NEW ISSUE — BOOK-ENTRY-ONLY

RATINGS: Fitch: AA+
Moody's: Aa1
S&P: AA+

PRELIMINARY OFFICIAL STATEMENT DATED MAY 25, 2017

In the opinion of Greenberg Traurig, LLP, Bond Counsel, assuming continuing compliance with certain tax covenants and the accuracy of certain representations of the City, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will be excludable from gross income for federal income tax purposes. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, however, interest on the Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. See "TAX EXEMPTION-General" herein for a description of certain other federal tax consequences of ownership of the Bonds. Bond Counsel is further of the opinion that the interest on the Bonds will be exempt from income taxation under the laws of the State of Arizona. See also "TAX EXEMPTION-Original Issue Discount and -Original Issue Premium" herein.

$70,255,000*
CITY OF PHOENIX, ARIZONA
General Obligation Refunding Bonds, Series 2017

Dated: Date of Delivery **Due: July 1, as shown on the inside front cover**

Principal of, and premium, if any, on the General Obligation Refunding Bonds, Series 2017 (the *"Bonds"*) of the City of Phoenix Arizona (the "City") are payable at the designated office of U.S. Bank National Association, Phoenix, Arizona, as Bond Registrar and Paying Agent (the *"Bond Registrar"*). The Bonds are issued only as fully registered bonds without coupons, in denominations of $5,000 or any integral multiple thereof. The Bonds, when issued, will be registered in the name of The Depository Trust Company (*"DTC"*) or its nominee and will be available to purchasers initially only through the book-entry-only system maintained by DTC. So long as the book-entry-only system is maintained, no physical delivery of the Bonds will be made to the ultimate purchasers thereof and all payments of principal of and premium, if any, and interest on the Bonds will be made to such purchasers through DTC. Interest on the Bonds is payable semiannually on January 1 and July 1 of each year commencing January 1, 2018.

The Bonds are not subject to optional redemption prior to maturity. At the option of the winning bidder, certain of the Bonds may be subject to mandatory sinking fund redemption. See "THE BONDS — Redemption Provisions" herein.

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, but within the limitation as to amount prescribed by law. See "SECURITY AND SOURCES OF PAYMENT" herein. The proceeds of the Bonds, together with other legally available funds, will be used for refunding certain of the City's general obligation indebtedness as more fully described herein.

This cover page contains only a brief description of the Bonds and the security therefor. It is not intended to be a summary of material information with respect to the Bonds. Investors should read the entire Official Statement to obtain information necessary to making an informed investment decision with respect to the Bonds.

*The Bonds are offered when, as and if issued and received by the initial purchasers and subject to the approving opinion of Greenberg Traurig, LLP, Phoenix, Arizona, Bond Counsel, as to validity and tax exemption. Squire Patton Boggs (US) LLP has acted as disclosure counsel to the City in connection with the preparation of this Official Statement. It is expected that the Bonds will be available for delivery in book-entry-only form through the facilities of DTC on or about June 21, 2017.**

See "APPENDIX I — Notice Inviting Proposals for the Purchase of the Bonds"

* Subject to change.

MATURITY SCHEDULE

$70,255,000*
City of Phoenix, Arizona
General Obligation Refunding Bonds, Series 2017

Maturity July 1	Principal Amount*	Interest Rate	Price or Yield	CUSIP
2018	$18,230,000			
2019	15,760,000			
2020	13,045,000			
2021	3,880,000			
2022	4,090,000			
2023	3,830,000			
2024	4,045,000			
2025	4,260,000			
2026	1,520,000			
2027	1,595,000			

Term Bond due July 1, , Yield %

* Subject to change as provided in "APPENDIX I — Official Notice of Sale".

CITY OF PHOENIX, ARIZONA

CITY COUNCIL

Greg Stanton, *Mayor*

Laura Pastor, *Vice Mayor*
District 4

Sal DiCiccio, *Member*
District 6

Kate Gallego, *Member*
District 8

Michael Nowakowski, *Member*
District 7

Debra Stark, *Member*
District 3

Daniel Valenzuela, *Member*
District 5

Jim Waring, *Member*
District 2

Thelda Williams, *Member*
District 1

ADMINISTRATIVE OFFICIALS

Ed Zuercher
City Manager

Milton Dohoney, Jr.
Assistant City Manager

Denise M. Olson
Chief Financial Officer

Brad Holm
City Attorney

Cris Meyer
City Clerk

SPECIAL SERVICES

GREENBERG TRAURIG, LLP
Phoenix, Arizona
Bond Counsel

PUBLIC RESOURCES ADVISORY GROUP
New York, New York
Financial Advisor

SQUIRE PATTON BOGGS (US) LLP
Phoenix, Arizona
Disclosure Counsel

U.S. BANK NATIONAL ASSOCIATION
Phoenix, Arizona
Bond Registrar and Paying Agent

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the City identified on the cover page hereof. No dealer, salesman or other person has been authorized to give any information or make any representation with respect to the Bonds other than those contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Financial Advisor. This Official Statement shall not constitute an offer to sell or the solicitation of an offer to buy, and there shall be no sale of any of the Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City described herein since the date hereof. There is no obligation on the part of the City to provide any continuing secondary market disclosure other than as described herein under the heading "CONTINUING DISCLOSURE" and in "APPENDIX G — FORM OF CONTINUING DISCLOSURE UNDERTAKING."

Upon issuance, the Bonds will not be registered by the City or the initial purchasers under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

IN CONNECTION WITH THE OFFERING, THE INITIAL PURCHASERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED THEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The City currently maintains an investor relations website. However, unless specifically incorporated by reference herein, the information presented on the website is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

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OFFICIAL STATEMENT
RELATING TO

$70,255,000*
CITY OF PHOENIX, ARIZONA
General Obligation Refunding Bonds, Series 2017

INTRODUCTION

This Official Statement, including the Appendices, has been prepared by the City in connection with the original issuance and sale by the City of the Bonds identified on the cover page hereof (the *"Bonds"*). The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or material used in connection with the offer or sale of the Bonds. Accordingly, Bond purchasers should read this entire Official Statement before making their investment decision.

All financial and other information presented in this Official Statement have been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

References to provisions of Arizona law, whether codified in the Arizona Revised Statutes (the *"A.R.S."*) or uncodified, or to the Arizona Constitution (the *"Constitution"*) or the Charter of the City (the *"Charter"*), are references to those provisions as of the date of this Official Statement. Those provisions may be amended, repealed or supplemented.

As used in this Official Statement, "debt service" means principal of and interest on the obligations referred to herein, "County" means Maricopa County, and "State" or "Arizona" means the State of Arizona.

THE BONDS

Authorization and Purpose

The Bonds will be issued to refund certain outstanding general obligation bonds of the City pursuant to the Constitution and Laws of Arizona, including particularly Article 4 of Chapter 3 of Title 35 of the A.R.S., (the "Refunding Act") and Ordinance No. S-38479 adopted by the Mayor and Council of the City on February 1, 2012 authorizing the issuance and delivery for the Bonds (the *"Ordinance"*).

Plan of Refunding

The proceeds of the Bonds remaining after deduction of issuance costs, together with certain other legally available funds, will be retained by the City in its general obligation bond interest fund and redemption fund. Such amount will be sufficient, without investment or reinvestment, to redeem on July 1, 2017 the bonds (collectively, the *"Bonds Being Refunded"*) listed in the Schedule of Principal Amount of Bonds Being Refunded listed below.

If the City chooses to invest such amounts, such investments will consist exclusively of obligations issued or guaranteed by the United States of America as required by the Refunding Act ("*Government Obligations*"). The Bonds Being Refunded will be redeemed at a price of par plus accrued interest to the redemption date, without premium.

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* Subject to change.

SCHEDULE OF MATURITIES AND CALL DATES OF BONDS BEING REFUNDED*

Issue Dated	Issue	Maturity Date (July 1)	Principal Amount Outstanding	Principal Amount Refunded*	Coupon	Call Date	Refunded CUSIP**
6/13/2007	2007B	2018	15,645,000	15,645,000	5.000%	7/1/2017	718814 S72
		2018	2,410,000	2,410,000	4.000%	7/1/2017	718814 S64
		2019	16,365,000	16,365,000	5.000%	7/1/2017	718814 S80
		2020	13,060,000	13,060,000	5.000%	7/1/2017	718814 S98
		2020	620,000	620,000	4.125%	7/1/2017	718814 T22
		2021	4,540,000	4,540,000	4.500%	7/1/2017	718814 T30
		2022	4,765,000	4,765,000	4.500%	7/1/2017	718814 T48
		2023	4,415,000	4,415,000	4.500%	7/1/2017	718814 T55
		2024	4,635,000	4,635,000	4.500%	7/1/2017	718814 T63
		2025	4,855,000	4,855,000	4.500%	7/1/2017	718814 T71
		2026	2,125,000	2,125,000	4.500%	7/1/2017	718814 T89
		2027	2,220,000	2,220,000	4.500%	7/1/2017	718814 T97
			75,655,000	75,655,000			

** CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP® numbers are provided for convenience of reference only. None of the City, the Financial Advisor or their respective counsel or agents takes responsibility for the accuracy of such matters.

* Subject to change.

SCHEDULE OF PROJECTED
GENERAL OBLIGATION BONDED DEBT SERVICE REQUIREMENTS*

Fiscal Year Ended 30-Jun	General Obligation Bonded Debt Outstanding			Debt Service on Bonds Being Refunded*	The Bonds*			Total Projected General Obligation Bonded Debt*			% of Principal Matured
	Principal	Interest	Total	Total	Principal	Interest	Total	Principal	Interest	Total	
2017	$ 78,040,000	$ 56,991,781	$ 135,031,781	$ 100,429	$ —	$ —	$ —	$ 78,040,000	$ 56,891,352	$ 134,931,352	
2018	51,535,000	52,957,083	104,492,083	21,670,450	18,230,000	3,422,963	21,652,963	51,710,000	52,764,595	104,474,595	
2019	65,525,000	50,744,968	116,269,968	19,101,801	15,760,000	2,601,250	18,361,250	64,920,000	50,609,417	115,529,417	
2020	82,005,000	48,020,257	130,025,257	15,598,551	13,045,000	1,813,250	14,858,250	81,370,000	47,914,957	129,284,957	21.5%
2021	85,835,000	44,787,464	130,622,464	5,779,975	3,880,000	1,161,000	5,041,000	85,175,000	44,708,489	129,883,489	
2022	89,060,000	41,394,752	130,454,752	5,800,675	4,090,000	967,000	5,057,000	88,385,000	41,326,077	129,711,077	
2023	98,620,000	37,792,711	136,412,711	5,236,250	3,830,000	762,500	4,592,500	98,035,000	37,733,961	135,768,961	
2024	109,510,000	33,613,470	143,123,470	5,257,575	4,045,000	571,000	4,616,000	108,920,000	33,561,895	142,481,895	
2025	122,210,000	28,794,949	151,004,949	5,269,000	4,260,000	368,750	4,628,750	121,615,000	28,749,699	150,364,699	60.7%
2026	132,960,000	23,342,216	156,302,216	2,320,525	1,520,000	155,750	1,675,750	132,355,000	23,302,441	155,657,441	
2027	138,880,000	17,253,882	156,133,882	2,319,900	1,595,000	79,750	1,674,750	138,255,000	17,233,732	155,488,732	
2028	42,655,000	10,934,681	53,589,681	—	—	—	—	42,655,000	10,934,681	53,589,681	
2029	28,940,000	9,130,383	38,070,383	—	—	—	—	28,940,000	9,130,383	38,070,383	
2030	29,985,000	7,719,110	37,704,110	—	—	—	—	29,985,000	7,719,110	37,704,110	89.8%
2031	31,065,000	6,257,344	37,322,344	—	—	—	—	31,065,000	6,257,344	37,322,344	
2032	32,185,000	4,743,369	36,928,369	—	—	—	—	32,185,000	4,743,369	36,928,369	
2033	33,310,000	3,211,104	36,521,104	—	—	—	—	33,310,000	3,211,104	36,521,104	
2034	34,475,000	1,625,171	36,100,171	—	—	—	—	34,475,000	1,625,171	36,100,171	100.0%
	$1,286,795,000	$479,314,695	$1,766,109,695	$88,455,131	$70,255,000	$11,903,213	$82,158,213	$1,281,395,000	$478,417,778	$1,759,812,778	

* Subject to change.

General Description

The Bonds will be issued as fully registered bonds, without coupons, in book-entry-only form and will be registered to Cede & Co. as described below under "Book-Entry-Only System." AS LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF THE DEPOSITORY TRUST COMPANY ("DTC"), REFERENCES HEREIN TO THE OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTION "TAX EXEMPTION") WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS. PRINCIPAL, PREMIUM, IF ANY, AND INTEREST PAYMENTS ON THE BONDS ARE TO BE MADE TO DTC AND ALL SUCH PAYMENTS WILL BE VALID AND EFFECTIVE TO SATISFY FULLY AND TO DISCHARGE THE OBLIGATIONS OF THE CITY WITH RESPECT TO, AND TO THE EXTENT OF, THE AMOUNTS SO PAID.

The Bonds will be dated the date of initial authentication and delivery thereof, will bear interest payable semiannually on January 1 and July 1 of each year (each an *"Interest Payment Date"*), commencing January 1, 2018. The Bonds will bear interest at the rates and will mature on the dates and in the amounts set forth on the inside front cover of this Official Statement. The Bonds will be delivered in fully registered form in the denomination of $5,000 each or any whole multiple thereof (but no Bond may represent installments of principal for such series maturing on more than one date).

Subject to the provisions contained under the heading "Book-Entry-Only System" below, the principal of and premium, if any, and interest at maturity or redemption on each Bond will be payable upon presentation and surrender of such Bond at the designated corporate trust office of the Bond Registrar. Interest on each Bond, other than that due at maturity or redemption, will be paid on each Interest Payment Date by check of said Bond Registrar, mailed to the person shown on the bond register of the City maintained by the Bond Registrar as being the registered owner of such Bond (the *"Owner"*) as of the fifteenth day of the month immediately preceding such Interest Payment Date (the *"Regular Record Date"*) at the address appearing on said bond register or at such other address as is furnished to the Bond Registrar in writing by such Owner before the fifteenth day of the month prior to such Interest Payment Date. If the City fails to pay the interest due on any Interest Payment Date, that interest shall cease to be payable to the person who was the Owner as of the Regular Record Date. When moneys become available for payment of the interest, the Registrar will establish a special record date (the *"Special Record Date"*) for such payment which will be not more than 15 nor fewer than 10 days prior to the date of the proposed payment and the interest will be payable to the persons who are Owners on the Special Record Date. The Bond Registrar will mail notice of the proposed payment and of the Special Record Date to each Owner.

Book-Entry-Only System

The following information about the book-entry-only system applicable to the Bonds has been supplied by DTC. None of the City, the Bond Registrar or the Financial Advisor makes any representations, warranties or guarantees with respect to its accuracy or completeness.

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, totaling in the aggregate the principal amount of the Bonds, and will be deposited with DTC. The owners of book-entry interest will not receive or have the right to receive physical delivery of the Bonds.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Securities Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*" and, together with the Direct Participants, "*Participants*"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of beneficial interests in the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of a beneficial interest in a Bond (*"Beneficial Owner"*) is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of beneficial ownership interests in the Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds such as redemptions (if any), defaults, and proposed amendments to the Ordinance. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Register as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of and interest on the Bonds and the redemption price of any Bond will be made by the Bond Registrar to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC.

DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Bond Registrar on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Registrar, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Bond Registrar or the City. Under such circumstances, in the event that a successor securities depository is not obtained, physical Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, physical Bond certificates are required to be printed and delivered.

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE SOLE REGISTERED OWNER, THE CITY AND THE BOND REGISTRAR WILL TREAT CEDE & CO. AS THE ONLY OWNER OF THE BONDS FOR ALL PURPOSES UNDER THE ORDINANCE, INCLUDING RECEIPT OF ALL PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE CITY AND THE BOND REGISTRAR TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER SUCH ORDINANCE. THE CITY AND THE BOND REGISTRAR HAVE NO RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (B) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER WITH RESPECT TO THE PRINCIPAL OF AND INTEREST ON THE BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE ORDINANCE TO BE GIVEN TO BONDHOLDERS; (D) THE SELECTION BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; OR (E) CONSENTS OR OTHER ACTION TAKEN BY DTC OR CEDE & CO., AS REGISTERED OWNER.

Redemption Provisions*

No Optional Redemption. The Bonds will not be subject to redemption prior to their stated maturity dates at the option of the City.

Mandatory Sinking Fund Redemption. The Bonds maturing on July 1, (*"Term Bonds"*), are subject to mandatory redemption and will be redeemed on July 1 of the respective years set forth below (the *"Sinking Fund Retirement Dates"*) and in the amounts set forth below (the *"Sinking Fund Requirements"*), by payment of a redemption price of the principal amount of such Term Bonds called for redemption plus the interest accrued to the date fixed for redemption, but without premium as follows:

Bonds Maturing July 1,

Sinking Fund Retirement Date	Sinking Fund Requirement
	$

At the option of the City, whenever Term Bonds are purchased, or delivered by the City to the Bond Registrar for cancellation, the principal amount of the Term Bonds so retired will satisfy and be credited against the Sinking Fund Requirements for such Bonds (and the corresponding redemption requirements) for Term Bonds in such manner as the City determines; provided, however, that following such reduction each Sinking Fund Requirement for such Bonds is an integral multiple of $5,000. Such option will be exercised on or before the 45th day preceding the applicable mandatory Sinking Fund Retirement Date for such Bonds, by furnishing the Bond Registrar a certificate setting forth the extent of the credit to be applied with respect to the then current Sinking Fund Requirement. If the certificate is not timely furnished, the Sinking Fund Requirement (and the corresponding redemption requirement) will not be reduced.

Method and Notice of Redemption. The Bonds shall be redeemed only in the principal amount of $5,000 or whole multiples thereof. The City shall, at least 60 days prior to the redemption date (unless a shorter notice shall be satisfactory to the Bond Registrar), notify the Bond Registrar of such redemption date, the principal amount and maturities of the Bonds to be redeemed. For purposes of any redemption of less than all of the Bonds of a single maturity, the particular Bonds or portions thereof of such maturity to be redeemed shall be selected by lot by the Bond Registrar by such method of lottery as the Bond Registrar shall deem fair and appropriate.

The Bond Registrar shall promptly notify the City in writing of the Bonds or portions thereof selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Unless waived by the owner of the Bonds to be redeemed, notice of any such redemption shall be given by the Bond Registrar on behalf of the City by mailing the redemption notice by first-class or certified mail not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed in whole or in part at the address shown on the bond register or at such other address as is furnished to the Bond Registrar in writing by such registered owner.

Notice of redemption having been so given, the Bonds or redeemed portions thereof to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or redeemed portions thereof shall cease to bear interest. Upon surrender of such Bonds for redemption in whole or in part in accordance with said notice, such Bonds or redeemed portions thereof shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as provided for payment of interest.

* Subject to change.

Registration, Transfer and Exchange When Book-Entry-Only System Has Been Discontinued

If the Book-Entry-Only System is discontinued, the City shall cause a bond register for the registration and for the transfer and exchange of the Bonds to be kept at the designated office of the Bond Registrar. Upon surrender for transfer of any Bond or Bonds at the designated office of the Bond Registrar duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar duly executed by, the registered owner or his attorney duly authorized in writing, the City shall have executed and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same maturity of authorized denominations, for an aggregate principal amount equal to the unredeemed portion of such surrendered Bond or Bonds. Any fully registered Bond or Bonds may be exchanged at said principal office of the Bond Registrar for an aggregate principal amount of fully registered Bond or Bonds equal to the unredeemed portion of such surrendered Bond or Bonds of the same maturity of other authorized denominations. The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond in accordance with the terms of the Ordinance. The Bond Registrar shall not be required to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed nor during the period of fifteen days next preceding mailing of a notice of redemption.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of, premium, if any, or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Sources and Applications of Funds

The proceeds of the Bonds will be applied substantially as follows:

Sources:	
Par Amount of the Bonds	$
Original Issue Premium (Discount)	
Other Available Funds	
Total	$
Applications:	
Cash Balance in Interest and Redemption Fund for Bonds Being Refunded	$
Cost of Issuance	
Initial Purchaser's Underwriting Compensation	
Total	$

SECURITY AND SOURCE OF PAYMENT

General

The Bonds are direct and general obligations of the City and are payable as to both principal and interest from ad valorem taxes. (See "ARIZONA PROPERTY TAX SYSTEM" in Appendix B.) Such taxes may be levied on all taxable property within the City without limitation as to rate, but are limited by statutory provisions to an amount which shall not exceed the total aggregate principal and interest requirements becoming due on the Bonds Being Refunded from the date of issuance of the Bonds to the final maturity of the Bonds Being Refunded.

The levy of ad valorem taxes for the payment of the Bonds is subject only to the rights vested in the holders of the Bonds Being Refunded to payment from the same tax source in the event of a deficiency in the amounts deposited with the City for payment of the Bonds Being Refunded. Although it is not expected that ad valorem taxes will be used to pay debt service on the Bonds Being Refunded, in the event of a deficiency in the amounts deposited with the City therefor, ad valorem taxes levied for the payment of the Bonds shall first be applied, to the extent of such deficiency, to the payment of principal of and interest on the Bonds Being Refunded, and the balance to the payment of the Bonds. (See "THE BONDS — Plan of Refunding" herein with respect to the sufficiency of cash without investment or reinvestment for the payment of the Bonds Being Refunded.)

Subsequent Refunding of the Bonds

Pursuant to 2016 amendments to the Refunding Act, if the City were to issue general obligation bonds to refund the Bonds, the owners of any of the Bonds to be refunded must rely on the sufficiency of the funds or securities held in trust for the payment of such refunded Bonds. In that event, payment of the Bonds being refunded will in no way infringe on the rights of the holders of the general obligation refunding bonds to rely on a tax levy for the payment of principal of and interest on such refunding bonds if the investments held in trust prove insufficient.

Statutory Lien for the Bonds.

House Bill 2452 ("HB 2452"), passed by the State Legislature and signed by the Governor of Arizona on March 29, 2017, provides that all of the City's refunding bonds, including the Bonds, whenever issued, secured by ad valorem taxes are secured by a lien on all revenues received pursuant to the tax levy. The lien arises automatically from the time of issuance of the bonds, without the need for any action or authorization by the City. The revenues received pursuant to the levy of the tax are immediately subject to the lien. The lien attaches immediately to the revenues and is effective, binding and enforceable against the City, the City's successors, transferees and creditors and all other parties asserting rights in the revenues, irrespective of whether the parties have notice of the lien, without the need for any physical delivery, recordation, filing or further act. HB 2452 will not become effective until August 9, 2017, which allows for a period during which referendum petitions could be filed requiring that HB 2452 be referred to the electors for approval or disapproval.

PROPERTY TAX POLICY

On May 25, 2010, as a result of declining assessed valuations within the City, the Phoenix City Council, (the "City Council") adopted a Property Tax Policy to address previous declines in assessed valuations as well as potential decreases in property valuations in the future. The City Council revised and affirmed the policy in December 2011. The policy as written and adopted by the City Council states that the City will use its best efforts to:

- Maintain its high bond ratings;
- Maintain the combined property tax rate at $1.82 per $100 of assessed valuation as long as possible;
- Strategically use the General Obligation Reserve Fund to help pay debt service while retaining a six to nine month reserve balance;
- Refinance and restructure general obligation bonds to take advantage of the City's excellent credit ratings and debt service savings due to lower interest rates;
- Defer the remaining $152.4 million of voter-authorized projects until future economic and financial conditions allow;
- Annually assess financial conditions to determine whether changes to the Property Tax Policy or to the Bond Program can or need to be made;

- If further decreases in property valuations occur:
  - Allow the secondary property tax rate to increase;
  - Allow the primary property tax rate to decrease; or
  - Use other general fund resources to pay debt service on general obligation bonds.

On July 1, 2016, due to State of Arizona constitutional amendments and legislative actions that limit the growth of assessed values (see APPENDIX B — "City of Phoenix, Arizona — Financial Data — VALUATIONS" for a description of Proposition 117, the Property Tax Assessed Valuation Amendment) and to avoid the depletion of the General Obligation Reserve Fund, the City Council increased the property tax rate to $2.17, consistent with the Property Tax Policy.

House Bill 2011 ("HB 2011") passed by the State Legislature and signed by the Governor on April 28, 2017, requires that the annual secondary property tax levy be net of amounts in the City's General Obligation Reserve Fund which exceed ten percent of the current fiscal year's general obligation bond debt service ("Excess Reserves"). HB 2011 provides that the City may reduce its Excess Reserves in fiscal years 2017-18 through 2022-23. HB 2011 will not become effective until August 9, 2017, which allows for a period during which referendum petitions could be filed requiring that HB 2011 be referred to the electors for approval or disapproval. The City has not decided upon a definitive plan for when and in what amounts the Excess Reserves would be applied should HB 2011 become law. As of April 1, 2017, the City's General Obligation Reserve Fund balance is $112,465,657. For a description of the Arizona property tax system and historical assessed valuations, see APPENDIX B — "CITY OF PHOENIX, ARIZONA — FINANCIAL DATA."

PHOENIX STRATEGIC PLAN

In response to the challenges the City faced in the last recession, limited resources and the commitment to a transparent budget process, a strategic plan to help guide decision making at all levels of the organization and focus the City's efforts on its core businesses was developed in 2011. As part of the planning process, the City developed the following mission statement:

"To improve the quality of life in Phoenix through efficient delivery of outstanding public services."

A team of more than 50 people, working in ten focus areas, developed the Phoenix Strategic Plan. The ten focus areas are as follows.

