**RESOLUTION NO. 3764 NEW SERIES**

A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, ORDERING THE SALE OF NOT TO EXCEED $38,000,000 PRINCIPAL AMOUNT OF CITY OF GLENDALE, ARIZONA GENERAL OBLIGATION BONDS, SERIES JUNE 1, 2004; AUTHORIZING CERTAIN OTHER DOCUMENTS AND THE TAKING OF CERTAIN OTHER ACTIONS IN CONNECTION WITH THE ORDER OF SALE; AND DECLARING AN EMERGENCY.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF GLENDALE AS FOLLOWS:

*Section 1.* The City of Glendale, General Obligation Bonds, Series June 1, 2004 (the "*Bonds*"), in a principal amount not to exceed $38,000,000 are hereby ordered to be sold in accordance with the Order and Notice of Bond Sale (the "*Order and Notice*") substantially in the form attached hereto as Exhibit A. The Chief Financial Officer of the City of Glendale, Arizona (the "*City*") is authorized to make such changes in the Order and Notice, including, without limitation, changes in the principal amount to be borrowed and the maturity schedule and redemption provisions, as he deems appropriate.

*Section 2.* The Clerk of the City is hereby authorized and directed to execute the Order and Notice and cause the Order and Notice to be published once a week for two successive weeks prior to the date set to receive bids, in the *Glendale Star*.

The Clerk of the City is hereby further authorized and directed to cause a Notice Inviting Proposals for Purchase of Bonds (substantially in the form attached hereto as *Exhibit B*) to be executed and to be transmitted to Johnson Consulting Group, Financial Consultant to the City, with such changes therein as are approved by the Chief Financial Officer, to be circulated by Johnson Consulting Group so as to be made known to potential bidders for the Bonds. No defect or error in such Notice shall affect or invalidate the sale of the Bonds, it being expressly determined by this Council that such Notice is solely to supplement the required legal notice to be given pursuant to the preceding paragraph.

*Section 3.* The City Manager and the Chief Financial Officer, on behalf of the City and in their official capacities, are authorized to (i) prepare or cause to be prepared, and make or authorize modifications, completions or changes of or supplements to, such an official statement, (ii) determine, and to certify or otherwise represent, when such official statement is to be "deemed final" (except for permitted omissions) by the City as of its date or is a final official statement for purposes of SEC Rule 15c2-12(6)(1), (3) and (4), (iii) use and distribute, or authorize the use and distribution of those official statements and any supplements thereto in connection with the original issuance of the Bonds, and (iv) complete and sign the official statement as so approved with such certificates, statements or other documents in connection with the finality, accuracy and completeness of those official statements.

*Section 4.* This Resolution will be in full force and effect from and after its passage and adoption by the Council of the City.

*Section 5.* In order for the City to obtain bids in a favorable financial market and to obtain funds prior to June 30, 2004, the end of the City's fiscal year, the immediate operation of this Resolution is necessary for the preservation of the public health and welfare 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 Glendale, Arizona, as required by law, and it is hereby exempt from the referendum provisions of the constitution and laws of the State of Arizona.

PASSED, ADOPTED AND APPROVED BY THE MAYOR AND COUNCIL OF THE CITY OF GLENDALE, MARICOPA COUNTY, ARIZONA, OF THIS 1ST DAY OF JUNE, 2004.

MAYOR

ATTEST:

City Clerk

(SEAL)

APPROVED AS TO FORM:

City Attorney

REVIEWED BY:

