but excluding amounts used to pay accrued interest on the Bonds within one year of the date of issuance of the Bonds;

(ii) transferred proceeds of the Bonds under Regulations section 1.148-9;

(iii) any amounts actually or constructively received from investing amounts described in (i), (ii) or this (iii); and

(iv) replacement proceeds of the Bonds within the meaning of Regulations section 1.148-1(c). Replacement proceeds include amounts reasonably expected to be used directly or indirectly to pay debt service on the Bonds, pledged amounts where there is reasonable assurance that such amounts will be available to pay principal or interest on the Bonds in the event the City encounters financial difficulties and other replacement proceeds within the meaning of Regulations

section 1.148-1(c)(4). Whether an amount is Gross Proceeds is determined without regard to whether the amount is held in any fund or account.

Investment Property shall mean any security, obligation (other than a tax-exempt bond within the meaning of Code section 148(b)(3)(A)), annuity contract or investment-type property within the meaning of Regulations section 1.148-1(b).

Issue Price is as indicated in such arbitrage certificate, which is the initial offering price to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters of wholesalers) at which price a substantial amount of the Bonds was sold, less any bond insurance premium and reserve surety bond premium. Issue price shall be determined as provided in Regulations section 1.148-1(b).

Nonpurpose Investment shall mean any Investment Property acquired with Gross Proceeds, and which is not acquired to carry out the governmental purposes of the Bonds.

Payment shall mean any payment within the meaning of Regulations section 1.148-3(d)(1) with respect to a Nonpurpose Investment.

Rebate Requirement shall mean at any time the excess of the future value of all Receipts over the future value of all Payments. For purposes of calculating the Rebate Requirement the Bond Yield shall be used to determine the future value of Receipts and Payments in accordance with Regulations section 1.148-3(c). The Rebate Requirement is zero for any Nonpurpose Investment meeting the requirements of a rebate exception under section 148(f)(4) of the Code or Regulations section 1.148-7.

Receipt shall mean any receipt within the meaning of Regulations section 1.148-3(d)(2) with respect to a Nonpurpose Investment.

Regulations shall mean the sections 1.148-1 through 1.148-11 and section 1.150-1 of the regulations of the United States Department of the Treasury promulgated under the Code, including and any amendments thereto or successor regulations.

(c) Within 60 days after the end of each Bond Year, the City shall cause the Rebate Requirement to be calculated and shall pay to the United States of America:

(1) not later than 60 days after the end of the fifth Bond Year and every fifth Bond Year thereafter, an amount which, when added to the future value of all previous rebate payments with respect to the Bonds (determined as of such Computation Date), is equal to at least 90 percent of the sum of the Rebate Requirement (determined as of the last day of such Bond Year) plus the future value of all previous rebate payments with respect to the Bonds (determined as of the last day of such Bond Year); and

(2) not later than 60 days after the retirement of the last Bond, an amount equal to 100 percent of the Rebate Requirement (determined as of the date of retirement of the last Bond).

Each payment required to be made under this Section shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201, on or before the date such payment is due, and shall be accompanied by IRS Form 8038-T.

(d) No Nonpurpose Investment shall be acquired for an amount in excess of its fair market value. No Nonpurpose Investment shall be sold or otherwise disposed of for an amount less than its fair market value.

(e) For purposes of Subsection (d), whether a Nonpurpose Investment has been purchased or sold or disposed of for its fair market value shall be determined as follows:

(1) The fair market value of a Nonpurpose Investment generally shall be the price at which a willing buyer would purchase the Nonpurpose Investment from a willing seller in a bona fide arm's length transaction. Fair market value shall be determined on the date on which a contract to purchase or sell the Nonpurpose Investment becomes binding.

(2) Except as provided in Subsection (f) or (g), a Nonpurpose Investment that is not of a type traded on an established securities market, within the meaning of Code section 1273, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value.

(3) If a United States Treasury obligation is acquired directly from or sold or disposed of directly to the United States Treasury, such acquisition or sale or disposition shall be treated as establishing the fair market value of the obligation.