- Financial Excellence — Maintaining fiscally sound and sustainable budgets that reflect community values and residents' priorities.
- Infrastructure — Creating and maintaining high-quality and diverse infrastructure systems (airport, roads, water, etc.).
- Public Safety — Maintaining safe neighborhoods throughout Phoenix.
- Innovation and Efficiency — Seeking continuous improvement and maintaining our culture of innovation and efficiency, including right-sourcing.
- Neighborhoods/Livability — Ensuring healthy, safe and beautiful neighborhoods that enhance the quality of life for all residents.
- Economic Development and Education — Ensuring a sustainable and forward-looking economic development strategy that encourages high-wage jobs.
- Social Services Delivery — Encouraging new methods of social services that support independence, quality of life, and sustainable service.

- Phoenix Team — Supporting our employees, volunteers and community partners to work together in order to serve our residents with the highest standard of quality and customer service.
- Sustainability — Securing environmental and economic livability for future generations in the region, with an emphasis on solar energy.
- Technology — Focusing on a "Web Enabled City" that embraces technological innovation and automated City services.

The Phoenix Strategic Plan continues to evolve and new priorities and strategies to fulfill objectives for the focus areas are consistently developed.

Financial Excellence

Financial Excellence is one of the ten focus areas in the Phoenix Strategic Plan. Financial Excellence ensures the effective and efficient allocation of City resources for the delivery of quality services to residents. It creates trust and confidence that City resources are used appropriately. Financial Excellence strives to maintain fiscally sound and sustainable financial plans and budgets that reflect community values and residents' priorities. The key priorities of Financial Excellence are listed below.

- Maintain high bond ratings.
- Develop capital and funding plans for critical infrastructure.
- Provide accurate and reliable revenue and expenditure forecasting.
- Maintain a transparent financial environment, free of fraud, waste and abuse.

CAPITAL IMPROVEMENT PROGRAM

On May 25, 2010, in addition to adopting the Property Tax Policy, as a result of declining assessed valuations within the City, the City Council voted unanimously to delay a portion of the capital improvement program (CIP) and asked City staff to monitor and periodically update the City Council regarding the CIP.

In 2011, the City's Budget and Research and Finance Departments conducted a special review of the City's CIP. The emphasis of the review was placed on the evaluation and prioritization of the general obligation bond program. As part of the analysis, each City department was required to submit detailed information regarding all programmed capital projects including, detailed project descriptions, explanation of project significance, project status, updated cost estimates, operating costs or savings, and an estimated timeline for project completion. Departments were also required to submit information on whether projects were based on previously projected population increases, and explain how projects fit within the City's strategic plan. The Budget and Research Department compiled all information and prioritized each project. City staff reviewed the prioritized projects with the Citizens' Bond Executive Committee and some projects were reprioritized before the Citizens' Bond Executive Committee passed a recommendation to ask City Council to approve moving forward with $132.0 million of bond funded capital projects and delay approximately $152.4 million of remaining bond funded projects subject to annual review of property values and financial conditions by City staff. The capital projects that the City moved forward with were deemed to be most important to the City and community and possess additional factors that strengthen their justification to proceed, such as contractual commitments, legal requirements, protection of public safety and health, avoiding property damage or legal liability, operating savings and partial leveraging of non-City funding.

GENERAL FUND SUMMARY

The table below presents the General Fund revenues by major source for fiscal year 2015-16. The General Fund revenues for fiscal year 2016-17 are based on seven months of actual data, with the balance of the year estimated. The General Fund pays for the general activities of the City that are not supported by enterprise funds or special revenue funds, which are restricted to statutory or voter approved uses.

General Fund Revenues by Major Source
(Budgetary Basis)
(in thousands)

Revenue Source	2015-16	Estimated 2016-17
Local Taxes:		
Sales Tax	$ 416,522	$ 425,571
Privilege License Fees	2,476	2,310
Other General Fund Excise Taxes	17,832	17,940
State-Shared Revenues:		
Sales Tax	137,544	143,460
State Income Tax	174,234	191,347
Vehicle License Tax	59,801	61,236
Primary Property Tax	141,309	145,141
User Fees/Other Revenues	125,002	120,834
Total General Fund	$1,074,720	$1,107,839

The table below presents the General Fund balance for fiscal year 2015-16. The ending General Fund balance for fiscal year 2016-17 is based on seven months of actual data, with the balance of the year estimated.

General Fund Balance
(in thousands)

Resources:	2015-16	Estimated 2016-17
Beginning Balance	$ 100,435	$ 112,544
Revenue	1,074,720	1,107,839
Recoveries	1,717	1,000
Transfers	2,194	28,073
Total Resources	$1,179,066	$1,249,456
Expenditure:		
Operating Expenditures	$1,062,738	$1,113,505
Capital	3,784	5,842
Total Expenditures	$1,066,522	$1,119,347
Ending Fund Balance	$ 112,544	$ 130,109

COMBINED FINANCIAL SCHEDULES

The schedules summarized on pages B-41 through B-50 present the revenues, expenditures and encumbrances, fund balances and transfers of all City operating funds on a non-GAAP budgetary basis. The schedules reflect actual results for fiscal years 2013-14, 2014-15 and 2015-16 and estimated amounts for fiscal year 2016-17, based on seven months of actual data, with the balance of the year estimated. The schedules are presented on a budgetary basis to provide a meaningful comparison of actual results with the City's budget for all City operating funds.

CITY BUDGET PROCESS AND RECENT BUDGET ACTIONS

City Budget Process

The City's budget process and policies are governed by Arizona law and the City Charter and are consistent with generally accepted budgeting best practice standards. These laws and standards set budget calendar dates, provide for budget control, including a requirement for adoption of a balanced budget, describe ways to amend the budget after adoption, and identify appropriate methods for budgeting, accounting and reporting.

The City uses a zero-based budgeting approach to preparing its annual budget as well as its longstanding process of line-item technical budgetary reviews requiring City departments to justify all budgeted expenditures, not just changes in their budget from the previous fiscal year. Therefore, the base line is zero rather than last year's budget. This practice helps facilitate cost reductions. Additionally, under the zero-based budgeting approach, the City presents its entire citywide budget in budget decision packages, or in an inventory of over 400 distinct programs. This provides the City Council and the community with the ability to review the costs, staffing, performance measures, revenues and grants related to each program in the City. This provides additional transparency and outlines the City budget in a way that helps guide strategic decisions and allocation of resources. The City believes that utilizing zero-based budgeting results in a more efficient allocation of resources, helps the City identify cost effective ways for improving its operations, helps recognize opportunities for outsourcing and improving accessibility, understandability and transparency of the City budget for Phoenix residents and other end users.

In addition to adopting zero-based budgeting, the City has enhanced the budget process by allowing the City Council and City residents to review and provide input earlier in the budget process. Under the enhanced budget process, each February, staff presents, by program, preliminary estimates of the following fiscal year's expenditures needed to continue existing service levels. A balanced Trial Budget is presented to the City Council in late March, followed by community budget hearings in April, the City Manager's proposed budget and the City Council's budget decision in May, and legal budget adoption actions in June and July. This improvement means the City Council and community have the opportunity to review the expenditure estimates of existing programs for the next fiscal year more than a month prior to the presentation of the Trial Budget. The early review of cost estimates by program is a significant improvement and will help facilitate important discussions regarding the allocation of valuable City resources.

Budget Actions

During the last recession, which lasted from December 2007 through June 2009, the City faced declines in local and State-Shared Sales Taxes and a significant decline in State-Shared Income Taxes. The City Council approved general fund budget reductions for fiscal years 2009-10 and 2010-11 of approximately $277.3 million by implementing department efficiencies, a new two percent tax on food for home consumption, employee wage and benefit concessions, the elimination of approximately 593 positions and general fund program and service cuts. The tax on food for home consumption was reduced from two percent to one percent by the City Council effective January 1, 2014 while retaining the sunset date of April 1, 2015.

A large component of the Task Force's effectiveness includes "right-sourcing" (using the optimal mix of private contractors and internal staff) to ensure that City services are delivered using the most efficient means possible while maintaining or enhancing service levels. Efficiency savings have been achieved through consolidation of certain departments and functions, streamlining the organization and reducing the workforce by more than 2,700 positions (resulting in 10.2 employees per 1,000 residents), flattening organizational hierarchies and broadening the span of control ratio within departments from one manager for every 5.3 employees to one manager for every 8.0 employees, operational efficiencies, and reductions in contractual services fees, to name a few. These budget reductions and efficiency savings have resulted in the smallest per capita workforce the City has had in over 40 years.

In January 2017, the City began the budget preparation process for fiscal year 2017-18. Based on strong fiscal planning and early actions taken by the Mayor and City Council throughout fiscal year 2016-17, the City Manager presented a balanced Trial Budget for fiscal year 2017-18. The City Manager's Trial Budget was presented for City Council discussion in March 2017 and community budget hearings were held in April 2017. After considering City Council and community comments, the City Manager presented his Proposed Budget in May 2017. The Proposed Budget recommends a decrease to the property tax rate to $2.16 per $100 of assessed value, due in part to increased property valuations. The City Council will consider the Proposed Budget in June 2017.

LITIGATION

The City is contingently liable in respect to lawsuits and other claims incidental to the ordinary course of its operations. The City Attorney has advised City management of the nature and extent of pending and threatened claims against the City. In the opinion of City management such matters will not have a materially adverse effect on the City's ability to pay principal of or interest on the Bonds.

To the knowledge of the City Attorney, no pending or threatened litigation or administrative action or proceeding has (i) restrained or enjoined, or seeks to restrain or enjoin the City from issuing and delivering the Bonds or (ii) contested or questioned the validity of the Bonds or the proceedings and authority under which the Bonds have been authorized and are to be issued, secured, sold, executed or delivered. Certificates of the City to that effect will be delivered at the time of delivery of the Bonds.

Notice of Refund and Potential Litigation Claims Relating to City Excise Taxes on Vehicle Rentals. On May 26, 2016, the City received a notice of claim (the "2016 Notice") presented on behalf of three local car rental companies (the "2016 Claimants") and all similarly situated entities. A notice of claim is a statutory prerequisite to filing a lawsuit against an Arizona municipality. The 2016 Notice relates to the City's excise taxes levied on the gross income from the business activity of any person engaging in the business of leasing, licensing for use, or renting motor vehicles. A provision of the State Constitution states that no money derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on public highways or streets shall be expended for other than highway and street purposes. The 2016 Notice asserts that the City has used the proceeds of its tax for other purposes and therefore the tax is invalid and the City should refund amounts collected from the tax over the last four years, which in the case of the 2016 Claimants is estimated in the 2016 Notice to be $207,918.62 and, in the case of all taxpayers similarly situated to the 2016 Claimants, is estimated in the 2016 Notice to total approximately $34.3 million, and all amounts collected until collection ceases. The 2016 Notice relies upon an earlier ruling by a Maricopa County Superior Court (trial court) in a separate, unrelated lawsuit against the Arizona Department of Revenue, to the effect that a car rental surcharge imposed by state statute for the benefit of the Arizona Tourism and Sports Authority (the "Authority") was invalid because the money raised was required by the State Constitution to be used for highway and street purposes but, as required by the authorizing legislation, was used for other purposes. The trial court ruling in that case has been appealed by the 2016 Claimants, the Authority and the Arizona Department of Revenue, which is pending.

On March 20, 2017, the City received additional excise tax refund claims (the "2017 Refund Claims") from three local car rental companies (the "2017 Claimants"), none of which were 2016 Claimants, asserting refund claims premised on the same basis set forth in the 2016 Notice and also asserting that the City's excise taxes on vehicle rentals violated the "dormant commerce clause" of the United States Constitution. The 2017 Claimants are seeking refunds, separate from any class action, totaling approximately $9.0 million, a figure that the City believes already constitutes an amount included in the $34.3 million aggregate claim made by the 2016 Claimants.

The Bonds are direct and general obligations of the City and are payable as to both principal and interest from ad valorem taxes as described under the caption "SECURITY AND SOURCE OF PAYMENT." The City's Law Department believes that the City has meritorious factual and legal defenses to the claims asserted in the 2016 Notice and the 2017 Refund Claims if a lawsuit is ultimately filed. The City does not expect that the claims described in the 2016 Notice or the 2017 Refund Claims will have a material adverse effect on the City operationally or its ability to levy ad valorem taxes with respect to the Bonds.

Notice of Potential Litigation Relating to Payment of Overtime to Certain Police Officers. On March 15, 2017, the City received a Notice of Claim ("Overtime Claim") filed by a police officer and his union on behalf of the officer and all similarly situated police officers ("Overtime Claimants"), relating to the calculation of overtime wages over a period of years. The Overtime Claim alleges breach of contract and failure to pay wages by the City. The Overtime Claimants seek specific performance if the matter goes to litigation and assert promissory estoppel. Should the Overtime Claimants prevail, they assert that treble damages and attorneys' fees owed by City will be $32 million. The City's Law Department believes that the City has meritorious factual and legal defenses to the Overtime Claim if a lawsuit is ultimately filed. Although damages would not be covered by insurance, the City does not expect that the claims described in the Overtime Claim, if decided against the City, will have a material adverse effect on the City operationally or its ability to levy ad valorem taxes with respect to the Bonds.

TAX EXEMPTION

General

The Internal Revenue Code of 1986, as amended (the "Code") includes requirements which the City must continue to meet after the issuance of the Bonds in order that interest thereon be and remain excludable from gross income of the holders thereof for federal income tax purposes. The City's failure to meet these requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The City has covenanted to take the actions required by the Code in order to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds and not to take any actions that would adversely affect that excludability.

In the opinion of Bond Counsel, assuming continuing compliance by the City with the tax covenants referred to above and the accuracy of certain representations of the City, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will be excludable from gross income for federal income tax purposes. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel is further of the opinion that interest on the Bonds will be exempt from income taxation under the laws of the State of Arizona.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of interest on the Bonds or the ownership or disposition of the Bonds. Prospective purchasers of Bonds should be aware that the ownership of Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Bonds or, in the case of a financial institution, that portion of the owner's interest expense allocable to interest on the Bonds, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on the Bonds, (iii) the inclusion of interest on the Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of interest on the Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year, and (v) recipients of certain Social Security and Railroad Retirement benefits being required to take into account receipts and accrual of interest on the Bonds in determining whether a portion of such benefits are included in gross income for federal income tax purposes.

From time to time, there are legislative proposals in Congress which, if enacted, could alter or amend one or more of the federal income tax matters referred to herein 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), executed and delivered prior to enactment.

The discussion of tax matters in this Official Statement applies only in the case of purchasers of the Bonds at their original issuance and at the respective prices indicated on the inside front cover page of this Official Statement. It does not address any other tax consequences, such as, among others, the consequence of the existence of any market discount to subsequent purchasers of the Bonds. Purchasers of the Bonds should consult their own tax advisers regarding their particular tax status or other tax considerations resulting from ownership of the Bonds.

Information Reporting and Backup Withholding

Interest paid on tax-exempt obligations such as the Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Bonds, under certain circumstances, to "backup withholding" at the rates set forth in the Code, with respect to payments on the Bonds and proceeds from the sale of Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Bonds. This withholding generally applies if the owner of Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Original Issue Discount and Original Issue Premium

Certain of the Bonds, as indicated on the inside front cover page of this Official Statement ("Discount Bonds"), were offered and will be sold to the public at an original issue discount ("Original Issue Discount"). Original Issue Discount is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity will be sold pursuant to that offering. For federal income tax purposes, Original Issue Discount accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of Original Issue Discount that accrues during the period of ownership of a Discount Bond (i) will be interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as interest on the Bonds, and (ii) will be added to the owner's tax basis for purposes of determining gain or loss on the maturity, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the inside front cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Certain of the Bonds, as indicated on the inside front cover page of this Official Statement (the "Premium Bonds"), were offered and will be sold to the public at a price in excess of their stated redemption price at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to the maturity of a Premium Bond, based on the yield to the maturity date of that Premium Bond, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the inside front cover of this Official Statement who holds that Premium Bond to maturity will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount Bonds and Premium Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the amount of Original Issue Discount or bond premium properly accruable in any period with respect to the Discount Bond or Premium Bond and as to other federal tax consequences, and the treatment of Original Issue Discount and bond premium for purposes of state and local taxes on, or based on, income.

LEGAL MATTERS

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest on the Bonds (see "TAX EXEMPTION") are subject to the legal opinion of Greenberg Traurig, LLP, Bond Counsel. A signed copy of this opinion, dated and speaking only as of the date of delivery of the Bonds, will be delivered to the purchasers of the Bonds. A proposed form of this opinion is attached as Appendix H hereto. The actual legal opinion of Bond Counsel to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinion subsequent to its date.

Squire Patton Boggs (US) LLP has acted as disclosure counsel to the City in connection with the preparation of this Official Statement.

RATINGS

Moody's Investors Service Inc. (*"Moody's"*) has assigned the rating of "Aa1" to the Bonds. S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") has assigned a rating of "AA+" to the Bonds. Fitch Ratings ("Fitch") has assigned a rating of "AA+" to the Bonds. No application was made to any other rating service for the purpose of obtaining ratings on the Bonds. The City furnished these rating agencies with certain information and materials with respect to the Bonds. The ratings reflect only the view of S&P, Moody's and Fitch. An explanation of the significance of such ratings may be obtained from S&P at 55 Water Street, New York, New York 10041, from Moody's at 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007 or from Fitch at 33 Whitehall Street, New York, NY 10004. There is no assurance that the ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by S&P, Moody's or Fitch if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings by S&P, Moody's or Fitch may have an adverse effect on the market price of the Bonds.

PUBLIC SALE

The City expects to offer the Bonds at public sale on June 5, 2017. See "APPENDIX I — "Notice Inviting Proposals for the Purchase of the Bonds."

CONTINUING DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the *"Undertaking"*) for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) System pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the *"Rule"*) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The specific nature of the information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Undertaking, are set forth in APPENDIX G — "Form of Continuing Disclosure Undertaking."

The City has represented that it is in compliance in all material respects during the past five years, with each and every undertaking previously entered into by it pursuant to the Rule. A failure by the City to comply with the Undertaking will not constitute a default under the Ordinance and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See APPENDIX G — "Form of Continuing Disclosure Undertaking." A failure by the City to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

INDEPENDENT AUDITORS AND INCORPORATION BY REFERENCE OF CITY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT

The financial statements of the City as of June 30, 2016 for its fiscal year then ended have been audited by Grant Thornton LLP, independent auditors, as stated in their report. The financial statements and auditor's report are part of the City's comprehensive annual financial report (the *"CAFR"*), which may be obtained from EMMA, free of charge at http://emma.msrb.org, or from the City, free of charge, at the following location: 251 West Washington Street, 9th Floor, Phoenix, Arizona 85003, Attention: Finance Department, Telephone: (602) 262-7166. The CAFR may also be downloaded from the City's website at www.phoenix.gov under City Government-Financial Information-Financial Planning-Comprehensive Annual Financial Report. The CAFR so filed with EMMA as part of the City's continuing disclosure undertakings pursuant to the Rule is hereby incorporated by reference.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City or the Underwriters and the purchasers or holders of any of the Bonds.

This Official Statement has been approved, executed and delivered by the City.

CITY OF PHOENIX, ARIZONA

By ____________________________________

Chief Financial Officer

APPENDIX A
City of Phoenix, Arizona — Description
OVERVIEW

Phoenix is the sixth largest city in the United States, the state capital of Arizona and the center of the metropolitan area encompassed by Maricopa County. This metropolitan area also includes the cities of Mesa, Chandler, Glendale, Scottsdale, Tempe, Peoria, Surprise, Avondale, Goodyear, Buckeye and El Mirage; the towns of Gilbert, Queen Creek, Fountain Hills, and Paradise Valley as well as several smaller cities and towns and all unincorporated areas of the County. It is situated 1,117 feet above sea level in the semi-arid Salt River Valley. The area is well known for its mild, sunny winters and hot summers and receives average rainfall of 7.94 inches annually.

Phoenix was founded in 1870 as an agricultural community. In 1881, it was incorporated as a city. The City Charter under which it is presently governed was adopted in 1913 and has been amended from time to time. The City has grown steadily since its inception and has shown especially strong growth since 1950. The 1900 census recorded Phoenix's population at 5,544. In 1950, the City occupied 17 square miles with a population of almost 107,000 ranking it 99th among American cities. The 2010 census recorded Phoenix's population at 1,447,128. As of July 31, 2015 the City encompasses 519.45 square miles.

Population Statistics
Phoenix, Maricopa County and Arizona

Area	1950	1970	1990	2000	2010	2016(1)	Percent Change 1950-16	Percent Change 1990-16
Phoenix	106,818	584,303	983,403	1,321,045	1,447,128	1,565,896	1,366.0%	59.2%
Maricopa County	331,770	971,228	2,122,101	3,072,149	3,817,117	4,076,438	1,147.0	95.0
State of Arizona	749,587	1,775,399	3,665,228	5,130,632	6,392,017	6,758,251	812.0	86.5

(1) Population figures for Maricopa County, the State of Arizona and the City of Phoenix are as of July 1, 2016.

Source: Population figures prior to 2015 are from the U.S. Department of Commerce Census Bureau. The 2016 population figures for Maricopa County and the State of Arizona are from the Arizona Office of Employment and Population Statistics. The 2016 population figure for the City of Phoenix is from the City of Phoenix Planning & Development Department.

Phoenix is served by main lines of the Union Pacific and Burlington Northern Santa Fe Railroads, a busline (Greyhound Trailways), and 10 transcontinental, 34 interstate and 39 intrastate truck lines. Phoenix Sky Harbor International Airport, located approximately 4 miles from downtown Phoenix, is served by the following scheduled airlines: Air Canada, Alaska, American, Boutique Air, British Airways, Compass (Delta Connection), Delta, Envoy (American Eagle), ExpressJet (United Express), Frontier, Great Lakes, Hawaiian, JetBlue, Mesa (American Eagle, United Express), SkyWest (American Eagle, Delta Connection, and United Express), Southwest, Spirit, Sun Country, United, Volaris and WestJet. Interstate 10, Interstate 17, U.S. Highway 60, State Routes 51, 74, 85, 87, 88, 143 and Loops 101, 202, and 303 all traverse the metropolitan area.

The metropolitan area is presently served by 34 elementary school districts, 6 high school districts, 15 unified school districts and 2 technical institutes, operating over 745 schools. Education is also provided by public charter schools and private and parochial schools located throughout the metropolitan area. Maricopa County Community College District serves the educational needs of the Phoenix area through 10 institutions. Arizona State University (ASU) houses 20 colleges, schools and institutes and has a total enrollment of more than 98,000 undergraduate, graduate and professional students on four campuses in Metro Phoenix and online. ASU's main campus is located just east of Phoenix in the city of Tempe. The Arizona State University West campus opened in 1991, is located in northwest Phoenix, and has an enrollment of over 3,600 students. The Arizona State University Polytechnic campus opened in 1996, is located in southeast Metro Phoenix in the city of Mesa, and has an enrollment of more than 4,300 students. The Arizona State University Downtown Phoenix campus opened in 2006 and has an enrollment of more than 11,700 students. Grand Canyon University, a private university offering undergraduate and postsecondary degree programs, has a main campus located northwest of downtown Phoenix on 33rd Avenue and Camelback Road. As of December 31, 2016, enrollment at Grand Canyon University was over 69,400, including both on-campus and online students. The City also contains a private graduate school and a number of private universities, colleges, and technical institutions. The 2015 American Community Survey conducted by the U.S. Census Bureau estimated that more than 63.7% of the adult residents of Maricopa County attended college, compared to 59.5% nationally.

SIGNIFICANT DEVELOPMENTS

Downtown Development

In 1979, the City adopted the Downtown Redevelopment Area plan for a 1.5 square mile area of downtown to revitalize the urban center of the City. Redevelopment efforts to date have resulted in the construction of residential units as well as numerous public and private redevelopment projects that have produced several amenities and services for employers, residents and visitors.

In 1984, a group of downtown business leaders founded the Phoenix Community Alliance. The group's express purpose is to work with government and other development interests to accomplish the highest quality downtown revitalization possible. They have been involved in a program of cooperative planning between government and private interests and have been focusing their attention on bringing increased housing, especially ownership housing, to downtown. The Phoenix Community Alliance's 2011-2016 Action Plan provided three goals: facilitating quality land development in Downtown Phoenix, attracting investment to Downtown Phoenix, and sharpening Downtown Phoenix's competitive advantage.

In December 2004, the City Council adopted a ten-year plan for downtown entitled "Downtown Phoenix: A Strategic Vision and Blueprint for the Future" (the "Downtown Strategic Plan"). The Downtown Strategic Plan was developed by the combined efforts of the City, Phoenix Community Alliance, Downtown Phoenix Partnership, and Arizona State University. The Downtown Strategic Plan served as a framework for the City to pursue the comprehensive revitalization of Downtown Phoenix and serves as a guide for decision-making as specific plans and projects are pursued.

The Downtown Phoenix Urban Form Project (the "Project") was a collaborative planning process to revise downtown zoning, to shape future growth and to help realize the City's vision for a livelier, more integrated and sustainable downtown. The City embarked on this Project due to heightened development interest in Downtown Phoenix while acknowledging the unique development challenges of the infill urban environment. The Project was completed in April 2010 when the City Council approved Chapter 12 of the Phoenix Zoning Ordinance (the "Downtown Code").

Downtown Phoenix Inc. ("DPI"), a nonprofit entity formed in 2013, was created for the purpose of enhancing the economic and cultural vitality of Downtown Phoenix. It serves as an umbrella organization to "broaden the tent" of the downtown community and improve coordination amongst downtown focused organizations, resulting in greater efficiency and effectiveness among nonprofits, such as Downtown Phoenix Partnership, Phoenix Community Alliance and the Downtown Phoenix Community Development Corporation. DPI serves as a City liaison to downtown stakeholders, including neighborhood and business organizations, assisting the City in communicating with the community by providing guidance and advice as needed. DPI also collaborates with the City to expand and enhance special events downtown, in addition to working on assignments, such as studying the potential expansion of the Enhanced Municipal Services District boundaries.