City Manager

## ORDER AND NOTICE OF BOND SALE

## $38,000,000*
## CITY OF GLENDALE, ARIZONA
## GENERAL OBLIGATION BONDS,
## SERIES JUNE 1, 2004

NOTICE IS HEREBY GIVEN that sealed or electronic (Via The Bloomberg Terminal Service or DALCOMP/Parity) unconditional proposals will be received by the City of Glendale, Arizona, in the office of the Chief Financial Officer of the City of Glendale, Arizona, 5850 West Glendale Avenue, Glendale, Arizona 85301, to and including the hour of 9:30 a.m. Mountain Standard Time (Arizona does not observe Daylight Savings Time) on Tuesday, June 1, 2004 unless the City Manager postpones receipt of bids to June 15, 2004 for the purchase of all, but not less than all, of not to exceed $38,000,000* principal amount of City of Glendale, Arizona General Obligation Bonds, Series June 1, 2004 (the *"Bonds"*). At said place and time, all such proposals will be publicly announced. The Council of the City will meet at 1:30 p.m. on June 22, 2004 unless the City Manager postpones receipt of bids to July 13, 2004 or July 27, 2004 for the purpose of considering the proposals received and, if an acceptable proposal is received, awarding the contract for the purchase of the Bonds.

The Bonds are direct and general obligations of the City and are payable as to both principal and interest from ad valorem taxes, which may be levied on all taxable property therein without limitation as to rate or amount.

The Bonds shall be issued in book-entry form only in the denomination of $5,000 or any integral multiple thereof. Purchasers of the Bonds will not receive physical delivery of bond certificates.

Interest on the Bonds is payable on January 1, 2005, and semiannually thereafter on each January 1 and July 1 until final payment. The Bonds will mature on July 1 in the years and in the amounts, subject to adjustment as shown in the Maturity Schedule (see Notice Inviting Proposals for Purchase of Bonds).

Unless all bids are rejected, the Bonds will be awarded to the bidder whose proposal results in the lowest true interest cost to the City, taking into account any discount (within limits shown in the Notice Inviting Proposals for Purchase of Bonds) or premium, as described in the Notice Inviting Proposals. All proposals must be for purchase of all of the Bonds plus accrued interest to the date of delivery of the Bonds. Every bid shall be accompanied by a certified check offered to guarantee performance of such bid, such check to be drawn on a bank or trust company transacting business in the State of Arizona, payable to the order of the City of Glendale, Arizona or be the subject of a financial surety bond issued by an insurance company licensed to issue surety bonds in the State of Arizona, in either case in the amount of $740,000*.

The City covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the *"Undertaking"*) to provide ongoing disclosure for the benefit of the

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* Preliminary, subject to change.

beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c212 (the *"Rule"*) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed in writing by the Underwriter.

The Underwriter's obligation to purchase the Bonds shall be conditioned upon the City delivering the Undertaking on or before the date of delivery of the Bonds.

Further information and requirements, including copies of the Notice Inviting Proposals for Purchase of Bonds, the prescribed Bid Form and the Preliminary Official Statement dated May 11, 2004 relating to the Bonds, may be obtained from the City Clerk of the City of Glendale, Arizona, 5850 West Glendale Avenue, Glendale, Arizona 85301; or Johnson Consulting Group, P.O. Box 61949, Boulder City, Nevada 89006, telephone (702) 294-5100, Financial Consultant to the City. That Preliminary Official Statement is "deemed final" as of its date by the City for purposes of SEC Rule 15c2-12(b)(1) but is subject to completion, revision and amendment, including changes, in a final Official Statement. Up to 250 copies of the final Official Statement will be made available to the purchaser as set forth in the Notice Inviting Proposals consistent with the requirements of SEC Rule 15c2-1 2(b)(3) and (4), and the purchaser will, at delivery of the Bonds, be furnished with one signed copy of the final Official Statement and a certificate of appropriate City officials relating to the accuracy and completeness of the final Official Statement.

Dated: June 1, 2004.

CITY OF GLENDALE, ARIZONA

PUBLICATION INSTRUCTIONS FOR ORDER AND NOTICE OF BOND SALE:

This Bond Sale Notice must be published once a week for two consecutive weeks on the same day of each week with the last publication on or before June 18, 2004.