(f) The purchase price of a certificate of deposit that has a fixed interest rate, a fixed payment schedule and a substantial penalty for early withdrawal is considered to be its fair market value if the yield on the certificate of deposit is not less than:

(1) the yield on reasonably comparable direct obligations of the United States; and

(2) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

(g) A guaranteed investment contract shall be considered acquired and disposed of for an amount equal to its fair market value if:

(1) A bona fide solicitation in writing for a specified guaranteed investment contract, including all material terms, is timely forwarded to all potential providers. The solicitation must include a statement that the submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the City or any other person (whether or not in connection with the Bonds), and that the bid is not being submitted solely as a courtesy to the City or any other

person for purposes of satisfying the requirements in the Regulations that the City receive bids from at least one reasonably competitive provider and at least three providers that do not have a material financial interest in the Bonds.

(2) All potential providers have an equal opportunity to bid, with no potential provider having the opportunity to review other bids before providing a bid.

(3) At least three reasonably competitive providers (i.e. having an established industry reputation as a competitive provider of the type of investments being purchased) are solicited for bids. At least three bids must be received from providers that have no material financial interest in the Bonds (e.g., a lead underwriter within 15 days of the issue date of the Bonds or a financial advisor with respect to the investment) and at least one of such three bids must be from a reasonably competitive provider. If the City uses an agent to conduct the bidding, the agent may not bid.

(4) The highest-yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees) is purchased.

(5) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the reasonably expected deposit and drawdown schedule for the amounts to be invested.

(6) The terms for the guaranteed investment contract are commercially reasonable (i.e. have a legitimate business purpose other than to increase the purchase price or reduce the yield of the guaranteed investment contract).

(7) The provider of the investment contract certifies the administrative costs (as defined in Regulations section 1.148-5(e)) that it pays (or expects to pay) to third parties in connection with the guaranteed investment contract.

(8) The City retains until three years after the last outstanding Bond is retired, (i) a copy of the guaranteed investment contract, (ii) a receipt or other record of the amount actually paid for the guaranteed investment contract, including any administrative costs paid by the City and a copy of the provider's certification described in (7) above, (iii) the name of the person and entity submitting each bid, the time and date of the bid, and the bid results and (iv) the bid solicitation form and, if the terms of the guaranteed investment contract deviates from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose of the deviation.

(h) The employment of such experts and consultants to make, as necessary, any calculations in respect of rebates to be made to the United States of America in accordance with Section 148(f) of such Code, is hereby authorized.

Section 15. (a) The City shall comply with and carry out all the provisions of the Continuing Disclosure Undertaking (hereinafter referred to as the "Undertaking") which the Mayor or, in the absence thereof, Vice Mayor of the City is hereby authorized, for and on behalf of the City, to execute in substantially the form included in the Preliminary Official Statement in order to comply with the requirements of the SEC Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "SEC Rule"), with respect to the Bonds.

(b) This Section shall constitute a contract between the City and certain owners of the Bonds as described in the Undertaking.

(c) In the event of a failure of the City to comply with the provisions of this Section, certain owners of the Bonds described in the Undertaking may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Section. A default under this Section shall not be deemed an event of default for other purposes of this Resolution, and the sole remedy under this Subsection in the event of any failure of the City to comply with this Section shall be an action to compel performance.

Section 17. The actions of the officers and agents of the City which conform to the purposes and intent of this Resolution and which further the issuance and sale of the Bonds, as contemplated by this Resolution, whether heretofore or hereafter taken, shall be and are hereby ratified, confirmed and approved. 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 18. If any section, paragraph or provision of this 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 Resolution.

Section 19. The immediate operation of this Resolution is necessary for the preservation of the public health and welfare, particularly to finance the capital needs of the City on the most cost efficient basis, and an emergency is hereby declared to exist, and this Resolution shall be in full force and effect from and after its passage and approval by the Mayor and Council of the City of Peoria, Arizona, as required by law, and it is hereby exempt from the referendum provisions of the City's Charter and the Constitution and laws of the State of Arizona.

PASSED AND ADOPTED by the Mayor and Council of the City of Peoria, Arizona, this 15th day of June, 2010.

Bob Barrett, Mayor
City of Peoria, Arizona

ATTEST:

Mary Jo Waddell, City Clerk
City of Peoria, Arizona

APPROVED AS TO FORM:

Stephen M. Kemp, City Attorney
City of Peoria, Arizona

CERTIFICATION

I hereby certify that the foregoing Resolution No. 2010-40 was duly passed and adopted by the Mayor and the Council of the City of Peoria, Arizona, at a regular meeting held the 15th day of June, 2010, and that the vote was ... ayes and ... nays and that the Mayor and ... Councilmembers were present thereat.

Mary Jo Waddell, City Clerk
City of Peoria, Arizona