General Plan

In 1985, the City Council adopted the General Plan, a long-range plan based on the Urban Village Concept. The overall goal of the Urban Village Concept (now referred to as the Urban Village Model) is to offer Phoenix residents a choice of lifestyles in which residents may live, work and enjoy leisure time activities within the same urban village. The Urban Village Model also gives residents the opportunity to play a major role in shaping these choices. It is a unique concept that has provided a high degree of citizen participation in local land use planning processes.

The General Plan guides future development in Phoenix through the establishment of fifteen urban villages, each with an approximate population of 125,000. Each village has its own village planning committee. The committees, guided by and responsible to the City Council, are comprised of 15-21 citizens, most of whom live in their respective villages. Planning activities include identifying the attitudes, problems, and issues impacting their village; formulating goals and policies that reflect the unique needs of their planning area; developing land use plans that will guide future growth in their village, and reviewing rezoning applications and development proposals.

In 1998, the State of Arizona passed the Growing Smarter legislation and in 2000 passed the Growing Smarter Plus legislation. The legislation required that the City update its General Plan, and amend or readopt the Plan every ten years. It also requires that any changes to the General Plan be presented by public hearing to the citizens, be approved by at least two-thirds of the City Council and then be voted upon by the citizens. The City's General Plan was adopted by the City Council on December 5, 2001 and was approved by voters on March 12, 2002. In the opinion of management, the Growing Smarter and Growing Smarter Plus legislation provides processes and tools that can contribute to better planned, coordinated and balanced development. While the original legislation set a ten year deadline to readopt or amend the General Plan, in 2010 the State legislature extended the deadline to July 1, 2015.

On July 1, 2009, the City Council approved plans to implement a public participation process in developing the Phoenix General Plan Update. In August 2012, the Planning and Development Department, in partnership with the Mayor and City Council, launched PlanPHX in an effort to enhance community outreach. In order to facilitate public participation, the PlanPHX project included the debut of www.myplanphx.com. The website served as an interactive and innovative way for Phoenix residents to be involved in the Phoenix General Plan Update. In addition to the website, the Planning and Development Department conducted meetings throughout the community to obtain input and ideas from residents. The Phoenix General Plan Update focuses on five Core Values — Connecting People and Places, Building the Sustainable Desert City, Creating an Even More Vibrant Downtown, Celebrating our Diverse Communities and Neighborhoods, and Strengthening Our Local Economy. The General Plan Update was unanimously approved by the Phoenix Planning Commission on January 13, 2015. The General Plan Update was approved by the City Council on March 4, 2015 and was approved by voters in the August 25, 2015 Citywide election.

Phoenix Convention Center

Redevelopment of the downtown Phoenix area has accompanied the construction and expansion of the Phoenix Convention Center (previously Phoenix Civic Plaza). Opened in 1972, the original convention and cultural center facility encompassed eight city-blocks in downtown Phoenix, having a capacity of 10,000 persons and containing a variety of meeting and exhibition halls in addition to Symphony Hall.

In 1980, the City Council authorized the first expansion of the Phoenix Convention Center, adding a new structure connected directly to the existing facility. The additional space expanded the total convention space to 306,000 square feet. Construction of the $55 million addition commenced in late 1982 and was completed in June 1985, effectively doubling the size of the facility. In November 1995, the City completed a $31.5 million modernization and refurbishing program for the Phoenix Convention Center.

In 1998, construction began on the Civic Plaza East Garage, a 2,891-space parking facility to serve Phoenix Convention Center patrons and other downtown visitors. Included within the garage is approximately 25,000 square feet of commercial space. The garage was completed in the fall of 1999.

On June 22, 2001, the Arizona Legislature appointed the Ad Hoc Study Committee on Phoenix Civic Plaza/ Convention Facility Expansion (the "Committee") to make recommendations on several issues regarding Phoenix Convention Center expansion, including potential funding sources and State involvement. The membership included four State Senators, four State Representatives and nine public members. The Committee recognized the significant statewide benefit of convention business and unanimously recommended that the State develop a program to provide matching funds for major convention center improvements.

On November 6, 2001, City of Phoenix voters approved a ballot proposition authorizing the City to incur debt and expend public funds in an amount up to $300 million from City funding sources and in an amount up to $300 million in State or other non-City funding sources for the construction, expansion, modification and improvement of the Phoenix Convention Center. In June 2003, the Arizona Legislature approved spending up to $300 million in State money to match the City's contribution. Combined, the $600 million expansion project effectively tripled the size of the facility by adding approximately 600,000 square feet of meeting and exhibition space.

In 2001, Phoenix voters approved an additional $18.5 million in general obligation bonds for the renovation of the adjacent Symphony Hall. In order to minimize disruption to event activity, the construction schedule for Symphony Hall was aligned with the first phase of the Phoenix Convention Center expansion. In June 2003, the City Council approved the final development concept and selected the design team and the construction management team for the Phoenix Convention Center expansion and Symphony Hall renovation.

Construction of phase one of the Phoenix Convention Center expansion and the Symphony Hall renovation began in June 2004. Symphony Hall re-opened September 3, 2005 after renovations were completed during phase one. Significant improvements to Symphony Hall included a new entrance, plaza facing, wall paneling, carpeting, seating, roofing and an upgraded lobby. Phase one of the Phoenix Convention Center expansion, known as the West Building, was completed in July 2006. The four-level West Building includes a 45,000 square foot ballroom, an Executive Conference Center, 64,000 square feet of exhibition hall space and 27,000 square feet of meeting space.

Phase two construction on the new Phoenix Convention Center North Building was completed in December 2008. The four-level North Building features amenities such as a 46,000 square foot street-level ballroom, 56 meeting rooms, over 300,000 square feet of exhibition hall space on the lower level, 190,000 square feet of exhibition hall space on the upper level and a food court with six themed eateries. The North Building is connected to the West Building via a pedestrian bridge on the third level and below ground through the lower level exhibition hall. The fully expanded Phoenix Convention Center, which welcomed its first convention in January 2009, now offers approximately 900,000 square feet of rentable convention space and is one of the top 25 facilities in the country in terms of size.

The Phoenix Convention Center expansion had a significant impact on Arizona during the five-year construction period. From December 18, 2003 through November 30, 2008, 95 percent of the work was performed by Arizona residents, 11,684 people were employed on the project, $89.0 million was paid in wages and $26.9 million was paid in state construction taxes.

The expanded Phoenix Convention Center surpassed its projected goals for 2009, hosting 68 conventions with approximately 309,379 delegates, which equated to an economic impact of approximately $449 million in direct spending. Since its expansion in 2009, the Phoenix Convention Center has hosted 481 conventions, or an average of 60 conventions per year, with an estimated 1,701,567 delegates through 2016.

Business Development

The Greater Phoenix Economic Council (GPEC) was formed in 1989 as a partnership between Maricopa County and municipal governments, business and industry, and educational institutions in the metropolitan Phoenix area to serve as the marketing, business development and imaging and promotional arm for all of its members. GPEC's mission is to market the region globally to attract quality businesses and champion foundational efforts to improve the region's competitiveness.

The City of Phoenix has been a GPEC member since its inception. The City's Community and Economic Development Department (CEDD) works closely with GPEC to attract new wealth-generating employers to Phoenix. GPEC's collaborative fiscal year 2014-15 regional economic development model, "Shifting Towards Innovation," looks to implement three main action items: 1) launch "Velocity - the Metropolitan Business Plan to Transform the Greater Phoenix Economy", which aims to transform the Greater Phoenix economy to be a global force for innovation and technology by 2025; 2) focus market intelligence on evaluating next-generation electronics technology opportunities; and 3) execute the Global Cities Initiative, a joint project of the Brookings Institution and JPMorgan Chase which is designed to equip leaders in U.S. metropolitan areas to reorient their economies toward greater engagement in world markets. With these action items, GPEC continues several initiatives aimed at creating and maintaining high quality jobs and capital investment through industry diversification, while pursuing projects that meet community and regional objectives. The model also establishes sound economic development programs that enhance regional and statewide competitiveness, while communicating, educating and informing stakeholders, policy-makers, citizens and media of key economic development issues.

From fiscal year 2004-05 through fiscal year 2015-16, CEDD has directly assisted in the attraction of 215 new employers to the City of Phoenix by working with GPEC and many other economic development partners. These companies represent more than 37,900 new jobs and approximately $2.8 billion in new capital investment, including over 10,000 new jobs in fiscal year 2015-16.

Arts, Cultural and Sports Facilities

The Orpheum Theatre was built in 1929 in Downtown Phoenix for vaudeville performances and movie exhibitions. The City purchased the theatre in 1984 and it was listed on the National Register of Historic Places the following year. In 1988, citizens approved funding $7 million towards a renovation of the theatre, with the Orpheum Theatre Foundation providing additional funding of $7 million. The theatre, built in the Spanish Baroque Revival architectural style, reopened in early 1997 and is the last remaining example of theatre palace architecture in Phoenix. The 1,364-seat Orpheum Theatre is now an internationally recognized showcase for arts and entertainment and hosts a variety of productions which draw thousands of people to the vibrant downtown venue annually.

The Herberger Theater Center, a performing arts facility, opened in October 1989 adjacent to the Phoenix Convention Center. Located on a one-block site immediately north of the original Phoenix Convention Center, the Herberger Theater Center was financed with $18 million in public and private funds. Renovations to the Herberger Theater were performed during the summer of 2010 and included refurbishment of seating, platforms, lighting, carpet and paint on the 801-seat Center Stage and 343-seat Stage West. The renovations included the addition of exterior public space, upgraded outdoor signage and a new private second floor lounge and balcony for theater VIPs. The renovations were completed in October 2010 at a cost of approximately $16 million.

The Phoenix Art Museum, located at Central Avenue and McDowell Street began an expansion in December 2004. The $50 million project added nearly 30,000 square feet to the museum complex, most of which is utilized for exhibition space to benefit the museum's 290,000 annual visitors. $18.2 million of the total project cost was financed with bond funds approved by Phoenix voters in 2001. The remaining funds were raised from individuals and philanthropic organizations. The expansion was completed in November 2006.

The Arizona Science Center is located in Heritage and Science Park, a multi-block downtown cultural center, and received City funding from general obligation bonds approved by the voters in 1988. The Arizona Science Center, which cost $47 million, encompasses nearly 127,000 square feet including a 200-seat planetarium and a 285-seat IMAX Theater. The City contributed land and $20 million to the project, with the balance funded by private contributions. The Arizona Science Center opened in April 1997. In addition, an 800-space parking garage was developed. The parking garage was completed in November 1995.

In January 2000, an agreement between the City and a private company was reached for development of a 4,800-seat entertainment facility on a City owned site at the northwest corner of Washington Street and Fourth

Avenue. The Comerica Theatre (formerly Dodge Theatre) totals 165,000 square feet and cost approximately $39 million. Construction began in September 2000 and was completed in April 2002.

In November 1988, the City entered into negotiations with the Phoenix Suns Limited Partnership (the "Suns") for the development and operation of a 20,000-seat downtown sports arena to be located immediately south of the Phoenix Convention Center. Final agreements between the City and the Suns were approved by the City Council in July 1989. The construction cost of the arena and adjacent garage was $100 million. The City acquired and cleared the land for the project at a cost of $12.8 million and contributed $35 million toward construction. The Suns contributed an additional $515,000 for land acquisition and were responsible for the balance of the construction costs (approximately $52 million). Construction began in November 1990 and America West Arena (currently Talking Stick Resort Arena) opened in June 1992.

A multi-phased renovation of Talking Stick Resort Arena began in the spring of 2001 and was completed in early 2005. Exterior renovations included the addition of a 15,000 square foot climate controlled pavilion on the main entrance plaza, expansion of the north façade to accommodate street level restaurants along Jefferson Street and the construction of a pedestrian passageway from Jefferson Street to Jackson Street. The interior renovations consisted of concourse improvements, seating enhancements and additional restrooms. The second phase of renovations brought significant technology improvements including a new scoreboard and wraparound LED boards, as well as expansion of the Platinum Club, and other core building improvements, all of which ensure the Center's continued state of the art status. The renovations were completed at a total cost of approximately $57 million funded jointly by the City and the Suns.

Major League Baseball owners awarded a Phoenix-based ownership group a major league baseball franchise in March 1995. The team, the Arizona Diamondbacks, began play in March 1998. A $354 million, 48,500-seat, natural grass baseball stadium was constructed at the southwest corner of Jefferson Street and Seventh Street in downtown Phoenix through a public/private partnership. Public participation was authorized in early 1994, when the Maricopa County Stadium District approved the expenditure of $238 million for the development of the stadium. The balance of the construction costs were financed by the team ownership group.

In April 2009, the City completed construction on the Civic Space Park. The 2.77-acre park in the heart of Downtown Phoenix, bounded by First and Central Avenues and Van Buren and Fillmore Streets, offers residents, workers, students and visitors a unique urban design. The park contains sustainable features such as solar panel shade structures, which generate power for the park's lighting and electrical needs and pervious concrete and pavers to reduce heat reflection and allow rainfall to seep through to the ground. The park also includes interactive water and light features, green spaces and a 100-foot aerial art sculpture. The historic 1926 A.E. England Building is located inside Civic Space Park and hosts an auditorium as well as office, meeting and retail space.

On August 31, 2011 the Community and Economic Development and Phoenix Convention Center Department entered into a 20 year public private partnership with the Legends Entertainment District. The district, which utilizes digital signage to stimulate activity within downtown, is generally bounded on the north and south sides of Jefferson Street from First Avenue to Seventh Street and includes sites such as Chase Field, Talking Stick Resort Arena, the Phoenix Convention Center South Building and the Phoenix Convention Center East Garage.

In 2011, the City's Community and Economic Development Department acquired a site on Central Avenue across from the Phoenix Art Museum for the construction of the Arizona Opera Center. The new building, which opened in March 2013, is a 28,000 square foot performing arts facility that includes performance and rehearsal space, administrative offices, and educational and public meeting facilities. The City contributed $3.2 million of general obligation bonds towards the $5.2 million facility. The Arizona Opera Center building is owned by the City of Phoenix and operated by Arizona Opera.

In 2015, the City facilitated the creation of an entertainment district in Downtown Phoenix. The Entertainment District encompasses about one-square mile of Downtown Phoenix and is intended to foster economic development by bringing more businesses to the area. Previously, potential businesses were prohibited from applying for a liquor license if they were within 300 feet of a church or school, per Arizona State law. The Phoenix City Council now has the option to consider an exemption for liquor licenses within the district. The creation of the Entertainment District serves as a development tool that supports the growth of a vibrant downtown with a mix of businesses and nightlife.

Commercial Development

In the 1970s, Arizona's three major commercial banks (at that time The Valley National Bank of Arizona, First Interstate Bank, and The Arizona Bank) located their high-rise headquarters buildings in the downtown area. In addition, the Citibank building (now Compass Bancshares), consisting of 113,000 square feet of space situated on the northwest corner of Van Buren Street and First Avenue, was opened on August 1, 1989.

The 1970s also saw the development of two downtown high-rise hotels. The Hyatt and Renaissance (formerly the Wyndham) properties combine to provide 1,242 hotel rooms in downtown Phoenix. As an outgrowth of the many downtown development and redevelopment projects during the 1990s and 2000s, there was a rapid increase in hotel room demand from business, leisure and convention travelers visiting the area. To meet this demand, the City of Phoenix constructed a new 1,000-room hotel on the northwest corner of Third Street and Van Buren Street. Adjacent to the Arizona Center and several office and entertainment venues, the hotel contains approximately 10,000 square feet of retail space, including a coffee shop, lounge, restaurant, and fitness facilities; a 30,000 square foot ballroom; and additional meeting space. Starwood Hotels and Resorts was selected as the hotel's operator under the company's Sheraton flag. Design of the hotel began in early 2005 and construction began in March 2006. The Sheraton Grand Phoenix Hotel opened September 2008 and supports the additional hotel demand generated by the expansion of the Phoenix Convention Center. The opening of the hotel increased the number of hotel rooms in downtown Phoenix to 2,850.

The Trammell Crow Company completed construction of an $80 million, 26-story, 450,000 square foot high-rise office building (currently called One Renaissance), including 40,000 square feet of retail, in the center of downtown Phoenix in 1988. In conjunction with this project, the City constructed a 1,456 space underground public parking garage to support the parking needs generated by the Trammell Crow building and other downtown projects. This $15 million project was dedicated in December 1988. In response to a successful leasing effort, Trammell Crow Company constructed a second office building (called Two Renaissance) which opened in January 1990 on the half-block immediately north of their first building, consisting of 475,000 square feet including 15,000 square feet of retail.

Culminating an effort initiated by the Phoenix Community Alliance, the City entered into an agreement with The Rouse Company in September 1987 to develop a $515 million mixed-use development project to the north of the Phoenix Convention Center known as the Arizona Center. The development includes office and retail use as well as a three-acre public plaza. Arizona Public Service occupies a 450,000 square foot office tower, which was completed in March 1989. In March 1998, a 5,000-seat 24-screen movie theater opened.

The Barron Collier Company and Opus West initiated a mixed-use downtown development project in 1998. The plans for Collier Center included three high-rise towers with 1.5 million square feet of office space, 200,000 square feet of retail shops and restaurants, and parking for 2,400 vehicles. The project is located on a 7.2-acre site bounded by Washington, Jefferson, First and Third Streets. Collier Center's Phase I, a $500 million, 23-story office tower, was completed in September 2000 and is the Arizona headquarters for Bank of America. The tower contains over 500,000 square feet of office space, 85,000 square feet of retail space and a 1,500-space underground parking garage.

Construction of the 20-story, 410,000 square foot One North Central Building (formerly the Phelps Dodge Building), including 10,000 square feet of retail and 975 on-site parking spaces, began in February 2000. The building is located on the northeast corner of Washington Street and Central Avenue in downtown Phoenix. Construction was completed in November 2001.

In 2005, the City exchanged the City-owned historic Hanny's Building located at First and Adams Streets for the historic A.E. England Building located next to the ASU Downtown Phoenix campus at 424 North Central. The A.E. England Building, owned and operated by the City of Phoenix Parks and Recreation Department, was renovated for mixed retail and community use. The 30,000 square foot Hanny's Building was renovated into a restaurant that opened in December 2008. The Historic Preservation Commission and the City assisted with approximately $400,000 of the estimated $4 million renovation costs.

The City entered into an agreement with One Central Park East Associates LLC to develop a $185 million 26-story office tower at the northwest corner of First and Van Buren streets. The Freeport McMoRan Center houses the world headquarters for Freeport-McMoRan Copper & Gold Inc. (formerly Phelps Dodge Corporation) and the Westin Hotel. The City provided property tax assistance and abandonment of right-of-way for the 485,700 square foot building of Class A office space, 8,500 square feet of ground level retail space and 590 parking spaces. Construction began in October 2007 and was completed in November 2009. The Westin, which opened in March 2011, occupies nine floors of the Freeport McMoRan Center and includes 242 over sized guest rooms averaging 550 square feet.

In March 2012, the office space vacated by Freeport McMoRan at One North Central Avenue, (the former Phelps Dodge Building) was leased to the Arizona Summit Law School, formerly the Phoenix School of Law. The school relocated its private law school from the Phoenix mid-town corridor into the downtown area to improve student and faculty access to the various courts and for convenient access and close proximity to retail and entertainment venues.

CityScape is an approximately 5-acre, mixed-use development that blends urban living with work, shopping and entertainment and includes restaurants, a hotel, offices and outdoor event space. The project encompasses two blocks in downtown Phoenix and is one block from the Talking Stick Resort Arena and within two blocks of Chase Field. Construction on CityScape began in the fall of 2007 and the first phase opened in March 2010. The first phase includes 660,000 square feet of Class A office space, 200,000 square feet of retail, 1,300 parking spaces and redevelopment of Patriot's Square Park. Construction of the second phase commenced in February 2011 and included construction of the 242 room Hotel Palomar which was completed in June 2012. The final phase of the project, The Residences at CityScape, is comprised of 224 high-rise apartment units, constructed above the Hotel Palomar. The Residences at CityScape opened in the spring of 2014.

In 2010, the City entered into a development agreement with Hansji Hotels to develop the Luhrs City Center Marriott at the Northwest corner of Central Avenue and Madison Street. Building permits were approved and construction began in late 2014 on the hotel which will house two brands, Residence Inn by Marriott and Courtyard by Marriott. The hotels will share a lobby and other amenities, such as the fourth-floor pool. The 19-story Luhrs City Center Marriott will offer 320 guest rooms and ground-floor retail space, while retaining the existing historic buildings on the same city block. The project will incorporate the 10-story Luhrs Building, built in 1924, the 14-story Luhrs Tower, built in 1929, along with the one-story Luhrs Post Office Station & Arcade that connects the two high-rises. Construction is scheduled for completion in mid-2017 and will result in $85,000,000 in capital investment.

Biotechnology and Education

In spring of 2002, the City of Phoenix and the State of Arizona, in partnership with Maricopa County, Arizona's three State universities, various foundations and the private sector, formalized two proposals to the International Genomics Consortium (IGC) and the Translational Genomics Research Institute (TGen) to locate their new headquarters in downtown Phoenix. The City agreed to construct a six-story, 170,000 square foot research facility for IGC and TGen located at Fifth and Van Buren Streets. Construction began in late July 2003 with occupancy occurring in December 2004.

In August 2004, the Arizona Board of Regents, the University of Arizona (U of A) and ASU (collectively, the Arizona Biomedical Collaborative) entered into a memorandum of understanding outlining a combined vision to expand the U of A's colleges of medicine and pharmacy in downtown Phoenix, perform complementary research and develop facilities at the Phoenix Biomedical Campus (PBC) located on Van Buren Street between Fifth and Seventh Streets. The U of A College of Medicine has renovated three historic former Phoenix Union High School buildings located on the PBC for the first phase of the medical school. The $27 million renovation project began in March 2005 and was completed in September 2006. The first Arizona Biomedical Collaborative building (ABC I) is a four-story, 85,000 square foot building located just north of the historic Phoenix Union High School buildings along Fifth Street. Research within ABC I focuses on several areas including cancer, diabetes, neurological and cardiovascular diseases. The $30 million facility includes academic space for the ASU Department of Biomedical Informatics on floors one and two and wet lab space for the U of A College of Medicine on floors three and four. Construction began in September 2005 and was completed July 2007.

In July 2012, the U of A Health Sciences Education Building (HSEB) opened and now houses the U of A College of Pharmacy and Northern Arizona University's Allied Healthcare Programs. This approximately $140 million, 260,000 square-foot six-story academic facility has provided space for the expansion of the U of A College of Medicine in downtown Phoenix. The U of A was also the recipient of a $15 million American Recovery and Reinvestment Act stimulus grant for the development of a below-grade research core. At build-out, the 30-acre PBC is expected to include more than six million square feet of research, academic and clinical development.

The next phase of construction at the PBC commenced in February 2013 with the groundbreaking of the Arizona Cancer Center. The $100 million, five-story, 220,000 square-foot facility is located on the northwest corner of 7th and Fillmore Streets and opened in the fall of 2015. This outpatient clinical facility is anticipated to host approximately 60,000 patient visits and 500,000 annual visitors.

In June 2014, the Arizona Board of Regents approved plans to construct the Biosciences Partnership Building, which will be the largest and most recent development on the PBC. The 10-story, 245,000 square-foot, $136 million facility will focus on research and will be located just north of the current HSEB. Groundbreaking for the Biosciences Partnership Building was held in October 2014 and the facility opened February 23, 2017. At full occupancy, the facility will employ an estimated 360 healthcare professionals.

To help serve the growing PBC, construction began in the fall of 2014 on a 1,200-car parking structure at 5th and Fillmore Streets. The eight-level privately developed project will provide parking for the neighboring institutions in the Phoenix Biomedical Campus, as well as paid public parking. The $19.0 million facility was opened in November 2015.

In order to meet the additional business needs of the growing biomedical sector, the City is looking beyond the 30-acre downtown PBC. The City is collaborating with ASU and the Mayo Clinic to develop the 600-acre Arizona Biomedical Corridor in North Phoenix. The City is working with developer KUD International and the Arizona State Land Department to purchase and develop 225 of the 600 acres. The Mayo Clinic completed its $314 million proton beam therapy facility within the Corridor in February 2016.

In 2004, ASU and the City of Phoenix entered into a partnership to develop the ASU Downtown Phoenix campus. Phoenix voters committed $223 million to the ASU Downtown Phoenix campus in the 2006 bond election. The campus is located in downtown Phoenix between Van Buren and Fillmore Streets on the north and south and First Avenue and Seventh Street on the west and east, respectively. Over 11,700 students were enrolled in degree programs at the Downtown Phoenix campus during the fall 2016 semester.

As part of the first phase of the ASU Downtown Phoenix campus, which opened in August 2006, ASU began to offer a wide range of undergraduate and graduate programs from the College of Public Programs and the University College. The second phase brought programs from the state-of-the-art Walter Cronkite School of Journalism and Mass Communications, KAET/Channel 8 and the College of Nursing & Healthcare Innovation to the ASU Downtown Phoenix campus.

As part of the second phase of the ASU Downtown Phoenix campus expansion, construction was completed on the 82,000 square foot ASU College of Nursing and Healthcare Innovation II facility. The innovative design creates a sense of arrival for the northeast corner of the campus and downtown. With over a third of the materials utilized for this project containing recycled content, the new facility achieved the Leadership in Energy and Environmental Design (LEED) certified Gold status and has received 14 awards including Best Education Facility in America and the LEED Building of the Year. ASU invested $1.5 million in tenant improvements to finish the remaining fifth floor space of the ASU Nursing and Health Innovation II facility for executive offices, meeting space and staff workstations, which were completed in July 2013.