Immediately following the first publication of the notice, please send one copy as published to Greenberg Traurig, LLP, 2375 East Camelback Road, Suite 700, Phoenix, Arizona 85016, and to the Chief Financial Officer of the City of Glendale, Arizona.

The newspaper used shall be the *Glendale Star*.

## NOTICE INVITING PROPOSALS FOR PURCHASE OF BONDS

**$_____***
**CITY OF GLENDALE, ARIZONA**
**GENERAL OBLIGATION BONDS,**
**SERIES JUNE 1, 2004**

NOTICE IS HEREBY GIVEN that sealed or electronic (Via Parity), unconditional proposals will be received to and including the hour of 9:30 a.m. Mountain Standard Time on Tuesday, June 22, 2004, unless the City Manager postpones receipt of bids to July 13, 2004 or July 27, 2004 at the office of the Controller/Assistant Finance Director of the City of Glendale, 5850 West Glendale, Glendale, Arizona 85301 for the purchase of the captioned Bonds, as further described herein. The Mayor and Council will meet at 1:30 p.m. on June 22, 2004 unless the City Manager postpones receipt of bids to July 13, 2004 or July 27, 2004 for the purpose of considering bids received and, if an acceptable bid is received, awarding the contract for the purchase of all, but not less than all, of $_____* aggregate principal amount of City of Glendale, Arizona, General Obligation Bonds, Series June 1, 2004 (the "Bonds").

*DESCRIPTION OF ISSUE.* The Bonds will be dated June 1, 2004, will be in book-entry form only, as described below, in the denomination of $5,000 or any integral multiple thereof, and will bear interest at a rate per annum of not to exceed 8% from their date to the maturity of each of the Bonds. Interest on the Bonds is payable January 1, 2005, and semiannually thereafter on each July 1 and January 1 until final payment.

*MATURITIES.* The Bonds will mature on July 1 in the years _____ to _____* inclusive. The principal amount of Bonds maturing, or subject to mandatory sinking fund redemption, shall be in the amounts, subject to adjustment as provided below in "ADJUSTMENT OF MATURITIES", provided in the maturity schedule (the *"Maturity Schedule"*) available from the Financial Advisor (as defined herein) before the date of sale of the Bonds.

*ADJUSTMENT OF MATURITIES AFTER DETERMINATION OF BEST BIDS.* The aggregate principal amount and the principal amount of each serial maturity of the Bonds are subject to adjustment by the City, after the determination of the best bid. Changes to be made will be communicated to the successful bidder by time of written award of the Bonds, and will not reduce or increase the aggregate principal amount of the Bonds or the amount of the Bonds maturing in any year by more than ten percent or $100,000, whichever is greater, from the amounts shown in the Maturity Schedule. The price bid (i.e., par less the discount bid or plus the premium bid) by a successful bidder may be changed as described below, but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of any changes made within these limits. The price bid will be changed so that the percentage net compensation to the successful bidder (i.e., the percentage resulting from dividing (i) the aggregate difference between the offering price of the Bonds to the public and the price to be paid to the City (excluding accrued interest), less any bond insurance premium to be paid by the bidder, by (ii) the principal amount of the Bonds) does not

* Preliminary, subject to change.

increase or decrease from what it would have been if no adjustment was made to the principal amounts shown in the Maturity Schedule.

To facilitate any adjustment in the principal amounts and price bid, the successful bidder is required to indicate by facsimile transmission to the City, (623) 915-2827, no later than one half hour after the bid opening, the amount of any original issue discount or premium on each maturity of the Bonds, as its compensation, and in the case of a bid submitted with bond insurance, the cost of the insurance premium. A bidder who intends to insure the Bonds shall also state, in that facsimile transmission, whether the amount of the insurance premium will change as a result of changes in the principal amount of the Bonds or the amount of principal maturing in any year, and the method used to calculate any such change in the insurance premium.

*PURPOSE.* The Bonds are being issued for the purpose of providing funds to pay all or a portion of the costs of certain projects of the City, and to pay costs relating to the issuance of the Bonds.