The second phase was completed with the addition of a student union and a student residence hall. The U.S. Post Office building at Central Avenue and Fillmore Street houses the student union for the ASU Downtown Phoenix campus. Retail postal services remain in the building, and a veranda was added along the south side of the building to be used for concerts, outdoor films and other activities. The conversion of the U.S. Post Office building was completed in March 2010. Taylor Place, a new student residence hall was constructed on the campus between First and Second Streets on Taylor Street. Taylor Place was completed in August 2009 and accommodates 1,294 beds. In early 2012, ASU began construction on the 18,870 square foot Student Center @ the Post Office located on the lower and first floors of the historic post office. Construction was completed in time for the 2013 spring semester.

In August 2012, construction of the new ASU student recreation center began. The Sun Devil Fitness Complex is a five-story, 64,000-square-foot facility with state-of-the-art weight and fitness areas, three multi-purpose studios for group fitness and mind/body classes, a two-court gymnasium, a rooftop outdoor leisure pool and a multi-purpose area for student clubs to utilize. The $25 million facility is located on First Avenue north of Van Buren Street, next to the YMCA. With classroom space for the Exercise and Wellness academic program on the second floor, the new facility adds to the existing YMCA services and serves both ASU students and YMCA members. The Sun Devil Fitness Complex opened to students and members in August 2013.

The ASU Sandra Day O'Connor College of Law relocated to Downtown Phoenix from the Tempe main campus with the completion of the Beus Center for Law and Society building. The City of Phoenix invested $12 million in the project, located on a square block bounded by First, Second, Taylor and Polk Streets. Construction on the $129 million, 280,000-square-foot facility began in June 2014 and completed in August 2016.

The anticipated economic impact of the ASU Downtown Phoenix campus is estimated to be $570 million, including the creation of 7,700 jobs. The City and ASU are working together to develop the State's workforce through education, generating academic and intellectual capital.

Neighborhood Revitalization and Downtown Housing

The City's downtown redevelopment efforts are complemented by Neighborhood Services Department (NSD) programs through which NSD works to preserve and improve the physical, social and economic health of Phoenix neighborhoods. NSD has created programs to assist neighborhoods citywide and aggressively works to revitalize targeted neighborhoods. City projects are complemented by neighborhood-based programs such as clean-ups, blight elimination and graffiti prevention that are often led by neighborhood stakeholders, including businesses, residents and schools.

Targeted neighborhood strategies are more comprehensive and concentrated in approach, involving redevelopment of blighted or under-used properties, proactive code enforcement, housing rehabilitation, infill housing development, infrastructure improvements, neighborhood capacity building and economic development. Targeted neighborhoods include Neighborhood Initiative Areas, Redevelopment Areas, West Phoenix Revitalization Area, Rental Renaissance Neighborhoods and other City designated revitalization areas.

In order to make a meaningful impact towards the revitalization of distressed neighborhoods, NSD uses a strategic approach to address citywide needs and revitalization activities to enhance the physical environment and to improve neighborhoods. Federal programs that address blight elimination and neighborhood revitalization priorities including owner occupied housing rehabilitation and homeownership opportunities support the NSD strategies while enhancing the quality of life of Phoenix residents.

Beginning in the late 1990s, Downtown Phoenix saw the development of several market rate projects for the first time in nearly a decade. From 1997 through 2003, nearly 1,300 housing units were built and available for occupancy in downtown. The units included apartments, lofts, condominiums and multi-family housing.

In the summer of 2003, Post Properties and Desert Viking Properties, LLC completed a rehabilitation project of a 12,300 square foot retail structure located at Roosevelt Street and Third Avenue. The Gold Spot Market was reopened on July 17, 2003.

In August 2003, Artisan Homes, Inc. began building 105 ownership housing units on a 5.5 acre site bounded by Fifth and Seventh Streets and Roosevelt and Portland Streets. Artisan Village is an urban, mixed-use row house and townhouse residential project featuring ownership and unique live/work units with 3,000 square feet of street level retail opportunities, streetscapes, green belts, open spaces and 1,200 square feet dedicated for cultural use. The total project cost approximately $18 million and was completed in March 2006.

In March 2004, the City entered into an agreement with Portland Place Partners to develop vacant land on Portland Street between Third Avenue and Central Avenue. Portland Place is an urban residential development that consists of 54 units in a six-story condominium tower and brownstones. Construction of Portland Place was completed in July 2007. The next phase of development, Portland on the Park, began construction in the spring of 2015. This luxury condominium project sits adjacent to the city's Hance Park on Portland Ave, between 1st and 2nd Ave. It will add 170 condos to the historic Roosevelt neighborhood and will bring an estimated $54,000,000 in capital investment to the City. The project is estimated to take 24 months to complete.

Since 2004, residential housing projects have been developed in Downtown Phoenix with several additional projects currently under construction. Over the past ten years, downtown has gained over 3,300 market rate units and 1,200 affordable units. These new units have been developed as urban infill and adaptive reuse as well as low, mid and high-rise development projects.

On July 1, 2004, the City Council authorized staff to enter into a disposition and development agreement with Urban Form Development, LLC for a mixed-use residential project on City-owned property located at 215/217 East McKinley Street. Named 215 East McKinley, the development includes 14 residential units. Construction began in March 2006 and was completed in the fall of 2007.

WP South Acquisitions, LLC began construction in the spring of 2005 of a mixed-use residential project on a City-owned parcel and adjacent privately-owned property at the northwest corner of Fourth and Fillmore Streets. Alta Phoenix Lofts consists of approximately 325 market-rate rental residential units in an eight-story building with up to 10,000 square feet of street level commercial space and live/work units and a six-story parking structure with 450 parking spaces. Occupancy began in March 2009.

The Summit at Copper Square, a $32 million project adjacent to Chase Field, was completed in late 2007. The 22-story residential project on the southwest corner of Fourth Street and Jackson Street, consists of 167 ownership loft, studio, and luxury condominium units.

Grace Communities completed demolition of an office building located at the northeast corner of First Avenue and Monroe Street in June 2005 and constructed the tallest residential tower in Arizona. 44 Monroe consists of a 34-story mixed-use high-rise with 196 ownership condominium units, a recreation area, fitness center, theater, parking and approximately 3,300 square feet of commercial development. The $140 million project was completed in August 2008. In June 2010, ST Residential purchased 44 Monroe and converted the condominiums into rental units.

The City of Phoenix obtained a HOPE VI (Home Ownership Opportunities for People Everywhere) grant from the U.S. Department of Housing and Urban Development (HUD) to fund the revitalization of the Matthew Henson public housing site and surrounding community. The overall goals of HOPE VI are to assist public housing authorities in replacing severely distressed housing, increasing resident self-sufficiency and home ownership opportunities, creating incentives to encourage investment, and lessening concentrations of poverty by promoting mixed-income communities. The HOPE VI Special Redevelopment Area encompasses the area between Seventh and Fifteenth Avenues and Grant and Pima Streets. The project is a concentrated, mixed-income development of 611 affordable housing units with a community resource center, youth activity center, public parks, community gardens and swimming pools. Demolition and reconstruction began in December 2003. Eligible residents began to return to the communities in December 2005 and final occupancy occurred in the fall of 2008.

Concord Eastridge began development of a major multi-family, mixed-use residential project in 2011. The $52 million project, Roosevelt Point, occupies a three acre site in downtown Phoenix located between Roosevelt and McKinley Streets and Third and Fourth Streets. The privately funded project consists of 327 units and a 5-level parking garage and several thousand square feet of street-level retail. The project is intended to serve the growing population of students attending classes at the ASU Downtown Phoenix campus and the Phoenix Biomedical Campus. Construction began in the spring of 2012 and was completed in September 2013.

In January 2013, the developer of the CityScape project began construction on a 242 luxury apartment complex, Residences at CityScape, situated atop the 10-story Hotel Palomar at the intersection of Jefferson Street and Central Avenue. Construction was completed in the spring of 2014. The Residences at CityScape extends 25 stories above street level and provides the apartment residents access to all of the hotel's amenities, including a private pool deck.

Art HAUS is a market rate residential project that began construction in the fall of 2015, with unit deliveries beginning June 2016. The project includes twenty-five urban dwellings located in Midtown Phoenix consisting of simple yet bold forms organized around inter-connected semi-private resident courtyards. Dwellings will consist of seven three-level townhomes, fifteen two-level lofts and three single-level flats ranging from 560 to 1,800 square feet. The project is being constructed on the remnant parcel behind the Arizona Opera Center at Central Avenue and McDowell Road. The $5.5 million project is located within walking distance of the Midtown Arts District.

In 2015 the City entered into a development agreement with Cloquet Metrowest, LLC to construct a an approximately $17 million, five-story mixed-use development, named Union, with 8,000 square feet of street-level restaurant/retail space, structured parking and 80 market-rate, multifamily residential units on a 0.9 acre site in the Historic Roosevelt neighborhood, at the southwest corner of Roosevelt Street and First Avenue. The Union project is anticipated to be completed in 2017.

A development agreement was entered into in 2015 between the City and Alliance Residential to develop the Broadstone Arts District, a $49 million four-story, multi-family, rental residential infill project with 280 apartments. This development is currently under construction on a 4.0 acre site at the northeast corner of McDowell Road and Alvarado Street. The Broadstone project is scheduled to be completed in 2017.

Government Facilities

A 601,000 square-foot Phoenix City Hall was built on Washington Street between Second and Third Avenues, immediately north of the existing Calvin C. Goode Municipal Building. The project, completed in 1994, includes a 1,500-space parking structure that contains 43,000 square feet of office and retail space and is located between Washington and Jefferson Streets and Third and Fourth Avenues.

The Burton Barr Central Library celebrated its grand opening in May 1995. The five-story, 284,000 square-foot library accommodates more than 1 million volumes and has seating for up to 800 patrons. The facility was designed to meet the needs of library patrons well into the 21st century.

Construction of the Phoenix Municipal Court Valdemar A. Cordova Building, a nine-story, 375,000 square-foot City criminal justice facility, was completed in the fall of 1999. The building is located on the northwest corner of Washington Street and Third Avenue, directly west of Phoenix City Hall. The project cost $79 million. It is estimated that between 3,000 and 4,000 customers per day visit this facility, making it the largest volume court in the State.

The Federal government completed construction of a 550,000 square-foot federal courthouse in September 2000. The Sandra Day O'Connor U.S. Courthouse is located on two blocks bounded by Jefferson and Washington Streets and Fourth and Sixth Avenues in downtown Phoenix. The project cost approximately $110 million and includes courtrooms and related office space.

Maricopa County constructed a new courthouse in downtown Phoenix at First Avenue and Madison Street. The new 16-story courthouse provides 683,000 square feet of space, including 32 criminal courtrooms. Construction of the $340 million courthouse was completed in February 2012.

Maricopa County began construction of a new Maricopa County Sheriff's Office (MCSO) Headquarters in June 2012. Completed in 2014, the five-story, $92.5 million facility is located on Fifth Avenue and Jefferson Street and houses MCSO administrative staff, and the 911 call center operations. The building contains approximately 128,000 square feet of space with 75 parking spaces below ground.

Downtown Streetscape

Construction on an $8.9 million streetscape project in downtown Phoenix was completed in February 1995. The project added pedestrian lighting, landscaping and street furniture to pedestrian-oriented streets in the downtown area. The improvements are concentrated along Adams Street between Second Avenue and Second Street, Monroe Street between Third Avenue and Seventh Street, Second Street from Van Buren to Jefferson Streets, and Third Street between Van Buren and Monroe Streets. Project boundaries were chosen to create a pedestrian link between Phoenix City Hall, the Orpheum Theater, Talking Stick Resort Arena, the Arizona Center and the Heritage and Science Park.

In the fall of 2000, the City of Phoenix and Maricopa County reached an agreement wherein the County would be responsible for funding the streetscape build out of Jackson Street from First Avenue to Ninth Avenue and the City would be responsible for its maintenance. The $3.2 million project included a three-month community input process to identify the parameters of the street layout, landscape, sidewalk, lighting and design elements. Construction began March 2004 and was completed in November 2004.

In the fall of 2006, the City of Phoenix began construction of two streetscape projects on the ASU Downtown Phoenix campus. The projects, which included Taylor Mall and First Street, were completed in January 2009. Taylor Mall is a tree-lined, pedestrian-friendly sidewalk and street between the Civic Space Park and Arizona Center that contains public art, inviting benches, and sustainable water features. A traffic signal and crosswalk allows pedestrians to cross Central Avenue and light rail tracks to enter the Civic Space Park safely from Taylor Mall. In addition, the west side of First Street from Polk Street to McKinley Street has been improved with lighting, shade and landscaping.

In late 2012, the City of Phoenix completed construction of a 2006 voter approved bond project which improved downtown streetscapes on First Street from Fillmore to McKinley streets. The City received an award from the Arizona Community Tree Council for the First Street streetscape project for the beautification of the urban environment through the use of trees.

In 2015, the City of Phoenix completed construction on a streetscape project improvement on Roosevelt Street between Central Avenue and Fourth Street. The project was funded through a $750,000 Federal Transportation Enhancement Grant. The improvements include new sidewalks, bike lanes, street lights, shade trees, benches, public art and other amenities. A second phase of this project on Roosevelt Street, from Fourth Street to Seventh Street was completed in August 2016.

Transit/Light Rail

Central Station, the City's downtown transit center located on the northwest corner of Central Avenue and Van Buren Street was constructed in 1997. The 2.7-acre site includes a 4,000 square-foot passenger services building for ticket sales, security, and restrooms; a 16,000 square-foot passenger plaza that includes passenger information, seating and shade; and bus loading and circulation areas for 9 bus routes, Dial-a-Ride and DASH (Downtown Area Shuttle), as well as east and westbound light rail services. The total cost of the project was approximately $9.3 million, with the Federal Transit Administration funding 80% and the City funding 20% of the project. Central Station received a $3.7 million renovation, completed in July 2011, to modernize the facility, improve security, and incorporate sustainable elements. The transit center improvements were one of five major transit capital projects funded by the American Recovery and Reinvestment Act (ARRA). The other four projects include a $1.4 million expansion of the 40th Street and Pecos Road park-and-ride that was completed in June 2010, the construction of a new $3.4 million park-and-ride at the southwest corner of Interstate 17 and Happy Valley Road that was completed in January 2011, the construction of a new $2.7 million park-and-ride at the southwest corner of 27th Avenue and Baseline Road that was completed in February 2012 and a $4.0 million project to make Americans with Disabilities Act (ADA) related improvements to 400 bus stops in Phoenix that was completed in October 2012.

On March 14, 2000, City of Phoenix voters approved a 0.4% sales tax increase to be levied for a period of twenty years to provide funding for a light rail system as well as mass transit, including expanded bus service and other transportation improvements. Construction of an approximately $1.4 billion, 20-mile light rail system connecting north central Phoenix (19th Avenue and Bethany Home Road) with Sky Harbor International Airport (via the PHX Sky Train®), Tempe and Mesa (Main Street and Sycamore Road) began in the fall of 2004 and opened for operations in December 2008. The total cost of the project was funded with Federal grant funds, City sales tax revenues and other local funding sources.

In March 2008, the City entered into an intergovernmental agreement with Valley Metro Rail, Inc. (METRO) to design, build, operate and maintain an extension to the light rail system. The Northwest Extension (NWE) as initially planned would extend the original light rail system 4.9 miles northwest from 19th Avenue and Montebello (just south of Bethany Home Road) to 25th Avenue and Mountain View Road. The project will be completed in two phases. Construction of Phase I, which extended the light rail system 3.2 miles from 19th Avenue and Montebello to 19th Avenue and Dunlap, began in January 2013 and opened for service to the public in March 2016. Phase II will extend the light rail system another 1.7 miles from 19th Avenue and Dunlap to the I-17 freeway and Mountain View Road. The City, in partnership with Valley Metro, began the environmental assessment for phase II during the spring of 2015. The City of Mesa received local and regional approval in August 2010 to move forward with the Central Mesa Extension, which extended the System 3.1 miles from Sycamore Drive and Main Street to Mesa Drive and Main Street. Construction on the Central Mesa Extension began in May 2012, with service beginning in August 2015. The Transit Excise Tax has already funded 33% of the construction costs for the NWE and the Maricopa County Transportation Excise Tax is funding the remaining 67% of the construction costs. No additional borrowing by the City is expected to be required for the City to fund capital costs of the NWE. The NWE operations costs will be funded with Transit Excise Tax revenues, fares, advertising revenues, and Federal preventive maintenance funds. The Federal Transit Administration funded 64% of the Central Mesa Extension construction costs and the Maricopa County Transportation Excise Tax funded the remaining 36% of the construction costs.

The City has also made major renovations to two of its bus transit centers. Renovations to the Sunnyslope Transit Center and the Paradise Valley Mall Transit Center were completed in June 2007 and June 2009, respectively. The renovations provided much needed improvements to the facilities, including security upgrades. The City recently developed a new park-and-ride facility along the Baseline Road corridor at 24th Street, which opened in April 2015. In addition, the City upgraded and expanded the Desert Sky Mall Transit Center to serve residents in West Phoenix. This much needed facility, which provides shade, security, covered parking and public art opened to the public in December of 2015. The new Desert Sky Mall Transit Center cost $8.2 million for land, design and construction.

The City has also made substantial improvements to its bus operating and maintenance facilities. These facilities are the backbone of the transit system, as they provide fueling, cleaning, and maintenance for the City's bus fleet, as well as administrative space for the bus operations contract service providers. In November 2007, a new $50 million West Transit Facility was completed and opened for operations. This facility provides additional capacity to operate and maintain buses for the Phoenix transit system. The facility was designed to accommodate 250 buses and replace a rented facility, which could only accommodate 75 buses. The additional capacity will help address future expansion of the Phoenix bus system with the passage of Prop 104.

Improvement plans for the bus operating and maintenance facilities also includes renovations to the two existing facilities, the North Transit Facility and the South Transit Facility. Upgrades to these facilities include improvements to life safety, security, building code upgrades, roofing replacements, HVAC equipment replacement, and fueling system upgrades. The North Transit Facility renovation was completed in November 2013, while work at the South Transit Facility began in the summer of 2015 and is scheduled to be completed in August 2017, with a total cost of $23 million for design and construction.

In August 2014, a 34-person group, the Citizens Committee on the Future of Phoenix Transportation, was created to address the 2020 expiration of the transit tax and to review the public transit and street transportation needs of the City. After six months of meetings and over 100 public engagement events, the committee forwarded their recommendations to the City Council, whom approved the plan in March 2015 and placed Prop 104 on the ballot. On August 25, 2015, voters approved a new comprehensive transportation plan and funding tax proposal that increased the existing tax rate dedicated for transportation. The dedicated sales tax rate was increased from the previous 0.4% sales tax rate to 0.7% and became effective January 1, 2016, with a sunset date of December 31, 2050. Only the revenue collected from the original 0.4% transit sales tax is currently pledged to the Transit Excise Tax Bonds. The increased tax will continue to fund expanded local bus and Dial-A-Ride service, bus rapid transit service, neighborhood circulators and the operation of the light rail system. In addition, funding will provide for expanded bus and light rail service hours and routes, high capacity transit corridors, and infrastructure improvements to bus stops, maintenance facilities and transit centers. Street improvements will also be funded by the increased tax including pavement maintenance, new bicycle lanes, sidewalk installation and traffic signal enhancements.

Phoenix Sky Harbor Center

The creation of Phoenix Sky Harbor Center was approved by the City Council in 1984, and in 1985, $19,150,000 in City bonds were issued for the development of 550 City-owned acres into a high quality business office, technological and industrial center. Located immediately west of Phoenix Sky Harbor International Airport, Phoenix Sky Harbor Center is generally bordered by I-17 to the south, 16th Street to the west, the Southern Pacific Railroad to the north and 24th Street to the east. Phoenix Sky Harbor Center is bisected by I-10, which provides convenient transportation access to the site and to Phoenix Sky Harbor International Airport.

The initial acquisition and infrastructure development phase of Phoenix Sky Harbor Center was completed in 1993. Among the earliest occupants were Honeywell, Sky Chefs Inc., Miller Brands of Phoenix and Arrow Electronics. These initial tenants built distribution space, office buildings, warehouses and manufacturing facilities totaling over 1.16 million square feet.

Bank of America, N.A. established its credit card operations at Sky Harbor Center in 1991. The Bank of America Credit Card Center has approximately 2,000 employees and includes a 400,000 square-foot complex on 30 acres. In November 1995, Bank of America, N.A. completed construction of an additional 150,000 square-foot structure for credit card operations, which employs approximately 1,100 employees. In 2013, First States Investors Inc. sold the property to GPT GIG BOA Portfolio Owner, LLC, with Bank of America, N.A. remaining the main tenant of the property.

In July 1993, the City received approval for the relocation and expansion of Foreign Trade Zone (FTZ) No. 75 to a 375-acre site at Sky Harbor Center. The FTZ was established to allow companies who import large amounts of foreign products to defer paying duties on these products until they are shipped to retail outlets. The FTZ boundaries were modified to include air cargo operations at the Airport.

In April 2002, America West Airlines (now American Airlines) completed construction of a $35 million, 15,000 square-foot flight training center and systems operation control facility on a 17-acre site at Sky Harbor Center.

In December 2005, Bank One (now JPMorgan Chase) completed a $70 million, 400,000 square-foot regional processing center to support its banking and financial operations. The facility accommodates nearly 3,000 employees. JPMorgan Chase added a fourth level (330 parking spaces) to the existing parking garage on the facility to accommodate the hiring of additional employees.

Other sizeable tenants at Phoenix Sky Harbor Center include First Group America dba Greyhound Lines, Charlie Case dba Community Tire, Level 3 Communications, Grand Stable & Carriage Co. LLC, LTJ Skyline, the City of Phoenix, Horseheads Industrial Capital II, LLC, 801 S. 16th Industrial, LLC and Honeywell International Inc.

In July 2001, the City Council approved the concept of a consolidated rental car center (RCC) for Phoenix Sky Harbor International Airport. On June 1, 2002, the City initiated a $3.50 daily customer facility charge (CFC) collected by the rental car companies on all rentals to be used to fund the construction, operation and maintenance of the RCC. The CFC was subsequently increased to $4.50 on September 1, 2003 and to $6.00 effective January 1, 2009. The RCC is located on approximately 143 acres within Sky Harbor Center and opened on January 19, 2006. The development includes a customer service building, car service facility, a 5,651 space parking garage, bus fleet, bus maintenance facility, and associated site improvements, infrastructure, roadways, landscaping and signage. The project was funded with CFC revenues and bond funds and cost approximately $285 million.

Phoenix Sky Harbor International Airport

In November 1990, construction was completed on Terminal 4 at Phoenix Sky Harbor International Airport (the “Airport”) at a cost of $276 million. The original facility included 4 domestic concourses housing 44 gates, one international concourse with 4 gates, and a 3,400-space parking facility. In July 1994, the City Council approved expansion of Terminal 4 to add 10 domestic gates to the international concourse. Construction of the new facilities was completed in February 1996. In September 1995, America West Airlines (now American Airlines) announced plans to expand its Phoenix operations over the next several years. In March 1998, the City Council approved an airport capital expansion program funded primarily by passenger facility charges and airport revenue bonds. Approved projects included rebuilding runways in concrete, construction of two new airport fire stations, a new Terminal 4 concourse to provide more capacity for American Airlines, and additional parking facilities at Terminal 4. All of these projects have been completed.

In February 2007, the City Council approved a $2.9 billion, ten-year Airport Development Program (ADP). The ADP included the design and construction of the PHX Sky Train®, development of additional gates and facility rehabilitation and maintenance. The national economic recession ending in 2009 negatively impacted the airline industry and resulted in reductions to passenger traffic at the Airport. As a result of traffic and revenue declines, Airport management reduced operating expenditures and deferred some non-essential capital projects. These reductions and deferrals allowed management to continue design and construction of phase one of the PHX Sky Train® project and other vital Airport projects. In 2010, air passenger traffic at Sky Harbor International Airport stabilized and began to recover. In fiscal year 2015-16, the Airport’s passenger count increased 4.7% to 44,158,418 total passengers.

PHX Sky Train® is an automated people mover designed to carry over 35 million riders annually through seven stations at Sky Harbor along an elevated guideway spanning approximately five miles. The PHX Sky Train® provides a new front door to the Airport, offering a seamless connection with the light rail transit station at 44th Street and Washington. Stage 1 of the PHX Sky Train® connects Phoenix’s light rail system, Sky Harbor’s east economy parking garages and Terminal 4 and began service on April 8, 2013. Stage 1a (the Terminal 3 Line Extension) began service on December 8, 2014 and runs from Terminal 4 to Terminal 3 with a walkway connection to Terminal 2. The two stages were completed more than $45 million under the combined budget of $884 million. The PHX Sky Train® now connects all of the Airport's terminal facilities to Valley Metro Rail, and helps relieve significant traffic congestion during peak times in the terminal core. In October 2016, the City Council approved a $950 million capital plan. The plan includes Stage 2 of the PHX Sky Train®, which will extend service from Terminal 3 to the Rental Car Center. The capital plan also includes the construction of a new concourse at Terminal 4, which Southwest has already committed to utilize. The table on the following page shows air traffic over the past three years.

Property Tax Supported Bond Program

In order to help meet the City's future capital financing needs, a comprehensive property tax supported general obligation bond program was initiated in the summer of 2005. A citizens bond committee consisting of approximately 700 private citizens was appointed by the Mayor and City Council to review the City's capital requirements and recommend a total bond program to the voters. This is the traditional approach used by the City for bond elections since 1950. The program culminated in a special bond election on March 14, 2006 when the voters approved all seven propositions totaling $878.5 million in new general obligation bond authorizations. The propositions and the amount of bonds authorized are shown in the following table. There is currently $152.3 million of authorized bonds that have not yet been issued.

2006 Bond Program	Amount Authorized
Police, Fire and Homeland Security	$177,000,000
Education Facilities	198,700,000
Library and Youth, Senior and Cultural Facilities	133,800,000
Parks, Open Space and Recreational Facilities	120,500,000
Streets, Storm Sewers and Flood Protection	147,400,000
Affordable Housing and Neighborhood Revitalization	85,000,000
Computer Technology	16,100,000
Total	$878,500,000

PHOENIX SKY HARBOR INTERNATIONAL AIRPORT
AIR PASSENGER TRAFFIC

AIR PASSENGER ARRIVALS

	2016	% Change Year Ago	2015	% Change Year Ago	2014	% Change Year Ago
January	1,755,419	-0.6%	1,765,923	4.2%	1,695,286	3.9%
February	1,706,750	6.1%	1,609,017	0.9%	1,594,380	3.5%
March	2,164,819	1.7%	2,129,099	5.6%	2,015,571	2.9%
April	1,839,370	0.3%	1,834,717	3.6%	1,770,350	7.0%
May	1,823,362	-0.5%	1,831,691	4.0%	1,761,459	3.4%
June	1,843,617	-1.1%	1,863,709	4.5%	1,784,022	3.1%
July	1,866,789	-5.4%	1,972,313	6.0%	1,861,284	5.8%
August	1,696,323	-7.9%	1,842,458	5.7%	1,742,668	4.9%
September	1,593,331	-3.3%	1,647,206	8.6%	1,516,860	3.0%
October	1,800,946	-4.0%	1,875,400	5.6%	1,775,304	6.5%
November	1,780,246	0.4%	1,773,972	3.8%	1,708,923	5.4%
December	1,839,138	-1.0%	1,857,825	-1.2%	1,881,189	6.2%
Total	21,710,110	-1.3%	22,003,330	4.2%	21,107,296	4.6%

AIR PASSENGER DEPARTURES

	2016	% Change Year Ago	2015	% Change Year Ago	2014	% Change Year Ago
January	1,731,800	2.7%	1,687,083	1.1%	1,668,526	3.7%
February	1,693,270	1.2%	1,673,989	7.0%	1,564,694	3.0%
March	2,131,705	1.4%	2,102,794	4.4%	2,014,290	3.6%
April	1,895,819	-1.6%	1,927,066	6.1%	1,816,268	3.8%
May	1,912,817	0.4%	1,904,625	4.3%	1,825,925	3.3%
June	1,877,369	-0.8%	1,891,826	4.7%	1,807,660	3.0%
July	1,823,890	-5.9%	1,939,256	6.6%	1,819,269	5.6%
August	1,670,948	-7.9%	1,814,007	5.6%	1,717,939	4.3%
September	1,576,907	-2.3%	1,614,372	9.0%	1,481,350	2.3%
October	1,763,942	-3.4%	1,826,472	5.6%	1,729,647	5.2%
November	1,776,728	0.3%	1,772,276	4.4%	1,696,881	6.1%
December	1,818,223	-1.5%	1,846,744	-0.5%	1,856,100	5.5%
Total	21,673,418	-1.5%	22,000,510	4.8%	20,998,549	4.1%

TOTAL AIR TRAFFIC

	2016	% Change Year Ago	2015	% Change Year Ago	2014	% Change Year Ago
January	3,487,219	1.0%	3,453,006	2.7%	3,363,812	3.8%
February	3,400,020	3.6%	3,283,006	3.9%	3,159,074	3.2%
March	4,296,524	1.5%	4,231,893	5.0%	4,029,861	3.2%
April	3,735,189	-0.7%	3,761,783	4.9%	3,586,618	5.3%
May	3,736,179	0.0%	3,736,316	4.2%	3,587,384	3.4%
June	3,720,986	-0.9%	3,755,535	4.6%	3,591,682	3.0%
July	3,690,679	-5.6%	3,911,569	6.3%	3,680,553	5.7%
August	3,367,271	-7.9%	3,656,465	5.7%	3,460,607	4.6%
September	3,170,238	-2.8%	3,261,578	8.8%	2,998,210	2.7%
October	3,564,888	-3.7%	3,701,872	5.6%	3,504,951	5.8%
November	3,556,974	0.3%	3,546,248	4.1%	3,405,804	5.7%
December	3,657,361	-1.3%	3,704,569	-0.9%	3,737,289	5.9%
Total	43,383,528	-1.4%	44,003,840	4.5%	42,105,845	4.4%

Source: Monthly statistical reports provided by individual airlines and compiled by the City of Phoenix Aviation Department.

PHOENIX CITY GOVERNMENT

Phoenix operates under a Council-Manager form of government as provided by its Charter which was adopted in 1913. The City Council consists of a Mayor and eight Council members, elected by the people on a non-partisan ballot. At a special election held on October 3, 1989, the Phoenix voters passed Proposition 105 which amended the City Charter to provide for four year staggered terms and a limit of two such terms for the Mayor and Council members. On November 6, 2001, the Phoenix voters passed Proposition 101 which amended the City Charter to allow Council members to serve up to three consecutive four-year terms, with no limit on the number of terms that could be served over a lifetime. The Mayor is elected at-large, while Council members are elected by voters in each of eight separate districts they represent. The Mayor and each Council member have equal voting power.

The Council is responsible for policy making. It appoints advisory boards, commissions and committees and also appoints Municipal Court Judges and the City Manager.

The City Manager is responsible for executing Council policies and administering City operations. Reporting to the City Manager is an Assistant City Manager, a Special Assistant, the Budget and Research Director, the Chief Financial Officer, the City Auditor and the City Attorney.

The City government is responsible for furnishing basic municipal services. Primary services delivered by the City's 30 departments, 20 functions and 14.421 employees include police, Municipal Court, fire protection, parks, recreation, libraries, sanitation, water, sewer, transportation (including streets and public transit), airports, building safety, public works, neighborhood improvement and housing, community and economic development and convention and cultural services. These services are being provided in fiscal year 2015-16 through an adopted operating budget of $3,702.3 million. Of this, the general purpose funds budget totals $1,156.5 million, which is for general municipal services and excludes enterprise activities such as water, sewer, refuse and airports and special revenue funds such as grants, secondary property taxes, Arizona Highway User Revenues, impact fees and voter-approved dedicated sales taxes.

Elected Officials

GREG STANTON, MAYOR

Mayor Stanton began his second term as Mayor in January 2016. Prior to being elected Mayor, Mr. Stanton served nine years on the City Council representing District 6. Mayor Stanton has served as a member of Big Brothers/Big Sisters of Central Arizona, Arizona Children's Association Board of Directors and the Arizona School Readiness Board. In 2009, Mr. Stanton joined the Arizona State Attorney General's Office as Deputy Attorney General. Mr. Stanton holds a bachelor's degree from Marquette University and earned his law degree from the University of Michigan.

LAURA PASTOR, VICE MAYOR, DISTRICT 4

Councilmember Pastor began her first term on the City Council in January 2014. Ms. Pastor is Director of Achieving a College Education Program at South Mountain Community College and was a classroom elementary teacher for four years. Previously, Ms. Pastor was with the Department of Employment and Rehabilitation Services at the Arizona Department of Economic Security and was Special Assistant to the Arizona Director of Insurance. Ms. Pastor is a member of the Phoenix Union High School District Board and serves on the O'Connor House Speak Out Against Domestic Violence and Mi Familia Vota advisory boards. She is a former member of the Hispanic Advisory Board of Maricopa Community Colleges, Maricopa Transportation Advisory Board, the Homeless Task Force, and Phoenix Day. Ms. Pastor has a bachelor's degree in education from Arizona State University and a Master of Public Administration from City University of New York.

SAL DICICCIO, COUNCILMEMBER, DISTRICT 6

Councilmember DiCiccio began his second full consecutive term on the City Council in January 2014. Mr. DiCiccio previously served on the City Council from 1994 to 2000. Mr. DiCiccio currently works with state, tribal, county and municipal governments as well as national business entities to develop business opportunities in Arizona. Mr. DiCiccio has served on several boards and committees including the Arizona Municipal Tax Code Commission, the State Land Conservation Task Force, the Arizona Growing Smarter Working Advisory Committee, the Maricopa County Planning Commission and the Arizona FARE Committee. Mr. DiCiccio was also a member of the Fiesta Bowl Committee and the Board of Directors for the Arizona Center for the Blind. Mr. DiCiccio is a member of the South East Valley Regional Association of Realtors and the National Association of Realtors. Mr. DiCiccio is a small business professional and holds a bachelor's degree in business from Arizona State University.

KATE GALLEGO, COUNCILMEMBER, DISTRICT 8

Councilmember Gallego began her first term on the City Council in January 2014. Ms. Gallego has served the City in several volunteer positions including as Chair of the Environmental Quality Commission, Chair of the Solar Energy Subcommittee, Vice Chair of MyPlanPHX.com, and as a member of the Central City Village Planning Commission. Additionally, Ms. Gallego is a member of the Board of Directors of the Arizona Latino Arts and Culture Center and serves on the Arizona Commission on Service and Volunteerism. Ms. Gallego has a bachelor's degree in environmental studies from Harvard University and holds an a Master of Business Administration in Entrepreneurial Management from the Wharton School of Business at the University of Pennsylvania.

MICHAEL NOWAKOWSKI, COUNCILMEMBER, DISTRICT 7

Councilmember Nowakowski began his third full consecutive term on the City Council in January 2016. Mr. Nowakowski is currently the Vice President of Communications of a non-profit radio station, coming from previous work with the Catholic Diocese of Phoenix where he served as Assistant Director of the Office of Youth and Young Adult Ministry. Mr. Nowakowski has served on several boards and committees including co-chairman of the 2006 City of Phoenix Historic Preservation Bond Committee, member of the City of Phoenix Police Chief's Advisory Board, founding member of the Mayor's Anti-Graffiti Task Force, City of Phoenix Census 2000 Committee, Phoenix Union High School Superintendent's Advisory Board, chairman of Santa Rosa Neighborhood Council and in 2008 was appointed commissioner for the Western Maricopa Enterprise Zone. Mr. Nowakowski holds a bachelor's degree in liberal arts in religious studies from Arizona State University.

DEBRA STARK, COUNCILMEMBER, DISTRICT 3

Councilmember Stark began her first term on the City Council in March 2017 to fill the District 3 position left vacant upon the resignation of Bill Gates. Ms. Stark has spent her entire career in local government working for the City of Phoenix, Maricopa County, and the City of Peoria. At the City of Phoenix, Ms. Stark was the Planning and Development Director from 2005 to 2012. She is currently the President of the Arizona Chapter of the American Planning Association and serves as a Board Member for the Arizona Council of the Urban Land Institute and Southwest Center for HIV/AIDS. Ms. Starks holds a bachelor's degree in sociology from Western Kentucky University and a master's degree in planning from Arizona State University.

DANIEL VALENZUELA, COUNCILMEMBER, DISTRICT 5

Vice Mayor Valenzuela began his second term on the City Council in January 2016. Mr. Valenzuela currently works as a special operations firefighter with the city of Glendale, and was formerly the public information officer for the Glendale Fire Department. Mr. Valenzuela serves on a number of boards and committees, including the Arizona Department of Emergency Management, director of the National Fire and Rescue Services Information Officer Network and is the former president of the National Association of Hispanic Firefighters.

JIM WARING, COUNCILMEMBER, DISTRICT 2

Councilmember Waring began his term on the City Council in September 2011. Mr. Waring has been an active member of the community for many years and has volunteered on many City and charitable organizations, including the Paradise Valley Village Planning Committee, Phoenix Planning Commission and Neighborhood Block Watch Committee. For his contributions, he has earned awards from the Arizona Federation of Taxpayers (Champion of the Taxpayer), National Federation of Independent Business (Guardian of Small Business), and the Arizona Chamber of Commerce (Senator of the Year). In addition, he was recognized for his work fighting domestic violence by the Arizona Coalition Against Domestic Violence (Legislator of the Year twice) and the Men's Anti Violence Network (Man of the Year). Councilmember Waring was awarded the Arizona Veterans Hall of Fame Copper Shield Award and the National Guard Association of the United States Medal of Merit. Mr. Waring was an Arizona State Senator for seven years and has served on the staffs at Arizona State University, the Arizona Board of Regents and Northern Arizona University. Mr. Waring received his PhD in Public Administration from Arizona State University's School of Public Affairs and his undergraduate degree from Northern Illinois University.

THELDA WILLIAMS, COUNCILMEMBER, DISTRICT 1

Councilmember Williams began her third consecutive term on the City Council in January 2016, having previously served on the Council from 1989 to 1996 and as interim mayor in 1994. Before rejoining the City Council, Ms. Williams served on the Maricopa County Animal Care and Control Agency, the Governor's Commission to Prevent Violence Against Women and the Phoenix Sky Harbor International Airport Master Plan Committee. Currently, Ms. Williams serves on the Phoenix-Mesa Gateway Airport Authority, the Luke (AFB) West Valley Council and the Childhelp USA Advisory Board.

Administrative Staff

ED ZUERCHER
City Manager

Ed Zuercher was appointed City Manager in February 2014, after serving as Acting City Manager since October 2013. Prior to his appointment as City Manager, Mr. Zuercher had been the Assistant City Manager since November 2009 and served as a Deputy City Manager since November 2007. Before working in the City Manager's Office, Mr. Zuercher served as Co-Chief of Staff to the Mayor, Executive Assistant to the City Manager, Assistant to the City Manager, Public Transit Director and Management Assistant in the City Manager's Office and Budget & Research Department. Originally from Kansas, he participated in the City of Phoenix Management Intern Program from 1993 to 1994. Mr. Zuercher served as chairperson of the Public Safety Pension Retirement System from 2005-2009 and currently serves on the Greater Phoenix Convention and Visitors Bureau board. He has a Master of Public Administration from the University of Kansas and an undergraduate degree from Goshen College.

MILTON DOHONEY, JR
Assistant City Manager

Mr. Dohoney was appointed Assistant City Manager on April 21, 2014. Mr. Dohoney brings nearly 30 years of executive experience leading organizations in three cities. He worked for seven years as City Manager of Cincinnati, Ohio and for three years as Chief Administrative Officer of Lexington Fayette Urban County Government in Kentucky. He also served nearly 20 years with the City of Louisville, Kentucky in the capacities of an Assistant Community Services Director, Chief Administrative Officer and Public Safety Director. Mr. Dohoney is the recipient of many awards, including Administrator of the Year in 2013 from the American Society for Public Administration Greater Cincinnati Chapter; YMCA Black Achievers Award in 2010; and Kentucky Commission on Human Rights Spirit for Justice Medal in 2012. He earned his master's degree in Personnel Management/Human Resources from the University of Louisville and his bachelor's degree in Psychology from Indiana University Southeast.

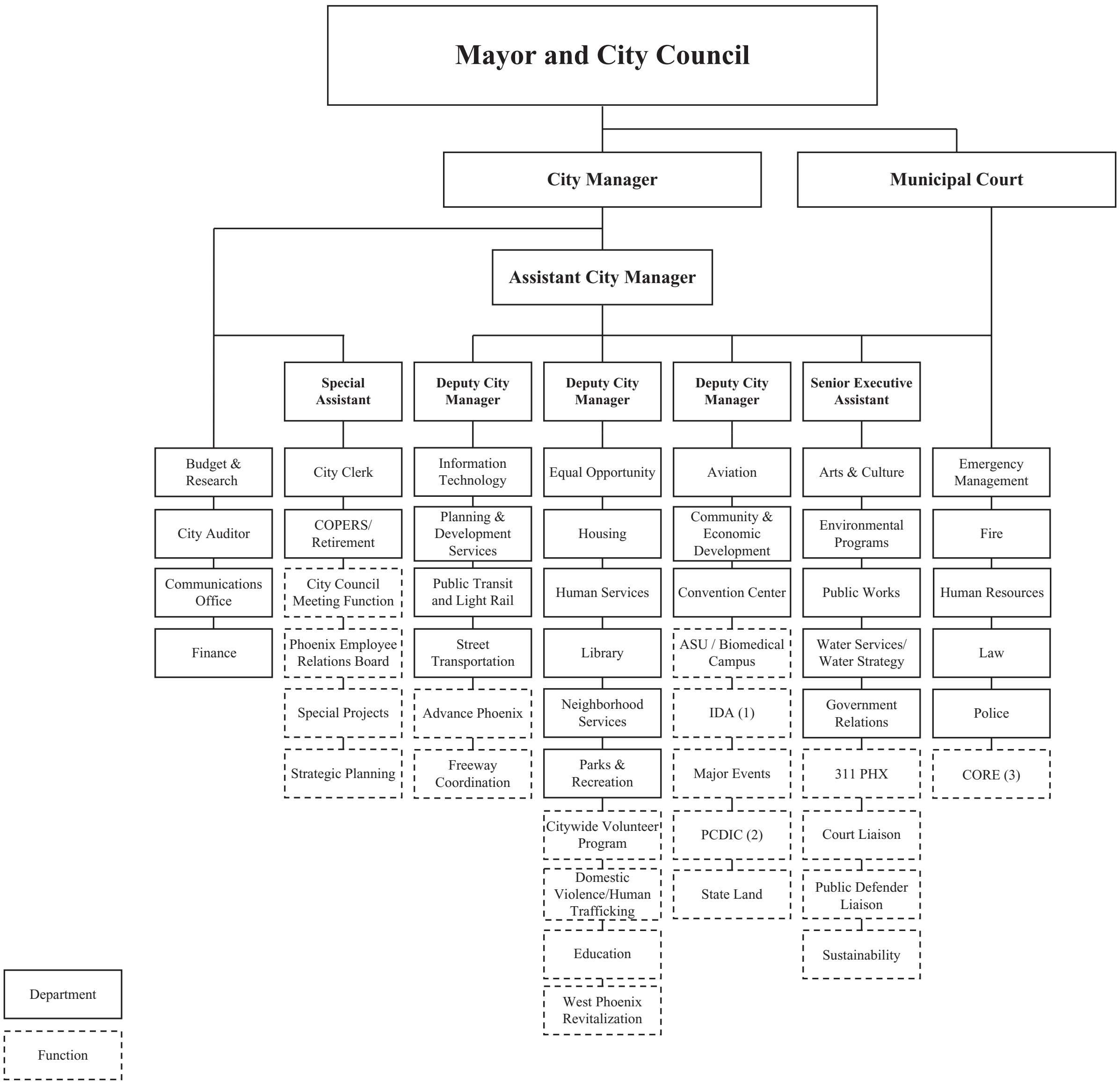
BRAD HOLM
City Attorney

Mr. Holm was named City Attorney in July 2015. His background includes more than 30 years of experience in law and litigation in municipal, commercial, construction, aviation, architectural, engineering and environmental law matters. He has served as outside counsel to the City of Phoenix, and has served as general counsel for the Phoenix-Mesa Gateway Airport Authority, negotiating contracts with federal agencies, providing representation at public meetings and resolving conflicts among federal, state and local agencies. Mr. Holm is a member of the State Bar of Arizona in good standing and was recognized in Best Lawyers in America 2015 and Southwest Super Lawyers 2011 through 2015. Mr. Holm received a bachelor's degree in Political Science from Brigham Young University and obtained his law degree from the J. Reuben Clark Law School, also at BYU.

DENISE OLSON
Chief Financial Officer

Ms. Olson was appointed Chief Financial Officer in November 2015. She began her career with the City in 1994 in the Finance Department, working as an economist in the Utilities Accounting Division and the Financial Accounting and Reporting Division. She became Deputy Finance Director in 2006, and was promoted to Assistant Finance Director in 2012. Throughout her career she has managed financial planning, financial systems applications and support, procurement, city controller functions, financial accounting and reporting and has been involved in the planning and issuances of debt to fund capital expenditures. Ms. Olson has a bachelor's degree in Business Administration with majors in Human Resources and Economics from New Mexico State University, and a Master of Public Administration from Arizona State University.

CITY OF PHOENIX



1 - Phoenix Industrial Development Authority.

2 - Phoenix Community Development and Investment Corporation.

3 - Comprehensive Organization Review Evaluation.

Effective August 15, 2016

Awards

The City of Phoenix and its employees have been recognized professionally for numerous awards including the following accomplishments:

- **2009 All-America City Award**

The City of Phoenix was the recipient of the National Civic League's All-America City award, the fifth time the City has earned the recognition, for its collaborative projects that involve the community and address critical issues. The City highlighted the newly developed urban education campuses (Arizona State University Downtown Phoenix Campus and Phoenix Biomedical Campus), the Phoenix Parks and Preserve Initiative and the innovative library teen spaces.

- **Carl Bertelsmann Prize**

Awarded in 1993 to the City of Phoenix and Christchurch, New Zealand, recognizing each as being the best managed city governments in the world. The international competition for the most efficiently operated city was sponsored by the Bertelsmann Foundation, a research and philanthropic arm of Bertelsmann AG, the second largest media organization in the world. Cities were judged on several categories including customer service, decentralized management, planning and financial controls, employee empowerment and administrative innovation.

- **Certificate of Achievement for Excellence in Financial Reporting**

Awarded to the City of Phoenix by the Government Finance Officers Association each year since 1976. This award (formerly the Certificate of Conformance in Financial Reporting) recognizes the completeness, accuracy and understandability of the City's Comprehensive Annual Financial Reports.

- **Employees' Retirement Plan Certificate of Achievement for Excellence in Financial Reporting**

Awarded to the City of Phoenix by the Government Finance Officers Association for its component unit financial report each year since 1985. The Certificate of Achievement is the highest form of recognition in the area of public employee retirement system accounting and financial reporting.

- **Distinguished Budget Presentation Award**

Awarded to the City of Phoenix Budget and Research Department each year since 1990 by the Government Finance Officers Association for the completeness and understandability of its budget document.

- **President's "E" Award for Export Service**

The City of Phoenix was a 2016 winner of the President's "E" Award for Export Service. The President's "E" Award was initiated in 1962 by President John F. Kennedy to recognize excellence by companies and municipalities for contributions to U.S. exporting. Phoenix is only the fifth city to earn the honor in 54 years. It is typically reserved for companies and private sector entities. The City earned the award by demonstrating a sustained commitment to export expansion with significant and broad-based support to grow exports from Phoenix, which is responsible for more than half of the exports from the State of Arizona. The support included the launch of the City's export boot camp initiative, which teaches local small- and medium-sized businesses how to trade abroad.

- **2015 Mayors' Climate Protection Awards**

Awarded to the City by the U.S. Conference of Mayors, the annual Mayors' Climate Protection award recognizes mayors for innovative programs that increase energy efficiency and reduce greenhouse gas emissions. The City earned the award for the Energize Phoenix Program, a large-scale, three-year building energy efficiency program, which catalyzed $56 million in energy upgrades along a ten-square-mile urban corridor of Phoenix surrounding the newly-constructed Metro light rail. Phoenix partnered with Arizona State University and APS, Arizona’s largest electricity provider, to leverage $25 million in program funding from the U.S. Department of Energy and $31 million in utility funding to transform the downtown core into a green corridor. It focused on a diverse mix of single- and multi-family residential buildings and small commercial buildings offering significant rebates and financing for energy efficient upgrades.

- **2013 Sunny Award**

Awarded to the City of Phoenix by Sunshine Review, a national nonprofit organization dedicated to government transparency. The award honors the most transparent government websites in the nation. This is the fourth time the City has won the award.

- **2013 NGWA Outstanding Groundwater Protection Award**

The National Ground Water Association (NGWA) annually awards the Groundwater Protection Award to the organization that exhibits outstanding science, engineering, or innovation in the area of protecting groundwater. The City of Phoenix Water Services Department received the award for incorporating innovative technologies in the aquifer restoration program. Phoenix was the first city in the country to use the technology, which has reduced annual operations and maintenance costs by over $110,000.

- **2016 Platinum Award for Utility Excellence**

The City of Phoenix Water Services Department was honored for utility excellence by the Association of Metropolitan Water Agencies (AMWA) at its 2016 Executive Management Conference. The City’s Water Department was one of ten water utilities in the country to receive the Platinum Award for Utility Excellence. The Platinum Award recognizes outstanding achievement in implementing the nationally recognized Attributes of Effective Utility Management.

- **2015 NACWA Platinum Peak Performance Award**

The National Association of Clean Water Agencies (NACWA) honored the City of Phoenix Water Services Department with the Platinum Award for seven consecutive years of perfect National Pollutant Discharge Elimination System permit compliance. NACWA is a nationally recognized leader in water quality, environmental policy and ecosystem protection issues. The City treats wastewater from 2.5 million people in Phoenix, Glendale, Mesa, Scottsdale and Tempe.

- **2012 NACWA Gold Peak Performance Award**

The National Association of Clean Water Agencies (NACWA) honored the City of Phoenix Water Services Department with the Gold Award for consistently meeting all National Pollutant Discharge Elimination System permit limits during the calendar year. The City’s 23rd Avenue Wastewater Treatment Plant and 91st Avenue Multi-Cities Wastewater Treatment Plant were presented the award to recognize 100 percent compliance with regulatory discharge limits.

- **2013 Outstanding Achievement in Innovation**

The Alliance for Innovation awarded the City of Phoenix an Outstanding Achievement in Innovation Award for its organizational review, which resulted in a leaner work force and more efficient delivery of services. The goals of the organizational review were to eliminate layers of supervision, broaden the span of control, streamline services, identify efficiencies and reduce the size of government. Through these goals, the City was able to improve services to residents by providing for faster decision making and enhanced organizational flexibility and communications, leading to the smallest City government in 40 years, as measured by employees per capita.

- **2012 Outstanding Achievement in Innovation**

The Alliance for Innovation awarded the City of Phoenix an Outstanding Achievement in Innovation Award for the Innovation and Efficiency Task Force. Created in January 2010, the task force is comprised of City staff and public members who explore, develop and implement innovative processes that result in a more efficient delivery of City services and maximize the use of limited taxpayer dollars.

- **2013 Technology “Best of the Web” Award**

The City of Phoenix Information Technology Services Department received a “Best of the Web” award from the Multi-State Information Sharing and Analysis Center for the City’s Information Security and Privacy website.