*OPTIONAL REDEMPTION.* Bonds maturing on or before July 1, _____, are not subject to call for redemption prior to maturity. Bonds maturing on or after July 1, _____, are subject to call for redemption prior to maturity, at the option of the City and in any order of maturity, on or after July 1, _____, in whole or in part at any time, by the payment of a redemption price equal to the principal amount of each Bond called for redemption plus interest accrued to the date fixed for redemption at par payable from any source lawfully available therefor.

*MANDATORY SINKING FUND REDEMPTION.* The bidder may request that Bonds maturing on and after July 1, _____ be included in one or more term Bonds. The principal amounts of Bonds included in a single term bond must be consecutive maturities of Bonds, must have the same rate of interest and must include the entire principal amount of any maturity that is included in the term bond.

*BOOK-ENTRY/ TRANSFER AND EXCHANGE.* The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to DTC, registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of $5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Paying Agent by wire transfer to DTC or its nominee as registered owner of the bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to the beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. Neither the City nor the Paying Agent will be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

*AUTHORITY.* The Bonds will be issued pursuant to the Constitution and laws of the State of Arizona now in force, including specifically, Title 35, Chapters 3 , Article 3, Section 35-451, *et. seq.*, of the Arizona Revised Statutes, and all amendments thereto and the Charter of the City of Glendale. The issuance of these Bonds was authorized by a majority vote of the qualified electors of the City voting at a special bond election held on March 10, 1987 and November 2, 1999.

*SECURITY.* The Bonds are direct and general obligations of the City and are payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property therein without limitation as to rate or amount.

*BOND INSURANCE.* The Bidder may obtain municipal bond insurance, at its option and expense. The City will cooperate with the winning bidder with respect to such bond insurance.

*INTEREST RATES.* Bids for the purchase of the Bonds must state the rate or rates of interest to be paid. All Bonds of the same maturity must bear the same rate of interest. Interest will be calculated on the basis of a year comprised of 360 days consisting of twelve (12) months of thirty (30) days each.

Each interest rate must be stated in multiples of 1/8th or 1/20th of one percent. No zero rate of interest is permitted.

Any interest rate bid which would result in an interest payment amount having fractional cents will be deemed a waiver of the right to payment of such fractional cents. No fractional cents will be paid or accumulated for payment on any Bond.

*DISCOUNT/PREMIUM PERMITTED:* A bidder may offer to purchase the Bonds at a discount or premium not greater than $_____. See "REOFFERING PRICE TO THE PUBLIC" concerning premiums.

*BASIS OF AWARD.* Unless all bids are rejected, the Bonds will be awarded to the bidder making the best bid on all of the Bonds. No proposal offering to purchase less than all of the Bonds will be considered. The best bid will be determined by computing the actuarial yield on the Bonds (i.e., using an actuarial or true interest cost method) for each bid received and an award will be made (if any is made) to the responsible bidder submitting the bid that results in the lowest actuarial yield on the Bonds. "Actuarial yield" as used herein means that yield which, if used to compute the present worth of all payments of principal and interest to be made on the Bonds from their dated date to their respective maturity dates, using the interest rates specified in the bid, produces an amount equal to the principal amount of the Bonds, plus the amount of any premium bid or less the amount of any discount at which the bidder will purchase all the Bonds. No adjustment shall be made in such calculation for accrued interest on the Bonds from their date to the date of delivery thereof. Such calculation shall be based on a 360-day year and a semiannual compounding interval. If there are two or more equal bids for the Bonds and such equal bids are the best bids received, the City Council shall determine which bid shall be accepted.

*DOCUMENTS TO BE DELIVERED BY SUCCESSFUL BIDDER.* The successful bidder (or manager of the purchasing account) shall notify the Chief Financial Officer and Bond Counsel in writing on or before June 23, 2004 of the initial offering prices of the Bonds to the public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) at which prices a substantial amount (at least 10 percent) of each maturity of the Bonds was sold. Simultaneously with or before delivery of the Bonds, the successful bidder shall furnish to the City a certificate acceptable to Bond Counsel with respect to such reoffering prices and as to certain other matters requested by Bond Counsel, as necessary.