- **NBC-LEO City Cultural Diversity Award**

In March 2012, the City of Phoenix was recognized by the National Black Caucus of Local Elected Officials (NBC-LEO) of the National League of Cities for the City Manager’s Community Engagement and Outreach Task Force. The task force was established in 2010 as a community-based, long-term effort to enhance the relationship between the Phoenix Police Department and the community.

In March 2014, the City of Phoenix was recognized by the National Black Caucus of Local Elected Officials (NBC-LEO) of the National League of Cities for its “Phoenix Against Domestic Violence - A Roadmap to Excellence” Program. The Roadmap to Excellence Program is a five-year strategic plan to end domestic violence in the City. More than 50 community partners, including private and nonprofit organizations, collaborated to create a plan that includes a community and media campaign focusing on five strategies: community awareness, coordinated service delivery, systems reform, “Phoenix as a Model,” and community partnerships.

- **National Association of Housing and Redevelopment Officials (NAHRO) Awards**

In August 2014, the City’s Neighborhood Services Department (NSD) received the Award of Merit for designing the Neighborhood Stabilization Program as an innovative, multi-faceted delivery approach to revitalize communities affected by the foreclosure crisis. With funding from the U.S. Department of Housing and Urban Development, accomplishments of the program include 395 homes rehabilitated to energy efficiency building standards, 191 homebuyers receiving down-payment assistance, 102 demolition projects completed using green methods and strategies, and a rescued subdivision featuring 14 newly constructed, solar-powered, single-family homes Gold certified to the National Green Building Standard.

In October 2011, NSD received three Awards of Merit. NSD was honored for a pilot program that allows residents to use mobile devices to report blight, a code violation resolution volunteer assistance program and the Isaac Neighborhood Initiative Area. Since 1993, the City has used the Neighborhood Initiative Area strategy in the Isaac community to do comprehensive and concentrated neighborhood revitalization which continues to make significant progress in improving the economic, physical and social health of the neighborhood.

In November 2010, the City received an Award of Excellence for the Housing Department’s McCarty on Monroe senior housing development. McCarty on Monroe consists of 34 public housing units and 35 low-income housing tax credit units. All units are clustered around a central, landscaped courtyard, creating a sense of community and interaction among the residents. McCarty on Monroe combines quality affordable housing for seniors and immediate access to light-rail while preserving history and adding green design.

- **2013 National Institute of Senior Centers (NISC)**

A Program of Excellence Award was received by the City of Phoenix Human Services Department for its FitPHX Senior Champions Passport Program in the Nutrition, Fitness and Health Promotion category. The program is offered at the City’s fifteen senior centers.

- **Sister Cities Best Overall Sister City Program Award**

In July 2015, the Phoenix Sister Cities Commission received the Sister Cities International Best Overall Sister City Program in the U.S. for cities with a population of 500,000 or more award, its highest honor. This is the eight time in the past 21 years that Phoenix has won this award. Phoenix Sister Cities highlights include a new and improved Youth Ambassador Exchange Program; a significant increase in arts and culture projects including the second annual WorldFEST celebration promoting its 10 sister cities; the Vincenzo Bellini Opera project with Catania, Italy; a police training program for Hermosillo, Mexico; and economic development projects with Chengdu, China; Catania, Italy; and Calgary, Canada as well as trade missions with Calgary and Catania.

- **2014 World Airport Award (WAA)**

SkyTrax World Airport Awards (WAA) recognized Phoenix Sky Harbor International Airport as the 7th best airport in the world serving 40-50 million passengers. WAA is the leading global award for the world's best airports, as voted by travelers from over 160 countries and 410 airports worldwide, in the largest airport customer satisfaction survey. The ranking was determined by airline customers and evaluates traveler experiences across key performance indicators: check-in, arrivals, transfers, shopping, security, immigration processing and departure.

- **2014 Top Ten Digital Cities Award**

In November 2014, the City of Phoenix was named a Top Ten City in the Center for Digital Government's 2014 Digital Cities Survey. The award honors cities with best practices in public sector information and communications technology.

- **2008 Pro Patria Award**

The City of Phoenix was the recipient of an Employer Support of the Guard and Reserve (ESGR) award for supporting employees deployed in Operation Enduring/Iraqi Freedom. The Pro Patria award is presented annually to employers who demonstrate exceptional support for U.S. national defense by adopting personnel policies that make it easier for employees to participate in the National Guard and Reserve.

- **2010 LEED Platinum Certification Award**

In June 2010, the City of Phoenix Nina Mason Pulliam Rio Salado Audubon Center was the recipient of the U.S. Green Building Council's award for its use of the Leadership in Energy and Environmental Design (LEED) rating system. Located in the heart of the Rio Salado Habitat Restoration Area, the center received the award for the environmental friendliness and sustainability of the facility. The center is a gateway to a lush Sonoran riparian habitat used by more than 200 species of birds and other wildlife.

- **2008 LEED Silver Certification Award**

The City of Phoenix Convention Center was the recipient of the U.S. Green Building Council's award for its use of the Leadership in Energy and Environmental Design (LEED) rating system. The Convention Center's West Building was designed to achieve LEED certification for energy use, lighting, water and material use as well as incorporating a variety of other sustainable strategies.

- **2016 Certificate of Excellence for Performance Management**

In July 2016, the City of Phoenix received an award from the International City/County Management Association (ICMA) for exemplary performance management initiatives. The certificate was awarded on the basis of criteria that includes data collection and verification, training and support, public reporting, accountability and process improvement, networking, and leadership.

- **2010 Certificate of Excellence for Performance Measurement**

In July 2010, the City of Phoenix received an award from the International City/County Management Association (ICMA) for its commitment to continuous learning and improvement based on criteria of effective, results-oriented management practices.

- **2010 Desert Peaks Award**

In June 2010, the City of Phoenix received an award from Maricopa Association of Governments for its Urban Education Initiatives, on which it collaborated with Arizona State University and the University of Arizona to create the ASU Downtown Phoenix Campus and the Phoenix Biomedical Campus. The award recognizes excellence in regionalism.

ECONOMY & DEMOGRAPHICS(1)

Overview

As the 48th state admitted to the United States, Arizona was originally known for its dependence on copper, cattle, cotton, climate, and citrus. However, since the 1950s, the state's economy has diversified into higher, value-added sectors, including aerospace and defense, financial services and the semi-conductor industry; and this has been accompanied by significant population growth.

Home to less than 300,000 residents when it was first admitted as a state in 1912, the U.S. Census Bureau estimated that Arizona had a total population of 6,641,928 in 2015. The sixth largest state in terms of area, Arizona also has the greatest percentage of designated Indian tribal land. Nevertheless, the population today remains predominantly urban. Around seven out of every 10 Arizonans reside in the Phoenix-Mesa-Scottsdale Metropolitan Statistical Area (Phoenix MSA), making it the 12th most populous Metropolitan Statistical Area (MSA) in the nation.

Generally perceived as a desirable place to work, live, and raise a family, the Phoenix MSA benefits from a low-density population and a subtropical desert climate conducive to outdoor recreation. The primary sources of nonfarm employment in the Phoenix MSA currently include professional and business services, retail and wholesale trade, education and health services, government and leisure and hospitality.

The topography of the City of Phoenix, the state capital and largest city in the Phoenix MSA, is generally flat, surrounded by scattered, low mountain ranges. Approximately one third of the employed residents of the City's workforce held management, business, science, and arts positions in 2015.

The 2008 recession hit Arizona hard. More than 300,000 jobs were lost between 2008 and 2010. Many of these jobs were in sectors that had previously helped the state to grow such as construction, business services and retail. Population inflows stalled, and the residential real estate market in particular suffered. However, low business costs and business-friendly regulatory systems, a skilled and available workforce and the state's prime location in the Canada-Mexico corridor have all helped the Phoenix MSA to successfully emerge from the recession and anticipate a stronger future.

The Arizona economy has steadily improved. In January 2017, the U.S. Bureau of Labor Statistics estimated that job creation is running at about 2% above levels observed a year ago. The outlook for 2017 is for improvement over 2016 in most industries, especially in the second half of 2017. Catalysts are a strengthening housing market, expansion in the manufacturing base for major defense firms and expected gains in consumer spending on goods and services bolstered by improving consumer sentiment both in Arizona and across the nation.

Key Phoenix MSA Statistics:

- Home to 4,574,531 residents, making it the 12th most populous MSA
- More than 2.1 million residents currently employed
- Current unemployment rate of 4.7%, almost half the rate in 2011
- Top five sources of total nonfarm employment: professional and business services (17.0%), retail and wholesale trade (16.3%), education and health services (15.0%), government (11.9%) and leisure and hospitality (10.9%)

(1) The economic information contained herein has been taken from a report prepared for the City of Phoenix by the L. William Seidman Research Institute, W.P. Carey School of Business, Arizona State University on March 10, 2017.

- Enjoyed 5% compound annual growth rates in both the information and construction industries; and more than 3.4% in financial activities, health care and social assistance, professional and business services, education and health care, and leisure and hospitality over the last six years
- Annual total nonfarm job growth rates higher than the State of Arizona and the nation
- Accounts for more than 75% of annual statewide GDP, but had a -0.2% compound annual GDP growth rate, 2011-2015
- 25th largest U.S. exporter by merchandise export value ($13.8 billion goods in 2015)
- Mexico (30.2%), Canada (10.6%), and the UK (6.5%) are the top foreign markets for goods exports
- The total annual number of housing permits has tripled between 2011 and 2016
- Approximately two-thirds of the housing permits in 2016 were for single residential units
- Realtor.com forecasts the Phoenix MSA will be the top housing market in the nation in 2017, with housing price gains of 5.9% and sales growth of 7.2%
- Robust retail real estate market with a declining vacancy rate (8.9%), expanding inventory (1.2 million sq. ft. gain) and higher lease rates ($17.16 per sq. ft.) at the end of 2016
- New two-year office real estate net absorption record of 7 million square feet, 2015-2016
- Net absorption outpaced new supply in industrial and logistics real estate in 2016, driving down vacancy rates

Key City of Phoenix Statistics:

- Home to 1,560,000 residents, making it the 6th most populous U.S. city
- Accounts for approximately one third of the population of the Phoenix MSA, and more than one fifth of the state's population
- Gender balance, with most residents either Caucasian (45.0%) or Hispanic/Latino (41.3%)
- One third of employed residents work in management, business, science, and the arts, and more than one fourth in sales and office positions
- $48,453 median household income
- Net gain of 16,813 housing units since 2011, including more than 6,000 homes in 2016
- 53% of the City's homes are owner-occupied
- The average household consists of 2.86 people
- The median age of City of Phoenix residents in 2015 was 33.2 years

Population

The Phoenix MSA covers 14,587 square miles. It includes both Maricopa County (9,223 square miles) and Pinal County (5,364 square miles). Phoenix is the principal city of the Phoenix MSA, encompassing 517.9 sq. miles and with 1.563 million residents in 2015, according to the Census Bureau. Eight other cities with populations in excess of 125,000 included within the Phoenix MSA are Mesa, Chandler, Gilbert, Glendale, Scottsdale, Tempe, Peoria, and Surprise.

The U.S. Census Bureau ranked Phoenix the 14th most populous MSA in the 2010 Census and the 12th most populous MSA as of July 1, 2015.

The following table compares the population of the Phoenix MSA with 21 peer MSAs. The peer MSAs consist of every western metro of more than one million people, plus other Sun Belt metros of more than

2 million people. The table estimates that the Phoenix MSA's population grew by more than 7.6% between 2011 and 2015. Looking further back, the total number of people living in the Phoenix MSA doubled (104.4% growth) between 1990 and 2015. The Phoenix MSA is ranked seventh out of the 22 MSAs listed in the table for population growth between 2011 and 2015.

In recent years, the population has also grown faster in the Phoenix MSA than the rest of the state. For example, in 1990 the Phoenix MSA accounted for 61.1% of the State of Arizona's total population. In 2000, it accounted for 63.4% of the State of Arizona's total population. In 2010, the Phoenix MSA accounted for 65.6% of the State of Arizona's total population. In 2015, it accounted for 67.0% of the State of Arizona's total population. The Tucson MSA (Pima County) was home to 15% of the state's residents in 2015. Five other metro areas combined (Flagstaff, Lake Havasu City-Kingman, Prescott, Sierra Vista-Douglas, and Yuma) accounted for 13% of the state's population, with the remaining 5% living in nonmetropolitan areas.

It is important to note that in 1994, the U.S. Office of Management and Budget (OMB) redefined the Phoenix MSA to include both Maricopa and Pinal counties. However, the rate of population growth in the Phoenix MSA has continued to outpace the rate of population growth in the State of Arizona.

POPULATION
Metropolitan Statistical Areas
(in thousands)

	Census	Population Estimates as of July 1					Percent Growth
	2010	2011	2012	2013	2014	2015	2011-2015
Phoenix-Mesa-Scottsdale, AZ	4,192.9	4,250.0	4,327.8	4,400.7	4,486.5	4,574.5	7.6%
Atlanta-Sandy Springs-Roswell, GA	5,286.7	5,374.2	5,455.3	5,523.5	5,615.4	5,710.8	6.3
Austin-Round Rock, TX	1,716.3	1,781.4	1,835.3	1,884.4	1,943.5	2,000.9	12.3
Charlotte-Concord-Gastonia, NC-SC	2,217.0	2,256.8	2,295.3	2,336.3	2,379.2	2,426.4	7.5
Dallas-Fort Worth-Arlington, TX	6,426.2	6,574.3	6,709.6	6,822.4	6,958.1	7,102.8	8.0
Denver-Aurora-Lakewood, CO	2,543.5	2,601.1	2,648.5	2,700.1	2,755.9	2,814.3	8.2
Houston-The Woodlands-Sugar Land, TX	5,920.4	6,059.8	6,186.0	6,332.7	6,497.9	6,656.9	9.9
Las Vegas-Henderson-Paradise, NV	1,951.3	1,967.3	1,998.2	2,028.4	2,069.1	2,114.8	7.5
Los Angeles-Long Beach-Anaheim, CA	12,828.8	12,952.7	13,059.8	13,165.4	13,254.4	13,340.1	3.0
Miami-Fort Lauderdale-West Palm Beach, FL	5,564.6	5,706.2	5,788.1	5,861.3	5,937.1	6,012.3	5.4
Orlando-Kissimmee-Sanford, FL	2,134.4	2,176.2	2,226.6	2,272.4	2,326.7	2,387.1	9.7
Portland-Vancouver-Hillsboro, OR-WA	2,226.0	2,260.4	2,288.9	2,314.5	2,348.6	2,389.2	5.7
Riverside-San Bernardino-Ontario, CA	4,224.9	4,301.6	4,347.1	4,387.4	4,438.7	4,489.2	4.4
Sacramento-Roseville-Arden-Arcade, CA	2,149.1	2,175.6	2,195.4	2,217.6	2,244.9	2,274.2	4.5
Salt Lake City, UT	1,087.9	1,108.0	1,124.6	1,141.9	1,154.5	1,170.3	5.6
San Antonio-New Braunfels, TX	2,142.5	2,194.6	2,238.6	2,283.5	2,332.8	2,384.1	8.6
San Diego-Carlsbad, CA	3,095.3	3,142.3	3,184.4	3,223.6	3,265.7	3,299.5	5.0
San Francisco-Oakland-Hayward, CA	4,335.4	4,400.8	4,462.4	4,529.2	4,596.0	4,656.1	5.8
San Jose-Sunnyvale-Santa Clara, CA	1,836.9	1,870.4	1,898.2	1,928.7	1,954.3	1,976.8	5.7
Seattle-Tacoma-Bellevue, WA	3,439.8	3,498.4	3,554.0	3,613.0	3,672.9	3,733.6	6.7
Tampa-St. Petersburg-Clearwater, FL	2,783.2	2,828.5	2,847.3	2,873.5	2,917.8	2,975.2	5.2
Tucson, AZ	980.3	988.0	993.0	997.4	1,004.2	1,010.0	2.2

Source: U.S. Census Bureau.

The U.S. Census Bureau also ranked the City of Phoenix the sixth most populous city behind New York, Los Angeles, Chicago, Houston and Philadelphia as of July 1, 2015.

TEN MOST POPULOUS U.S. CITIES, JULY 1, 2015

Rank	City	State	Total Population
1	New York	New York	8,550,405
2	Los Angeles	California	3,971,883
3	Chicago	Illinois	2,720,546
4	Houston	Texas	2,296,224
5	Philadelphia	Pennsylvania	1,567,442
6	Phoenix	Arizona	1,563,025
7	San Antonio	Texas	1,469,845
8	San Diego	California	1,394,928
9	Dallas	Texas	1,300,092
10	San Jose	California	1,026,908

Source: U.S. Census Bureau.

CITY OF PHOENIX POPULATION
AS A PERCENT OF THE PHOENIX MSA AND THE STATE(1)

Year	City of Phoenix	Maricopa and Pinal Population (Combined)	Percentage of State of Arizona Population
2016	1,560,020	34.3%	22.8%
2015	1,527,509	34.1	22.6
2014	1,506,439	34.2	22.6
2013	1,485,751	34.2	22.6
2012	1,464,727	34.3	22.5
2011	1,451,966	34.3	22.6

(1) The population estimates have not been revised to reflect corrections to the 2010 census or the impact of incorporating the 2015 special census counts.

Source: Office of Employment & Population Statistics, Arizona Office of Economic Opportunity.

Employment

When the U.S. admitted Arizona as the 48th state, it was primarily dependent on extraction-based operations such as copper, cattle, cotton, climate, and citrus. However, rapid population growth after World War II was accompanied by a diversification of the state's economic base into higher value-added sectors such as advanced manufacturing, aerospace and defense, bioscience, and financial services.

Between 1990 and 2008, the civilian labor force in Arizona increased by more than 80%. On average, approximately 95.7% of Arizona's civilian labor force was employed each year between 1990 and 2008. The unemployment rate for ages 16 and over in the Phoenix MSA almost doubled to 10% in 2009 and 2010 due to the worst worldwide economic downtown since the Great Depression of the 1930s. However, there have been definite signs of recovery since 2011. The following table shows that the proportion of the civilian labor force employed increased each year since 2011. The 2016 preliminary unemployment rate estimate of 4.7% was also lower than the rates for both the State of Arizona and the nation.

PHOENIX MSA CIVILIAN LABOR FORCE EMPLOYMENT & UNEMPLOYMENT (not seasonally adjusted)

Year	Civilian Labor Force	Employed	Unemployed	Unemployment Rate PHX MSA	Unemployment Rate Arizona	Unemployment Rate U.S.
2016(1)	2,226,102	2,121,810	104,292	4.7%	5.3%	4.9%
2015	2,165,095	2,051,201	113,894	5.3	6.0	5.3
2014	2,113,044	1,988,123	124,921	5.9	6.8	6.2
2013	2,062,064	1,924,277	137,787	6.7	7.7	7.4
2012	2,045,590	1,894,692	150,898	7.4	8.4	8.1
2011	2,044,198	1,867,465	176,733	8.6	9.5	8.9

(1) Preliminary, subject to change.

Source: U.S. Bureau of Labor Statistics

COMPARISON OF THE PHOENIX MSA'S LABOR FORCE AND UNEMPLOYMENT STATUS WITH 21 PEER MSAs (not seasonally adjusted)

MSA	Labor Force (in thousands) 2011	2012	2013	2014	2015	2016	Unemployment Rate (percent of labor force) 2011	2012	2013	2014	2015	2016
Phoenix-Mesa-Scottsdale, AZ	2,044.3	2,045.6	2,062.0	2,113.0	2,165.1	2,226.3	8.6%	7.4%	6.7%	5.9%	5.3%	4.7%
Atlanta-Sandy Springs-Roswell, GA	2,760.2	2,791.5	2,791.9	2,809.2	2,836.3	2,916.7	9.9	8.8	7.8	6.7	5.6	5.0
Austin-Round Rock, TX	960.8	988.6	1,022.2	1,047.6	1,069.8	1,102.7	6.6	5.7	5.1	4.2	3.4	3.2
Charlotte-Concord-Gastonia, NC-SC	1,153.3	1,173.1	1,182.5	1,202.6	1,235.3	1,265.2	10.6	9.2	7.8	6.1	5.5	4.8
Dallas-Fort Worth-Arlington, TX	3,374.4	3,423.3	3,483.4	3,534.7	3,584.2	3,697.5	7.6	6.6	6.1	5.0	4.1	3.8
Denver-Aurora-Lakewood, CO	1,431.2	1,449.5	1,471.0	1,494.5	1,504.9	1,543.4	8.3	7.7	6.6	4.8	3.7	3.1
Houston-The Woodlands-Sugar Land, TX	3,041.1	3,115.1	3,190.9	3,239.2	3,252.9	3,289.0	7.8	6.6	6.0	4.9	4.6	5.2
Las Vegas-Henderson-Paradise, NV	995.1	1,000.7	1,007.3	1,024.6	1,047.5	1,051.6	13.2	11.2	9.6	8.0	6.8	6.0
Los Angeles-Long Beach-Anaheim, CA	6,474.9	6,486.4	6,548.2	6,604.0	6,608.8	6,680.4	11.4	10.2	9.0	7.6	6.2	4.9
Miami-Fort Lauderdale-West Palm Beach, FL	2,859.2	2,911.3	2,941.4	3,000.2	3,020.4	3,041.2	9.6	8.3	7.2	6.4	5.5	5.0
Orlando-Kissimmee-Sanford, FL	1,146.9	1,163.2	1,180.0	1,206.6	1,223.5	1,257.8	10.0	8.4	7.0	6.0	5.0	4.4
Portland-Vancouver-Hillsboro, OR-WA	1,214.8	1,188.3	1,180.0	1,200.6	1,224.1	1,276.5	9.0	8.0	7.1	6.2	5.3	4.7
Riverside-San Bernardino-Ontario, CA	1,867.0	1882.2	1,897.7	1,927.6	1,961.8	1,985.4	13.0	11.5	9.8	8.1	6.6	6.0
Sacramento-Roseville-Arden-Arcade, CA	1,045.2	1,049.5	1,049.1	1,050.8	1,060.2	1,072.4	11.8	10.3	8.7	7.1	5.9	5.3
Salt Lake City, UT	573.6	584.5	599.7	606.1	616.4	628.8	6.6	5.3	4.4	3.7	3.4	3.3
San Antonio-New Braunfels, TX	1,039.1	1,054.3	1,075.6	1,088.9	1,099.6	1,122.8	7.1	6.3	5.7	4.6	3.8	3.8
San Diego-Carlsbad, CA	1,524.6	1,542.8	1,547.0	1,549.8	1,563.8	1,579.8	10.3	9.1	7.8	6.4	5.2	4.7
San Francisco-Oakland-Hayward, CA	2,345.5	2,396.3	2,419.5	2,456.3	2,505.9	2,542.5	9.1	7.8	6.4	5.2	4.3	3.8
San Jose-Sunnyvale-Santa Clara, CA	968.1	988.5	1,003.2	1,025.0	1,048.2	1,072.1	9.5	8.0	6.6	5.3	4.3	3.8
Seattle-Tacoma-Bellevue, WA	1,879.9	1,895.7	1,912.3	1,942.8	1,971.0	2,025.0	8.7	7.2	5.8	5.3	4.9	4.7
Tampa-St. Petersburg-Clearwater, FL	1,398.4	1,411.3	1,421.1	1,437.8	1,447.1	1,470.0	9.9	8.2	6.9	6.0	5.1	4.6
Tucson, AZ	466.9	463.2	458.4	462.4	464.2	475.9	8.5	7.4	6.8	6.0	5.6	5.0

(1) Preliminary, subject to change.

Source: U.S. Bureau of Labor Statistics

The Phoenix MSA's 2016 preliminary unemployment rate was 4.7%. The 2016 preliminary unemployment rate was almost half the 2011 Phoenix MSA unemployment rate.

The top five sources of total nonfarm employment, expressed as a percentage of total employment in the Phoenix MSA, were professional and business services (17.0%), retail and wholesale trade (16.3%), education and health services (15.0%), government (11.9%), and leisure and hospitality (10.9%). Professional and business services include professional, scientific and technical services, the management of companies and enterprises and administrative and waste management services. Leisure and hospitality include arts, entertainment and recreation and accommodation and food services. The industries listed in the following table are referred to as "supersectors" by the U.S. Bureau of Labor Statistics.

2016 WAGE & SALARY EMPLOYMENT, PHOENIX MSA, ARIZONA, AND U.S.

INDUSTRY	Total Employed (in thousands) PHX MSA	AZ	U.S.	Percent Of Employed PHX MSA	AZ	U.S.
Natural Resources & Mining	3.3	11.8	697.7	0.2%	0.4%	0.5%
Construction	107.0	135.8	6,659.7	5.3	5.0	4.6
Manufacturing	120.3	159.1	12,287.2	6.0	5.9	8.5
Total Goods Producing	230.6	306.7	19,644.6	11.5	11.4	13.6
Retail & Wholesale Trade	327.7	424.0	21,870.1	16.3	15.7	15.2
Transportation, Warehousing, Utilities	73.2	92.5	5,786.5	3.6	3.4	4.0
Information	38.1	47.7	2,771.9	1.9	1.8	1.9
Financial Activities	176.2	204.6	8,284.5	8.8	7.6	5.7
Professional & Business Services	342.7	409.0	19,921.7	17.0	15.1	13.8
Education & Health Services	301.5	414.7	22,690.1	15.0	15.4	15.7
Leisure and Hospitality	219.1	307.5	15,509.3	10.9	11.4	10.7
Other Services	63.1	87.7	5,694.0	3.1	3.2	3.9
Government	240.0	406.6	22,146.7	11.9	15.1	15.3
Total Services Providing	1,781.6	2,394.3	124,674.8	88.5	88.6	86.4
Total Nonfarm	2,012.2	2,701.0	144,319.4	100.0	100.0	100.0

Source: ASU Economic Outlook Center/U.S. Bureau of Labor Statistics

Comparing industries, the Phoenix MSA's employment within goods-producing sectors (i.e. manufacturing, mining, and construction) was approximately equal to the State of Arizona as a share of total employment, but lower than the nation. This reflected an emphasis within the Phoenix MSA on services. Approximately 88.5% of the employment within the Phoenix MSA in 2016 was in service providing industries.