*FORM OF BID PROPOSALS.* Except as otherwise provided below in *"ELECTRONIC BIDDING"*, each bidder must use the printed official bid form provided by the City. Any bid in any other form may be disregarded. A bidder is required to submit an unconditional bid for all the Bonds specifying:

(1) the lowest rate or rates of interest and the premium at which the bidder will purchase all of the Bonds.

It is also requested for informational purposes only, but is not required, that each bid disclose:

(2) The True Interest Cost (i.e. actuarial yield) on the Bonds expressed as a nominal annual percentage rate. (See *"BASIS OF AWARD"*, above).

Bids submitted on an official bid form must be in a sealed envelope marked on the outside:

**"Proposal for the General Obligation Bonds"**
and addressed to: Arthur R. Lynch, Chief Financial Officer
City of Glendale, Arizona

*ELECTRONIC BIDDING.* A bid submitted electronically must be submitted via Parity or via a sealed bid and must be submitted by 9:30 a.m. Mountain Standard time on Tuesday, June 1, 2004. If any provisions in this Notice conflict with information or terms provided or required by Parity, this Notice (and any amendments thereto provided by Parity) shall control. Each bidder shall be solely responsible for making necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and incompliance with the requirements of this Notice. Neither the City nor Parity shall have any duty or obligations to provide or assure such access to any bidder, and neither the City, the Financial Advisor nor Parity shall be responsible for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, use of Parity. The City is using Parity as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Bonds.

For informational purposes only, the electronic bid will show the effective interest rate for the Bonds represented on a TIC basis, as described under *"BASIS OF AWARD"* above, represented by the rate or rates of interest and the bid price specified in the bid. No bid will be received after the time for receiving such bids specified above.

Further information about PARITY, including any fees charged, may be obtained from such respective entity as follows: Parity, 395 Hudson Street, 3rd Floor, New York, NY 10014, Phone (212) 806-8300, Fax (212) 989-9281.

*GOOD FAITH DEPOSIT.* All bids must be accompanied by a Good Faith Deposit (*"Deposit"*) in the form of a certified check offered to guarantee performance of such bid, such check to be drawn on a bank or trust company transacting business in the State of Arizona, payable to the order of the City of Glendale, Arizona, or be the subject of a financial surety bond issued by an insurance company licensed to issue surety bonds in the State of Arizona (a *"Financial Surety Bond"*), in either case in the amount of $_____. If a Financial Surety Bond is used, such surety bond must be submitted to the City prior to the opening of the proposals. A Financial Surety Bond must identify each bidder whose good faith deposit is guaranteed by such Financial Surety Bond. If the winning bidder for the Bonds is determined to be a bidder utilizing a Financial Surety Bond, then that bidder is required to submit its good faith deposit to the City in the form of a cashier's check (or wire transfer for such amount as instructed by the City) not later than 11:30 a.m., Mountain Standard Time, on the next business day following the opening of the proposals. The City may reject any and all bids and return such good faith deposit. The good faith deposit of the successful bidder will be applied toward the purchase price of the Bonds or retained and forfeited as liquidated damages in the event such bidder does not carry out the terms of its proposal to purchase the Bonds or take up and pay for the Bonds immediately upon their issuance, or in the event the Net Premium would exceed the Maximum Net Premium (as defined below).

The City *will* cash the check or deposit the wire transfer of the best bidder before closing and retain the interest. No interest on the Deposit will accrue to any bidder. In the event the winning bidder fails, or refuses to pay for and accept delivery of the Bonds in accordance with the terms of the sale immediately upon their issuance the Deposit plus any interest accrued on the Deposit will be retained by the City. Any investment income earned on the Deposit will not be paid to the successful bidder in the event the City is unable to deliver the Bonds as provided under "Manner and Time of Delivery", below. Deposits accompanying bids other than the bid which is accepted will be returned promptly upon the determination of the best bidder.