The following table presents the number of annual employees by industry in the Phoenix MSA for the last six years. Also included is a table comparing the Phoenix MSA compound annual growth rate by industry to the State of Arizona and the U.S. The highest compound annual growth rate in the Phoenix MSA occurred in information and construction, with both about 5.0%. There were also compound annual growth rates of more than 3.4% in financial activities, health care and social assistance, professional and business services, education and health care, and leisure and hospitality.

NON-FARM WAGE AND SALARY EMPLOYMENT
Phoenix-Mesa-Scottsdale Metropolitan Statistical Area
(annual employees in thousands)

	2011	2012	2013	2014	2015	2016
Natural Resources and Mining	3.4	3.6	3.5	3.4	3.3	3.3
Construction	83.9	90.2	94.9	95.8	101.2	107.0
Manufacturing	115.0	117.6	117.4	119.4	121.2	120.3
Retail and Wholesale Trade	297.9	302.3	308.9	314.7	325.8	327.7
Transportation, Warehousing and Utilities	64.9	65.4	66.4	69.2	72.9	73.2
Information	29.8	32.5	33.9	35.7	38.3	38.1
Financial Activities	148.7	154.4	162.4	164.3	171.8	176.2
Professional and Business Services	286.7	299.8	316.2	327.3	342.2	342.7
Education and Healthcare	254.6	262.2	265.8	278.0	291.9	301.5
Leisure and Hospitality	180.7	186.7	197.3	203.8	210.9	219.1
Other Services	62.2	63.0	64.2	64.8	65.7	63.1
Government	234.4	239.9	239.1	242.2	239.5	240.0
Total	1,762.2	1,817.6	1,870.0	1,918.6	1,984.7	2,012.2

Source: ASU Economic Outlook Center; U.S. Bureau of Labor Statistics

NON-FARM WAGE AND SALARY EMPLOYMENT
Phoenix-Mesa-Scottsdale Metropolitan Statistical Area
(2011 to 2016 compound annual growth rate)

	PHX MSA	AZ	U.S.
Natural Resources and Mining	-0.6%	0.4%	-2.4%
Construction	5.0	4.1	3.8
Manufacturing	0.9	1.1	0.9
Retail and Wholesale Trade	1.9	1.7	1.6
Transportation, Warehousing and Utilities	2.4	2.1	3.1
Information	5.0	5.0	0.7
Financial Activities	3.5	3.6	1.5
Professional and Business Services	3.6	3.3	3.0
Education and Healthcare	3.4	3.1	2.2
Leisure and Hospitality	3.9	3.5	3.0
Other Services	0.3	0.0	1.2
Government	0.5	-0.1	0.1
Total	2.7	2.3	1.8

Source: ASU Economic Outlook Center; U.S. Bureau of Labor Statistics

The compound annual growth in the Phoenix MSA from 2011 to 2016 was higher than the state's compound annual growth in eight of the twelve industries examined. The Phoenix MSA also outperformed the nation in nine of the twelve industries over the six-year time horizon. Between 2011 and 2016, the compound annual growth rate for employment in goods producing industries was 2.7% in the Phoenix MSA, a higher growth rate than the state's 2.4% and the nation's 1.7%. For service providing industries, the compound annual growth rate in the Phoenix MSA was 2.7%, higher than the state, 2.3%, and the nation, 1.8%. As shown in the table below, the Phoenix MSA's total nonfarm job growth in percent terms was higher than the growth rates for the State of Arizona and the nation during each of the last six years.

COMPARISON OF TOTAL ANNUAL JOB GROWTH RATES

Year	Phoenix MSA	Arizona	U.S.
2016	2.7%	2.5%	1.7%
2015	3.3	2.6	2.1
2014	2.3	2.0	1.9
2013	2.9	2.3	1.6
2012	2.5	1.6	1.7
2011	1.5	1.1	1.2

Source: ASU Economic Outlook Center/U.S. Bureau of Labor Statistics

Phoenix Area Major Employers

Employer	Employees	Industry
Banner Health	26,134	Health Services
State of Arizona	23,151	Government
Walmart	15,636	Retail
Frys Food Stores	12,677	Retail
Arizona State University	12,496	Education
County of Maricopa	12,048	Government
Intel Corporation	11,328	Manufacturing
City of Phoenix	10,443	Government
Wells Fargo	10,386	Services
Honeywell	9,502	Manufacturing
Mesa Unified School District #4	9,029	Education
Honorhealth	8,145	Health Services
Bank of America	7,542	Services
McDonalds	6,935	Retail
United States Postal Service	6,274	Government
Bashas Inc	5,920	Retail
American Express	5,915	Services
JPMorgan Chase Bank National Association	5,867	Services
Salt River Pima Maricopa Indian Community	5,779	Government
Mayo Clinic	5,605	Health Services
Home Depot	5,533	Retail
Safeway/Abertson’s	7,694	Retail
American Airlines	5,343	Services
United States Department of The Air Force	5,205	Government
Arizona Public Service (APS)	5,135	Services
Target Stores Inc	5,084	Retail
Gilbert Unified School District #41	4,801	Education
State Farm Insurance	4,722	Services
Walgreen Co	4,710	Retail
Cvs Pharmacy Inc	4,703	Retail
Amazon.com	4,565	Services
U Haul	4,503	Services
SRP	4,437	Services
Peoria Unified School District #11	4,156	Education
Apollo Group Inc	4,004	Education
Maricopa County Community College District	3,979	Education
Deer Valley Unified School District #97	3,812	Education
St Josephs Hospital	3,757	Health Services
Boeing Co	3,717	Manufacturing
Chandler Unified School District #80	3,627	Education
General Dynamics	3,537	Manufacturing
Charles Schwab Co Inc	3,458	Services
Paradise Valley Unified School District #69	3,380	Education
GoDaddy	3,341	Services
City of Mesa	3,339	Government
Costco Wholesale	3,132	Retail
Carl T. Hayden VA Medical Center	3,124	Government
Washington Elementary School District #6	3,045	Education
USAA Phoenix Office	3,000	Services
Grand Canyon University	2,924	Education
Phoenix Union High School District #210	2,886	Education
Gila River Casino	2,850	Services
Marriott	2,835	Services
Discover Financial Services	2,818	Services
Dignity Health	2,651	Health Services
Dysart Unified School District #89	2,515	Education
Vanguard	2,500	Services

Source: Maricopa Association of Governments website.

Gross Domestic Product

Economists often describe the health of the U.S. economy in terms of gross domestic product, or GDP. This is the monetary value of all finished goods and services produced in the U.S. on an annual or quarterly basis. It includes all public and private sector purchases, government expenditures, investments, and the difference between exports and imports. Between 2001 and 2008, the Phoenix MSA accounted for more than 75% of the state's GDP. In 2009 and 2010, the Phoenix MSA's annual contribution to state GDP fell to approximately 74%. On average, the Phoenix MSA accounted for 75.2% of the State of Arizona's GDP between 2011 and 2015.

PHOENIX MSA ANNUAL CONTRIBUTION TO GDP IN THE STATE OF ARIZONA

	Gross Domestic Product (in millions of current dollars)		
Year	Phoenix MSA	Arizona	Phoenix MSA Contribution to State
2015	219,968	290,903	75.6%
2014	211,137	280,166	75.4
2013	202,642	270,642	74.9
2012	199,609	264,693	75.4
2011	189,685	254,192	74.6

Source: U.S. Bureau of Economic Analysis

Between 2001 and 2007, private industries contributed on average 90.3% of the Phoenix MSA's total GDP. The average annual government contribution was 9.7%. When the recession began in 2008, the GDP contribution of the Phoenix MSA's private industries fell below 90%, hitting 88.8% in 2010. The following table estimates the percent contribution (in current dollars) of different Phoenix MSA industry sectors to GDP in the State of Arizona. The table shows that the average annual contribution of private industries to GDP in the Phoenix MSA was marginally below 90% between 2011 and 2015. Finance, insurance, real estate, rental, and leasing on average accounted for almost one-fourth (24.6%) of the Phoenix MSA's GDP. Professional and business services on average accounted for 12.4% per annum between 2011 and 2015. There was also a steady decline in the percent contribution of manufacturing to the Phoenix MSA's GDP, from 13.22% in 2001 to 8.18% in 2015.

PHOENIX MSA
GDP CONTRIBUTION BY INDUSTRY SECTOR

INDUSTRY SECTOR	GDP Contribution (in millions of current dollars) 2011	2012	2013	2014	2015
Private Industries					
Agriculture, Forestry, Fishing, and Hunting	$ 790	$ 749	$ 882	$ 1,041	$ 985
Mining	2,704	2,745	2,356	2,508	2,047
Utilities	4,345	3,840	3,901	3,970	4,039
Construction	7,539	7,884	8,516	8,838	9,227
Manufacturing	16,622	18,026	16,308	17,375	18,020
Wholesale Trade	13,058	14,185	13,915	13,988	14,378
Retail Trade	15,382	15,680	15,394	16,369	17,405
Transportation and Warehousing	5,965	6,300	6,370	6,640	7,160
Information	5,331	5,422	6,013	6,479	6,743
Finance, Insurance, Rental, Real Estate & Leasing	45,129	49,178	50,853	52,484	54,609
Professional & Business Services	22,991	24,086	25,347	26,675	28,299
Education & Health Care	17,355	17,911	18,372	19,038	20,282
Other Services (excluding Government)	3,827	4,030	4,146	4,431	4,648
Arts, Entertainment & Recreation, and Accommodation & Food Services	8,066	8,462	8,809	9,382	9,823
Total Private Industries	$169,104	$178,498	$181,182	$189,218	$197,665
Government	20,581	21,111	21,460	21,919	22,303
Total All Industries	$189,685	$199,609	$202,642	$211,137	$219,968

Source: U.S. Bureau of Economic Analysis

The following table compares the Phoenix MSA's real GDP with 21 peer MSAs, expressed in 2009 dollars.* The table suggests the Phoenix MSA's average annual real GDP from 2011 through 2015, was $191.9 billion in 2009 dollars.* This ranked the Phoenix MSA ninth among the 22 MSAs examined in this report. However, the primary measure of economic performance internationally is per capita GDP. The second GDP table compares the real GDP per capita contributions of the Phoenix MSA with the 21 peer MSAs.

The average annual real GDP per capita contribution in the Phoenix MSA from 2011 through 2015, was $43,523. For the most recent year (2015), real GDP per capita in the Phoenix MSA was $43,264, expressed in 2009 dollars.* The compound annual growth rate for the Phoenix MSA from 2011 through 2015, was -0.2%.

* These are chained dollars, which is a method of adjusting real dollar amounts for inflation over time, to enable comparisons from different years. The U.S. Department of Commerce introduced the chained-dollar measure in 1996. Chained dollars generally reflect dollar figures computed with 2009 as the base year.

REAL GDP
PEER METROPOLITAN STATISTICAL AREAS

	Real GDP (in millions of 2009 dollars)(1)				
	2011	2012	2013	2014	2015
Phoenix-Mesa-Scottsdale, AZ	$ 85,596	$191,235	$190,522	$194,426	$197,913
Atlanta-Sandy Springs-Roswell, GA	276,516	280,911	285,802	295,397	303,903
Austin-Round Rock, TX	90,486	95,928	99,781	105,391	110,693
Charlotte-Concord-Gastonia, NC-SC	121,075	121,250	124,998	129,359	134,930
Dallas-Fort Worth-Arlington, TX	382,954	402,512	415,918	433,423	448,873
Denver-Aurora-Lakewood, CO	154,218	159,677	163,937	171,639	178,428
Houston-The Woodlands-Sugar Land, TX	392,018	414,764	438,899	450,740	471,290
Las Vegas-Henderson-Paradise, NV	84,421	84,401	84,743	88,472	91,943
Los Angeles-Long Beach-Anaheim, CA	757,050	766,452	788,592	806,832	838,101
Miami-Fort Lauderdale-West Palm Beach, FL	248,496	257,102	266,615	274,436	283,439
Orlando-Kissimmee-Sanford, FL	99,811	100,811	102,004	105,571	109,226
Portland-Vancouver-Hillsboro, OR-WA	149,296	143,937	140,763	142,184	148,680
Riverside-San Bernardino-Ontario, CA	116,238	115,967	117,723	120,936	125,518
Sacramento-Roseville-Arden-Arcade, CA	96,672	99,977	101,183	102,574	106,198
Salt Lake City, UT	64,349	65,325	66,922	68,089	70,176
San Antonio-New Braunfels, TX	83,981	87,824	90,866	94,940	100,533
San Diego-Carlsbad, CA	178,956	184,403	190,153	193,774	198,550
San Francisco-Oakland-Hayward, CA	325,411	343,656	349,283	363,951	378,763
San Jose-Sunnyvale-Santa Clara, CA	176,062	182,694	190,640	204,783	223,088
Seattle-Tacoma-Bellevue, WA	252,156	261,447	266,017	275,689	283,602
Tampa-St. Petersburg-Clearwater, FL	108,863	111,864	114,147	117,127	120,278
Tucson, AZ	32,342	32,815	32,736	33,256	32,474

(1) Chained 2009 dollars.

Source: U.S. Bureau of Economic Analysis

REAL GDP PER CAPITA
PEER METROPOLITAN STATISTICAL AREAS

	Real GDP Per Capita (in millions of 2009 dollars)(1)					Compound Annual Growth Rate
	2011	2012	2013	2014	2015	2011-2015
Phoenix-Mesa-Scottsdale, AZ	$43,627	$44,155	$43,260	$ 43,311	$ 43,264	-0.2%
Atlanta-Sandy Springs-Roswell, GA	51,446	51,482	51,725	52,615	53,216	0.8
Austin-Round Rock, TX	50,775	52,244	52,912	54,233	55,323	2.2
Charlotte-Concord-Gastonia, NC-SC	53,641	52,812	53,479	54,345	55,610	0.9
Dallas-Fort Worth-Arlington, TX	58,245	59,986	60,957	62,324	63,197	2.1
Denver-Aurora-Lakewood, CO	59,295	60,306	60,723	62,318	63,400	1.7
Houston-The Woodlands-Sugar Land, TX	64,682	67,039	69,295	69,449	70,797	2.3
Las Vegas-Henderson-Paradise, NV	42,915	42,229	41,759	42,747	43,476	0.3
Los Angeles-Long Beach-Anaheim, CA	58,439	58,666	59,851	60,837	62,826	1.8
Miami-Fort Lauderdale-West Palm Beach, FL	43,543	44,409	45,471	46,281	47,143	2.0
Orlando-Kissimmee-Sanford, FL	45,867	45,290	44,914	45,477	45,756	-0.1
Portland-Vancouver-Hillsboro, OR-WA	66,055	62,654	60,811	60,549	62,229	-1.5
Riverside-San Bernardino-Ontario, CA	27,017	26,667	26,815	27,226	27,960	0.9
Sacramento-Roseville-Arden-Arcade, CA	44,432	45,546	45,629	45,702	46,697	1.3
Salt Lake City, UT	58,096	58,107	58,622	59,037	59,966	0.8
San Antonio-New Braunfels, TX	38,273	39,246	39,815	40,770	42,169	2.5
San Diego-Carlsbad, CA	56,960	57,926	59,007	59,377	60,175	1.4
San Francisco-Oakland-Hayward, CA	73,954	77,015	77,110	79,222	81,347	2.4
San Jose-Sunnyvale-Santa Clara, CA	94,137	96,258	98,844	104,862	112,851	4.6
Seattle-Tacoma-Bellevue, WA	72,085	73,568	73,615	75,089	75,960	1.3
Tampa-St. Petersburg-Clearwater, FL	38,480	39,278	39,715	40,173	40,426	1.2
Tucson, AZ	32,731	33,043	32,800	33,107	32,152	-0.4

(1) Changed 2009 dollars.

Source: U.S. Bureau of Economic Analysis

Income

The Phoenix MSA was sixteenth out of the 22 peer MSAs in the table below for per capita income in 2015. Exclusively focused on money, per capita income is derived by dividing the total aggregate income by the total population.

PER CAPITA INCOME
PEER METROPOLITAN STATISTICAL AREAS

	Per Capita Income (2015 dollars)
Phoenix-Mesa-Scottsdale, AZ	$28,194
Atlanta-Sandy Springs-Roswell, GA	30,203
Austin-Round Rock, TX	34,959
Charlotte-Concord-Gastonia, NC-SC	30,005
Dallas-Fort Worth-Arlington, TX	31,379
Denver-Aurora-Lakewood, CO	36,733
Houston-The Woodlands-Sugar Land, TX	31,668
Las Vegas-Henderson-Paradise, NV	26,506
Los Angeles-Long Beach-Anaheim, CA	30,888
Miami-Fort Lauderdale-West Palm Beach, FL	28,511
Orlando-Kissimmee-Sanford, FL	26,254
Portland-Vancouver-Hillsboro, OR-WA	32,997
Riverside-San Bernardino-Ontario, CA	23,260
Sacramento-Roseville-Arden-Arcade, CA	30,569
Salt Lake City, UT	28,192
San Antonio-New Braunfels, TX	26,209
San Diego-Carlsbad, CA	32,227
San Francisco-Oakland-Hayward, CA	46,511
San Jose-Sunnyvale-Santa Clara, CA	46,148
Seattle-Tacoma-Bellevue, WA	39,152
Tampa-St. Petersburg-Clearwater, FL	28,339
Tucson, AZ	26,164

Source: American Community Survey 2015 (One Year Estimate)

The next table shows total personal income and per capita personal income in current dollars for the Phoenix MSA for 2011 through 2015. The Bureau of Economic Analysis defines personal income as "…the income received by, or on behalf of, all persons from all sources: from participation as laborers in production, from owning a home or unincorporated business, from the ownership of financial assets, and from government and business in the form of transfer receipts".* Including income from global, as well as domestic sources, it is far wider in scope than the American Community Survey's concept of per capita income shown in the previous table.

Per capita personal income is the total personal income divided by total population, and the calculations below use the Census Bureau's March 2016 midyear population estimates for 2010 through 2015. The 2015 per capita personal income estimate in the Phoenix MSA of $40,811 was more than $1,600 greater than the state per capita personal income of $39,156.

* Bureau of Economic Analysis. Local Area Personal Income: 2015 news release, November 17, 2016. Available at: https://www.bea.gov/newsreleases/regional/lapi/lapi_newsrelease.htm

PHOENIX MSA
TOTAL PERSONAL AND PER CAPITA PERSONAL INCOME

Year	Total Personal Income (in thousands of dollars)	Per Capita Personal Income (in current dollars)
2015	$186,693,084	$40,811
2014	178,064,720	39,689
2013	167,760,664	38,121
2012	163,407,220	37,757
2011	154,596,814	36,376

Source: U.S. Bureau of Economic Analysis

Exports

In 2015, the Phoenix MSA was the 25th largest U.S. exporter by merchandise export value based on origin of movement zip code data collected by the International Trade Administration. In total, the Phoenix MSA exported more than $13.8 billion goods that year. Mexico was the top foreign market, accounting for 30.2% of the Phoenix MSA's total goods exports. Canada accounted for 10.6% of the Phoenix MSA's total goods exports, and the UK 6.5%. On average, exports from the Phoenix MSA increased 6.7% annually over the past ten years, despite a major decline of more than 37% in 2009 due to the recession.

In 2015, the Phoenix MSA exported $1.1 billion more goods than 2014. This was the seventh highest dollar change among all MSAs in 2015. During that year, 119 MSAs recorded positive exports growth but only 16 MSAs posted export increases above $500 million.

PHOENIX MSA
ANNUAL EXPORTS

Year	Value	Annual Growth Rate
2015	$13,821,528,121	8.3%
2014	12,764,439,477	11.3
2013	11,473,532,187	5.9
2012	10,834,262,990	-0.7
2011	10,914,400,733	16.8
2010	9,342,732,987	17.6
2009	7,947,525,373	-37.0
2008	12,623,577,611	-1.5
2007	12,818,200,421	17.0
2006	10,954,781,866	29.3

Source: International Trade Administration

Real Estate Market

The Phoenix real estate market has improved significantly since the 2008-2009 recession. An excess of single-family residential buildings, coupled with a high foreclosure rate from 2008 through 2011, and a slowdown in population growth hit the Phoenix MSA residential real estate market in particular quite hard, but the market has since recovered.

NEW PRIVATELY OWNED HOUSING UNITS AUTHORIZED
PHOENIX MSA AND ARIZONA(1)

	1 Unit		2 Units		3 & 4 Units		5+ Units		Total	
Year	PHX	AZ	PHX	AZ	PHX	AZ	PHX	AZ	PHX	AZ
2016	18,577	24,409	352	424	169	176	9,444	10,891	28,542	35,900
2015	16,621	22,311	168	222	186	225	5,427	6,152	22,402	28,910
2014	11,557	16,841	156	230	125	137	8,503	9,789	20,341	26,997
2013	12,959	18,386	128	214	201	213	5,449	6,396	18,737	25,209
2012	11,931	16,189	176	244	161	210	3,699	5,083	15,967	21,726
2011	7,297	10,306	18	54	80	115	1,686	2,532	9,081	13,007

(1) 2016 amounts are preliminary and subject to change.

Source: U.S. Census Bureau

The total number of permits issued in 2016, compared to 2011, almost tripled in the State of Arizona, and more than tripled in the Phoenix MSA. Approximately two-thirds of the permitting in both jurisdictions in 2016 was for single units. Permitting always occurs before housing starts. However, a stronger indicator of economic conditions is housing completions.

Future growth is expected to occur in downtown Phoenix close to Central Avenue, in the 85004 zip code. Local property developers forecast that the number of residents in this zip code will double in the short-to-medium term, as more people opt for urban dwelling and take advantage of several new residential builds in the area.

POPULATION AND HOUSING UNITS(1)
CITY OF PHOENIX

Year	Population	Change in Population	Housing Units	Change in Housing Units(2)
2016	1,560,020	20,887	609,403	6,144
2015	1,527,509(3)	21,070	603,259	2,670
2014	1,506,439	20,688	600,589	3,913
2013	1,485,751	19,528	596,676	2,486
2012	1,466,223	12,761	594,190	1,600
2011	1,453,462	6,334(4)	592,590	1,978(4)

(1) The population and housing unit figures reflect the change to the 2010 decennial census that resulted from the census count question resolution program, which added 463 housing units and 1,496 residents to the previously published figures.

(2) The change in the number of housing units is equal to the number of housing completions plus the number of units annexed less the number of units demolished.

(3) The population was subsequently revised to 1,539,133 as a result of incorporating special census results for 2015 for certain cities within Maricopa County, while not adjusting the population estimate for the county. The result was an increase in the population estimate for Phoenix of 11,624.

(4) Change over five quarters from the decennial census figure on April 1, 2010.

Source: Maricopa Association of Governments

VALUE OF BUILDING PERMITS
CITY OF PHOENIX
($ in thousands)

Year	Residential	Commercial	Industrial	Other	Total
2017	$210,686	$ 210,194	$ 52,924	$ 464,411	$ 938,215
2016	862,071	1,062,657	225,377	1,588,603	3,738,708
2015	824,633	1,130,212	133,785	1,464,853	3,553,483
2014	633,010	1,040,100	206,052	1,271,799	3,150,961
2013	578,547	374,888	208,293	1,348,127	2,509,855
2012	780,212	641,175	134,309	1,559,364	3,115,060
2011	410,471	312,988	22,201	2,089,013	2,834,673
2010	482,385	294,150	106,844	1,656,489	2,539,868
2009	479,978	180,266	111,477	1,548,876	2,320,597
2008	540,212	1,662,219	157,418	1,950,777	4,310,626

* Year-to-date data through March 2017.

Source: Raw data provided by City of Phoenix Planning and Development Department

NEW HOUSING STARTS(1)

Year	City of Phoenix
2017(2)	627
2016	6,972
2015	4,611
2014	5,138
2013	3,131
2012	4,434
2011(3)	1,628
2010	2,401
2009	1,971
2008	5,046

(1) Reflects housing permits authorized, by units, including single-family, multi-family and mobile homes.

(2) Data through February 2017.

(3) Data source changed in 2011 from Arizona State University to the U.S. Census Bureau.

Source: Center for Real Estate Theory and Practice, College of Business Administration, Arizona State University, and the United States Census Bureau.

An estimated 53.0% of the occupied housing units in the City of Phoenix in 2015 were owner occupied, and 47% renter occupied. The average household size in each was very similar, 2.86 for owner-occupied units, and 2.84 for renter-occupied units. The median dollar value of an owner-occupied home in the City of Phoenix was $163,400 in 2015. The gross median rent for an occupied unit in 2015 was $884 per month. Approximately 74.1% of people living in owner-occupied units had a mortgage.

A recent report by Realtor.com projects the Phoenix MSA as the top housing market in the nation in 2017. The real estate group forecasts housing price gains of 5.9% and sales growth of 7.2%, positioning the Phoenix MSA ahead of the Los Angeles, Boston, Sacramento and Riverside MSAs for growth this year .**

** Realtor.com 2017 Housing Forecast: *research.realtor.com/2017-national-housing-forecast*.

CB Richard Ellis describes the current demand for retail space in the Phoenix MSA as "…robust amid [a] rise in new supply."** Big box retailers such as Target, Dick's Sporting Good, Burlington, Ross, and Big Lots absorbed several Class A spaces vacated by bankrupt firms like Sports Authority, Sports Chalet and The Room Store in 2016. Six new grocery stores also opened in the Phoenix MSA 2016, with three more planned in 2017. The vacancy rate at year-end was 8.9%, while the total inventory increased 1.2 million sq. ft. compared to the previous year. The average asking lease rate at the end of 2016 was $17.16 per sq. ft., which is a 4% year-over-year increase. With new supply expected to subside in 2017, CB Richard Ellis expects the supply/demand balance for retail space to remain healthy, with rents increasing as vacant spaces are filled.