*REOFFERING PRICE TO THE PUBLIC.* In accordance with legislation enacted in Arizona, the Bonds may not be reoffered to the public at a "Net Premium" in excess of the greater of two percent (2%) of the par amount of the Bonds or $100,000 (the "*Maximum Net Premium*"). Reoffering the Bonds at a Net Premium in excess of the Maximum Net Premium will cause the Bonds to be invalid. For this purpose, the term "Net Premium" means the difference between the par amount of the Bond issue and the issue price of the Bond issue determined in accordance with the applicable United States Treasury Department regulations, i.e., the price at which a significant amount of the Bonds of each maturity (at least 10% of such maturity) are reoffered and sold to the public. All bidders will be required to acknowledge this limit on Net Premium in their certificate of reoffering prices. The successful bidder shall furnish to the City, within twenty-four (24) hours after the award of the Bonds, a certificate acceptable to Bond Counsel to the effect that the Bonds have been the subject of a bona fide offering and setting forth the first offering price at which more than ten percent of the principal amount of each maturity of the Bonds has been sold to the public (excluding bond houses, brokers or similar persons or organization acting in the capacity of underwriters or wholesalers), plus

accrued interest, if any, and as to certain other matters required by Bond Counsel as necessary. If the offering prices so certified cause the Net Premium to exceed the Maximum Net Premium, the award will be canceled, the Bonds will not be delivered to the winning bidder and the bidder's good faith deposit (as described above) will be retained and forfeited as liquidated damages.

*RIGHT OF REJECTION.* The City reserves the right in its discretion to reject any and all bids received and to waive any irregularity or informality in the bids, except that the time for receiving bids shall be of the essence.

*CUSIP NUMBERS.* It is anticipated that CUSIP numbers will be placed on the Bonds, at the expense and responsibility of the winning bidder, but neither failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of the sale. No CUSIP number will be deemed to be part of any Bond or of the contract evidenced thereby.

*COST OF BOND FORMS AND RATINGS.* The City will furnish one typewritten Bond for each maturity to be immobilized pursuant to the book-entry procedures described above. The City will pay the costs of the ratings on the Bonds by Standard & Poor's Ratings Group and Moody's Investors Service.

*MANNER AND TIME OF DELIVERY.* Delivery of the Bonds will be made to the purchaser, upon payment in Federal or immediately available funds, at the offices of DTC, New York, New York, or if the Bonds are delivered in FAST delivery of the Bonds will be made to the Registrar/Paying Agent, at the purchaser's expense. The delivery of and payment for the Bonds shall take place at 8:30 a.m. Mountain Standard Time on June 22, 2004 or at such other time as shall be agreed between the City and the successful bidder.

*CANCELLATION.* Bidders are to take notice that, pursuant to Arizona law, if, within three (3) years from the award of the contract to purchase the Bonds, any person who was significantly involved in initiating, negotiating, securing, drafting or creating the contract for the purchase of the Bonds on behalf of the City becomes an employee or agent of the winning bidder in any capacity or a consultant to the winning bidder with respect to the contract for the purchase of the Bonds, the City may cancel the contract without penalty or further obligation by the City. In addition to such cancellation, the City may recoup any fees or commissions paid or due to any person who was significantly involved in initiating, negotiating, securing, drafting or creating the contract for the purchase of the Bonds on behalf of the City.

*LEGAL OPINION.* The Bonds are sold with the understanding that the City will furnish the purchaser with the legal opinion of Greenberg Traurig, LLP, Phoenix, Arizona, as Bond Counsel. An undated copy of such opinion will be typed on the reverse side of each Bond. Said attorneys have been retained by the City as Bond Counsel and in such capacity are to render their opinion only upon the legality of the Bonds under Arizona law and on the exclusion from gross income of the interest income on such Bonds for federal income tax purposes and on the exemption of such interest income from State of Arizona income taxes (see "*Tax-Exempt Status*" below). Fees of Bond Counsel will be paid by the City from Bond proceeds.

*TAX EXEMPT STATUS.* The legal opinion of Bond Counsel will include an opinion to the effect that under existing law (i) the interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986, as amended (the *"Code"*), and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, and (ii) the interest on the Bonds is exempt from the Arizona personal income tax. Bond Counsel will express no opinion as to any other tax consequences regarding the Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications and compliance with certain covenants of the City to be contained in the transcript of proceedings for the Bonds and which are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the certifications and representations made by the City.

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements of the Code that must be satisfied in order for the interest on the Bonds to be excludible from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is not includible in the gross income of the owners thereof for federal income tax purposes, and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. Interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations and in computing the "branch profits tax" imposed on certain foreign corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the City with respect to certain material facts solely within the City's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Code includes provisions for an alternative minimum tax (*"AMT"*) for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income (*"AMTI"*), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (excluding S Corporations, Regulated Investment Companies, Real Estate Investment Trusts, REMICS and FASTIs) is an amount equal to 75% of the excess of such corporation's adjusted current earnings over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include all tax exempt interest, including interest on the Bonds.

Under the provisions of Section 884 of the Code, a branch profits tax is levied on the "effectively connected earnings and profits" of certain foreign corporations, which include tax-exempt interest such as interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to either the environmental tax or the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

In the opinion of Bond Counsel, interest on the Bonds is exempt from present State of Arizona income taxation as long as such interest is excluded from gross income for federal income tax purposes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

From time to time there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Bonds) issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

*PRELIMINARY OFFICIAL STATEMENT DEEMED FINAL, PREPARATION OF FINAL OFFICIAL STATEMENT.* The City deems the Preliminary Official Statement provided in connection with the sale of the Bonds to be final as of its date, but subject to completion, revision and amendment, including changes in a final Official Statement.

The winning bidder must provide the City, within twenty-four hours after the award of the Bonds, with all necessary offering price information, selling compensation information, all other terms of the sale which are dependent on such matters and any underwriter identification, all as may be necessary to complete the final Official Statement.

Promptly after receiving the necessary information from the winning bidder, the City will prepare a final Official Statement in substantially the same form as the Preliminary Official Statement with such additions, deletions or revisions as the City deems necessary. Within seven business days of the award of the Bonds, up to 250 copies of the final Official Statement will be made available to the purchaser without charge and additional copies will be made available at the purchaser's expense.

*CONTINUING DISCLOSURE.* The City covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the *"Undertaking"*) to provide ongoing disclosure for the benefit of the beneficial owners of the Bonds on or before the date of delivery

of the Bonds as required under Section (b)(5) of Rule 15c212 (the *"Rule"*) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed in writing by the Underwriter.

The Underwriter's obligation to purchase the Bonds shall be conditioned upon the City delivering the Undertaking on or before the date of delivery of the Bonds.

*CERTIFICATES TO BE DELIVERED.* The City will deliver a certificate to the effect that no litigation is pending affecting the issuance and sale of the Bonds, an arbitrage certificate covering its reasonable expectations concerning the Bonds and related matters and a certificate regarding the accuracy of the hereinbefore final official statement for the Bonds.

*ADDITIONAL INFORMATION.* Copies of this Notice and the Preliminary Official Statement relating to the Bonds will be furnished to any bidder upon request made to the City Clerk of the City of Glendale, Arizona; or to Johnson Consulting Group, P.O. Box 61949, Boulder City, Nevada 89006, telephone (702) 294-5100, Financial Consultant to the City.

DATED: JUNE 1, 2004.

/S/ PAM HANNA
CITY CLERK
CITY OF GLENDALE, ARIZONA