RETAIL REAL ESTATE MARKET
PHOENIX MSA

Year	Vacancy Rate	Net Absorption (square feet)	Change in Inventory (square feet)
2016	8.9%	1,321,833	1,204,766
2015	9.1	1,150,192	164,859
2014	9.6	1,487,313	-49,225
2013	10.2	1,579,202	-325,959
2012	11.0	1,879,005	184,392
2011	12.2	-152,647	24,353

Source: CB Richard Ellis

OFFICE REAL ESTATE MARKET
PHOENIX MSA

Year	Vacancy Rate	Net Absorption (square feet)	Change in Inventory (square feet)
2016	17.4%	3,219,853	1,045,155
2015	19.3	3,779,039	3,763,828
2014	21.1	1,969,716	1,107,906
2013	22.4	1,712,366	-35,566
2012	23.9	2,020,529	973,282
2011	25.5	1,857,433	3,144,910

Source: CB Richard Ellis

The office real estate market net absorption rate in 2016 was down 14.8% on 2015, but helped create a new two-year market record at nearly 7 million sq. ft. By the end of 2016, the office vacancy rate had fallen to 17.4%, the lowest rate since 2008. The annual full-service average asking lease rate was $24.30 per square feet, 6.1% greater than the previous year. CB Richard Ellis predicts continued growth in the office real estate market in 2017, based on job growth projections.*

Net absorption for industrial and logistics real estate market outpaced new supply, driving down vacancy rates, while the monthly lease rate remained constant at $0.63 per square foot. CB Richard Ellis highlights the metro area's labor supply, relatively low business costs, and ease of access to southwestern states as critical factors encouraging the continued development of Phoenix as a regional distribution hub. As a result, the world's largest commercial real estate services firm forecasts healthy industrial and logistics real estate market conditions in the Phoenix MSA in 2017.**

* CBRE MarketView. Phoenix Office, Q4 2016.

** CBRE MarketView. Phoenix Industrial & Logistics Q4 2016.

INDUSTRIAL & LOGISTICS REAL ESTATE MARKET
PHOENIX MSA

Year	Vacancy Rate	Net Absorption (square feet)	Change in Inventory (square feet)
2016	8.0%	9,497,677	5,136,644
2015	10.1	7,046,663	3,966,434
2014	11.0	6,214,680	6,791,313
2013	11.4	8,783,982	8,902,571
2012	10.9	7,405,168	3,358,724
2011	12.4	7,753,111	1,954,037

Source: CB Richard Ellis

Outlook/Summary

The economy is expected to continue to grow in the Phoenix MSA. The Greater Phoenix Blue Chip Economic Forecast projects a 2.2% increase in population during calendar year 2017. In addition, they forecast personal income to increase 5.7% and retail sales to increase 5.8%. While the construction industry was slowed considerably during the most recent recession, the Greater Phoenix Blue Chip Economic Forecast projects a 7.8% increase in construction employment during 2017.

The real estate market is expected to continue to improve. The Greater Phoenix Real Estate Consensus Forecast expects new single family permits to increase in 2017 by 21.4% over 2016, and increase again 12.9% in 2018. If this growth occurs, the single family market will have grown by over 50% between 2015 and 2018. The office market is expected to see vacancy rates continue to drop. Office vacancy rates were 19.3% at year-end 2015 and improved to an estimated 17.4% at year-end 2016. At year-end 2017, the office vacancy rate is projected to be 16.1%, and continue falling in 2018 to 15.4% according to the Greater Phoenix Blue Chip Real Estate Consensus Forecast.

FINANCIAL INSTITUTIONS SERVING METRO PHOENIX
TOTAL ASSETS OVER $1 BILLION

Banks
JPMorgan Chase Bank, N.A.
Bank of America, N.A.
Wells Fargo Bank, N.A.
U.S. Bank N.A.
The Northern Trust Company
BMO Harris Bank N.A.
Compass Bank
Bank of the West
Comerica Bank
ZB, N.A.
New York Community Bank
First-Citizens Bank & Trust Company
BOKF, N.A.
TCF National Bank
UMB Bank Arizona, N.A.
FirstBank
Washington Federal, N.A.
Western Alliance Bank
MidFirst Bank
Great Western Bank
Mutual of Omaha Bank
Opus Bank
Beal Bank, SSB
Johnson Bank
Enterprise Bank & Trust
Bankers Trust Company
CoBiz Bank
First American Trust, FSB
Grandpoint Bank
First American Trust, FSB
Parkway Bank and Trust Company
First International Bank & Trust
Wilmington Trust, N.A.
Stearns Bank N.A.
Alerus Financial, N.A.
Kansas State Bank of Manhattan
First National Bank Texas
First Fidelity Bank, N.A.
FineMark National Bank & Trust
Armed Forces Bank, N.A.
Crescent Bank & Trust
Nextier Bank, N.A.
Academy Bank, N.A.

Savings Institutions
E* Trade Savings Bank

Source: Federal Deposit Insurance Corporation.
As of December 31, 2015.

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APPENDIX B

City of Phoenix, Arizona — Financial Data

VALUATIONS

2016-17 Fiscal Year

Limited Net Assessed Valuation	$ 10,982,150,871(1)
Total Property Tax Levy	238,312,673
Full Cash Value	140,141,257,980(2)

(1) Limited net assessed valuation represents the amount used in determining primary and secondary property tax levies.

(2) Full cash value represents total market value of taxable property and is calculated by the Maricopa County Assessor's Office and the Arizona Department of Revenue, Division of Property and Special Taxes.

Source: Arizona Department of Revenue and Maricopa County Assessor's Office.

The City's preliminary fiscal year 2017-18 limited net assessed valuation is $11,721,385,399, a 6.7% increase from fiscal year 2016-17. The City's preliminary full cash value for fiscal year 2017-18 is $152,048,146,858, an 8.5% increase from fiscal year 2016-17. The City's preliminary full cash net assessed valuation for fiscal year 2017-18 is $15,366,353,843, a 9.7% increase from fiscal year 2016-17. These valuations are from the Maricopa County Assessor's Office and are subject to change until approved by the Maricopa County Board of Supervisors no later than August 2017. The property tax information in Appendix B contains data for fiscal year 2016-17.

Arizona Property Tax System

County Assessor		**State Legislature**				**City of Phoenix**		**County Treasurer**
Calculates		*Establishes*				*Sets Rates (per $100 of value)*		*Bills, Collects, & Distributes*
Limited Property Value	x	Assessment Ratio	=	Limited Net Assessed Valuation	x	Primary & Secondary Tax Rate	=	Total Property Tax Levy

Arizona's property tax system was substantially revised by 1980 amendments to the Arizona Constitution and implementing legislation. Two separate tax systems were created: a Primary system for taxes levied to pay current operation and maintenance expenses; and a Secondary system for taxes levied to pay principal and interest on bonded indebtedness, special district assessments and tax overrides, as well as for the determination of the maximum permissible bonded indebtedness. There are specific provisions under each system governing determination of the full cash value of property, the limited property value, the basis of assessment and the maximum annual tax levies on certain types of property and by certain taxing authorities.

In 2012, voters approved Proposition 117, also known as the Property Tax Assessed Valuation Amendment, amending the Arizona Constitution by eliminating the use of secondary net assessed valuations (now referred to as full cash net assessed valuations) to calculate secondary property tax levies and capping the annual increase in limited property values used to calculate primary net assessed valuations. Beginning in fiscal year 2015-16, the amendment lowered the cap on the annual increase to limited property value from 10% to no greater than 5% above the previous year, plus new construction. The limited property value is used to calculate primary net assessed valuations, which will be used to determine both the primary and secondary levies and as a result, the terms "limited net assessed valuations" and "primary net assessed valuations" are sometimes used interchangeably. The amendment does not change the methodology used by county assessors to calculate limited net assessed valuations, and property owners may still appeal valuations to their county assessor. The amendment does not impose limits on the rate at which primary and secondary property taxes may be assessed and does not materially adversely affect the City's ability to levy and collect property tax revenues.

The basis of assessment for all property classifications is shown in the following table. Prior to legislative changes in 2012, the percentage assessment factor for each property classification was applied to the limited property value and full cash value of each property to determine primary and secondary net assessed valuations for tax levy purposes. Beginning in fiscal year 2015-16, the percentage assessment factor for each property classification is applied to the limited property value of each property to determine limited net assessed valuations, which are used to determine both the primary and secondary tax levies.

Basis of Property Assessments(1)

Tax Years	Class 1 Mining, Utility, Commercial and Industrial(2)(3)	Class 2 Vacant Land and Agricultural(3)	Class 3 Primary Residential (Owner Occupied)	Class 4 Non-Primary Residential (includes Leased and Rented)	Class 5 Private Railroad Car Companies and Airline Flight Property(4)
2017	18.0%	15.0%	10.0%	10.0%	15.0%
2016	18.0	15.0	10.0	10.0	14.0
2015	18.5	16.0	10.0	10.0	15.0
2014	19.0	16.0	10.0	10.0	16.0
2013	19.5	16.0	10.0	10.0	15.0
2012	20.0	16.0	10.0	10.0	15.0

(1) Additional classes of property exist, but do not amount to a significant portion of total valuation for the City of Phoenix. These classes consist of historic property; aerospace manufacturing property in a reuse zone; property in a foreign trade zone; environmental technology property for the first twenty years from the date placed in service and leasehold or other possessory interest in certain public property.

(2) Pursuant to legislation signed into law by the Governor on February 17, 2011, the assessment ratio for mines, utilities, commercial and industrial property was reduced to 19.5% for tax year 2013 and further reduced one-half of one percent for each year to 18% for 2016 and thereafter.

(3) Legislation authorized by an amendment to the Constitution of Arizona by vote at the November 5, 1996 general election provided for a reduced assessment factor on commercial, industrial and agricultural personal property by granting exemptions. The exemption amount is adjusted annually for inflation by the Arizona Department of Revenue. The maximum exempt amounts for tax years 2015 and 2016 are $146,973 and $152,926, respectively. Any portion of the full cash value in excess of those amounts will be assessed at the applicable assessment factor.

(4) This percentage is determined annually pursuant to Arizona Revised Statutes Section 42-15005.

Under the Primary system, annual tax levies are limited based on the nature of the property being taxed, and the nature of the taxing authority. Taxes levied for Primary purposes on residential property only are limited to 1% of the limited property value of such property. In addition, taxes levied for Primary purposes on all types of property by counties, cities, towns and community college districts are limited to a maximum increase of 2% over the prior year's levy, plus any amount directly attributable to new construction and annexation and involuntary tort judgments. In November 2006, voters of the State passed Proposition 101 which adjusts the base for the maximum allowable Primary property tax levy limit to the actual 2005 property taxes levied. The 2% limitation does not apply to taxes levied for Primary purposes on behalf of local school districts, nor to the Secondary annual tax levies by any entity for bonded indebtedness and special district assessments.

Property Tax Procedures

The Arizona Legislature revised the property tax valuation system effective with the tax year beginning January 1, 1997. Under this system, a valuation date is established as of January 1 of the year preceding the tax year, or January 1, 1997 for tax year 1998. A new, simplified system for sending notices of valuation, correction of errors and filing of appeals for locally assessed property was implemented. To ease implementation, real property on the tax rolls in 1995 remained at the 1995 values for tax year 1996. In July 1996, the Arizona Legislature revised the property valuation and appeal processes of centrally valued properties to conform to the changes made for locally assessed property. To allow for the change to the new system, the legislation provided that for the 1998 tax year, centrally valued property remained at 1997 values.

The new valuation system was intended to improve upon prior law by simplifying and streamlining the appeals process and increasing the length of time for preparing the assessment roll while still taking into account any corrections made as a result of appeals.

Legislation passed in 1997 permits county assessors, upon meeting certain conditions, to assess residential, agricultural and vacant land at the same assessed valuation for up to three consecutive tax years. The Maricopa County Assessor began reassessing existing properties within these classes on a two-year cycle, with assessments for tax year 2000 the same as tax year 1999. As a result, existing properties within these classes were reassessed for tax years 2001, 2003 and 2005. Starting with tax year 2007, the Maricopa County Assessor began reassessing existing properties within these classes on an annual cycle.

Legislation passed in 2001 calls for each county assessor to complete the assessment roll by the December 20 preceding the beginning of the tax year. As under prior law, a tax lien attaches to the property on January 1 of the tax year (January 1, 2001 for tax year 2001) and the County Board of Supervisors sets the tax rates on the third Monday in August each year.

Additional legislation passed in 2001 established a joint legislative oversight committee to monitor the current property tax assessment and appeals systems. The committee meets periodically to review the administrative structure and procedures utilized for assessing taxes and handling appeals, and identify and suggest solutions to potential problems.

Delinquent Tax Procedures

The property taxes due the City, along with State and other property taxes are billed by Maricopa County in September of the calendar tax year and are due and payable in two installments on October 1 and March 1 and become delinquent on November 1 and May 1. Delinquent taxes are subject to an interest penalty of 16% per annum prorated monthly as of the first day of the month. (Delinquent interest is waived if a taxpayer, delinquent as to the November 1 payment, pays the entire year's tax bill by December 31.) After the close of the tax collection period, the treasurer of the county prepares a delinquent property tax list and the property so listed is subject to a tax lien sale in February of the succeeding year. In the event that there is no purchaser for the tax lien at the sale, the tax lien is assigned to the State, and the property is reoffered for sale from time to time until such time as it is sold, subject to redemption, for an amount sufficient to cover all delinquent taxes.

After three years from the sale of the tax lien, the tax lien certificate holder may bring an action in a court of competent jurisdiction to foreclose the right of redemption and, if the delinquent taxes plus accrued interest are not paid by the owner of record or any entity having a right to redeem, a judgment is entered ordering the treasurer of the county to deliver a Treasurer's Deed to the certificate holder as prescribed by law.

It should be noted that in the event of bankruptcy of a taxpayer pursuant to the United States Bankruptcy Code, the law is currently unsettled as to whether a lien can attach against the taxpayer's property for property taxes levied during the pendency of bankruptcy. Such taxes might constitute an unsecured and possibly noninterest bearing administrative expense payable only to the extent that the secured creditors of a taxpayer are oversecured and then possibly only on the prorated basis with other allowed administrative claims. It cannot be determined, therefore, what adverse impact bankruptcy might have on the ability to collect ad valorem taxes on property of a taxpayer within the City. Proceeds to pay such taxes come only from the taxpayer or from a sale of the tax lien on the property.

When a debtor files or is forced into bankruptcy, any act to obtain possession of the debtor's estate, any act to create or perfect any lien against the property of the debtor or any act to collect, assess or recover a claim against the debtor that arose before the commencement of the bankruptcy would be stayed pursuant to the Bankruptcy Code. While the stay of a bankruptcy court may not prevent the sale of tax liens against the real property of a bankrupt taxpayer, the judicial or administrative foreclosure of a tax lien against the real property of a debtor would be subject to the stay of bankruptcy court. It is reasonable to conclude that "tax sale investors" may be reluctant to purchase tax liens under such circumstances, and, therefore, the timeliness of post bankruptcy petition tax collections becomes uncertain.

VALUATION HISTORY

Full Cash Value History

Fiscal Year	City of Phoenix	Maricopa County	State of Arizona(1)
2016-17	$140,141,257,980	$443,207,234,847	$656,511,478,502
2015-16	127,280,069,634	403,013,954,546	604,197,687,777
2014-15	106,487,248,298	339,536,632,619	526,147,191,080
2013-14	98,192,505,929	310,300,014,896	496,834,618,484
2012-13	103,538,836,913	321,960,273,828	518,109,307,694
2011-12	116,576,023,469	359,682,345,890	564,956,275,063
2010-11	144,772,030,661	444,097,351,502	672,005,436,964
2009-10	169,320,057,644	516,184,657,086	761,880,919,611
2008-09	167,520,964,412	516,677,464,629	754,817,457,814
2007-08	140,052,671,158	431,682,163,259	620,858,275,155

Source: Arizona Department of Revenue, Division of Property and Special Taxes and Maricopa County Finance Department.

Limited Net Assessed Valuation History

Fiscal Year	City of Phoenix	Maricopa County	State of Arizona(1)
2016-17	$10,982,150,871	$36,135,494,474	$56,573,588,295
2015-16	10,577,031,720	34,623,670,323	54,840,074,052
2014-15	10,298,185,184	33,519,795,354	53,549,091,433
2013-14	9,889,798,785	31,996,204,979	52,141,911,206
2012-13	10,803,375,535	34,263,842,276	55,852,336,047
2011-12	12,232,482,029	38,492,098,635	60,933,046,739
2010-11	15,102,603,682	46,842,818,990	71,379,821,611
2009-10	16,061,683,146	49,675,117,156	74,780,095,377
2008-09	14,664,583,196	44,881,602,698	67,556,592,601
2007-08	12,890,386,440	38,930,267,545	58,327,805,577

Source: Arizona Department of Revenue, Division of Property and Special Taxes and Maricopa County Finance Department.

Limited Net Assessed Valuation by Classification, City of Phoenix

Fiscal Year	Commercial/ Utilities/ Industrial	Residential	Rural & Other	Total
2016-17	$4,642,739,507	$ 6,062,572,209	$276,839,155	$10,982,150,871
2015-16	4,579,069,622	5,701,785,501	296,176,597	10,577,031,720
2014-15	4,700,793,219	5,788,310,977	329,529,990	10,818,634,186
2013-14	4,662,456,790	4,979,086,325	333,170,056	9,974,713,171
2012-13	5,254,483,552	5,228,248,100	367,012,004	10,849,743,656
2011-12	5,869,685,387	6,000,142,267	473,945,901	12,343,773,555
2010-11	7,710,938,700	7,643,363,104	738,006,519	16,092,308,323
2009-10	8,099,847,280	9,937,630,776	823,760,299	18,861,238,355
2008-09	7,378,159,709	10,598,307,425	879,605,239	18,856,072,373
2007-08	6,466,328,588	8,915,253,350	687,234,561	16,068,816,499

Source: Maricopa County Finance Department.

Beginning in fiscal year 2015-16 (tax year 2015), primary and secondary levies are based on a single valuation, the limited net assessed valuation. Although no longer the basis for calculating secondary property tax levies, full cash net assessed valuations (previously referred to as secondary net assessed valuations) are the basis for calculating the City's debt limitation. See page B-12 for more detail on the debt limitation. The table set forth below presents historical full cash net assessed valuations.

Full Cash Net Assessed Valuation History

Fiscal Year	City of Phoenix	Maricopa County	State of Arizona
2016-17	$14,008,918,676	$44,850,741,762	$67,264,430,756
2015-16	12,783,575,022	41,124,639,380	62,635,586,917
2014-15	10,818,634,186	35,079,646,593	55,353,879,728
2013-14	9,974,713,171	32,229,006,810	52,598,341,678
2012-13	10,849,743,656	34,400,455,712	56,283,023,907
2011-12	12,343,773,555	38,760,296,714	61,764,402,653
2010-11	16,092,308,323	49,662,543,618	76,644,423,588
2009-10	18,861,238,355	57,984,051,727	86,525,272,506
2008-09	18,856,072,373	58,303,635,287	86,183,351,753
2007-08	16,068,816,499	49,534,573,826	71,852,630,420

Source: State numbers are from Arizona Department of Revenue, Division of Property and Special Taxes and City of Phoenix and Maricopa County numbers are from Maricopa County Finance Department.

City of Phoenix, Arizona
Major Property Taxpayers
2016-17

Taxpayer	2016-17 Limited Net Assessed Valuation	As % of City Total Limited Net Assessed Valuation
Arizona Public Service Company	$378,079,943	3.44%
Southwest Gas Corporation	76,944,148	0.70
CenturyLink	60,630,366	0.55
AT&T Corporation	40,586,614	0.37
Grand Canyon Education Inc	35,479,688	0.32
Host Kierland LP	35,386,969	0.32
Espanade Owner LP	26,770,965	0.24
Starwood Hotels and Resorts	25,489,812	0.23
United Services Automobile Association	25,017,738	0.23
Target Corporation	22,244,765	0.20
Phoenix Plaza PT LLC	21,913,841	0.20
AGP Arizona Center Owner LLC	21,069,209	0.19
Verizon Wireless	20,212,285	0.19
Epic Apollo LLC	19,391,009	0.18
Safeway Inc	17,366,159	0.16
ABR Property LLC (Arizona Biltmore Resort & Spa)	16,720,325	0.15
AllianceBernstein/ViaWest Properties (Biltmore Financial Center)	15,824,494	0.15
Western B West AZ LLC	15,755,190	0.14
Liberty Property LP	14,054,791	0.13
Sprint Wireless	13,963,393	0.13
Total	$902,901,704	8.22%

Note: Total percentage may not add due to rounding.

Source: Maricopa County Assessor's Office, Arizona State Department of Revenue and the City of Phoenix Finance Department.

TAX DATA

The tax rates provided below reflect the total property tax rate levied by the City. For a description of the Primary system and Secondary system, see "APPENDIX B — City of Phoenix, Arizona — Financial Data — Arizona Property Tax System."

Fiscal Year	City's Primary Tax Rate Per $100 Assessed	City's Secondary Tax Rate Per $100 Assessed	City's Total Tax Rate Per $100 Assessed
2016-17	$1.34	$0.83	$2.17
2015-16	1.34	0.48	1.82
2014-15	1.35	0.47	1.82
2013-14	1.47	0.35	1.82
2012-13	1.24	0.58	1.82
2011-12	1.05	0.77	1.82
2010-11	0.88	0.94	1.82
2009-10	0.77	1.05	1.82
2008-09	0.76	1.06	1.82
2007-08	0.80	1.02	1.82

Maricopa County assesses and collects all City property taxes. Property taxes are payable in two installments. The first installment is due on the first business day of October and becomes delinquent on the first business day of November. The second installment is due on the first business day of March and becomes delinquent on the first business day of May. Interest at the rate of 16% per annum attaches on first and second installments following delinquent dates. The following table sets forth the City's tax levy and the tax collection record for fiscal year 2016-17 and for the past nine fiscal years. It should be noted that the total collection figures for each fiscal year reflect amounts collected on such year's levy and amounts collected during such year on prior years' levies, but do not include penalties for delinquent payments.

Fiscal Year	Tax Rate Per $100 Assessed	Tax Levy	Current Collection(1)		Total Collection(2)	
			Amount	% of Levy	Amount	% of Levy
2016-17	$2.17	$238,312,673	$153,343,887	64.4%	$155,604,760	65.3%
2015-16	1.82	192,501,977	189,460,339	98.4	191,769,813	99.6
2014-15	1.82	189,851,743	185,764,231	97.8	187,935,914	99.0
2013-14	1.82	180,294,595	176,225,784	97.7	179,288,375	99.4
2012-13	1.82	196,890,508	191,304,200	97.2	194,585,764	98.8
2011-12	1.82	223,483,443	216,456,029	96.9	223,310,161	99.9
2010-11	1.82	284,142,419	271,155,914	95.4	280,395,120	98.7
2009-10	1.82	321,817,125	308,113,990	95.7	317,765,358	98.7
2008-09	1.82	311,291,668	298,351,332	95.8	305,714,351	98.2
2007-08	1.82	266,891,526	258,970,653	97.0	263,352,805	98.7

(1) Reflects amounts collected on each year's levy through June 30, the end of the fiscal year, and the current fiscal year through March 2017.

(2) Reflects amounts collected on each year's levy and amounts collected during such year on prior years' levies.

Source: Maricopa County Treasurer's Office.

Total Direct and Overlapping Tax Rates
Per $100 Assessed Valuation (1)
For Fiscal Year 2016-17

Overlapping Jurisdiction	Total Tax Rate Inside City of Phoenix
Inside Agua Fria Union High School District No. 216	
Inside Litchfield Elementary School District No. 79 (3)	$13.5999
Inside Glendale Union High School District No. 205	
Inside Washington Elementary School District No. 6 (3)	16.6209
Inside Phoenix Union High School District No. 210	
Inside Phoenix Elementary School District No. 1	18.5207
Inside Riverside Elementary School District No. 2	15.0186
Inside Isaac Elementary School District No. 5	21.9180
Inside Wilson Elementary School District No. 7	18.1139
Inside Osborn Elementary School District No. 8	15.1864
Inside Creighton Elementary School District No. 14	17.2043
Inside Murphy Elementary School District No. 21	17.2659
Inside Balsz Elementary School District No. 31	15.6119
Inside Madison Elementary School District No. 38	15.8549
Inside Laveen Elementary School District No. 59	19.1966
Inside Roosevelt Elementary School District No. 66	18.6620
Inside Alhambra Elementary School District No. 68	18.4494
Inside Cartwright Elementary School District No. 83 (3)	22.4814
Inside Tempe Union High School District No. 213	
Inside Tempe Elementary School District No. 3 (2)	14.4570
Inside Kyrene Elementary School District No. 28 (2)	13.5584
Inside Tolleson Union High School District No. 214	
Inside Tolleson Elementary School District No. 17	14.5956
Inside Fowler Elementary School District No. 45 (3)	14.8528
Inside Union Elementary School District No. 62	15.4256
Inside Littleton Elementary School District No. 65	15.7625
Inside Pendergast Elementary School District No. 92 (3)	16.5706
Inside Scottsdale Unified School District No. 48 (2)	10.1382
Inside Paradise Valley Unified School District No. 69 (3)	13.2789
Inside Cave Creek Unified School District No. 93	8.3323
Inside Deer Valley Unified School District No. 97 (3)	13.0099

(1) Included in the computation for each of the overlapping jurisdictions is the City of Phoenix tax rate of $2.1700, the Maricopa County tax rate of $1.4009, the Education Equalization District tax rate of $0.5010, the Maricopa County Flood Control District tax rate of $0.1792, the Central Arizona Water Conservation District tax rate of $0.1400, the Maricopa County Library District tax rate of $0.0556, the Volunteer Fire District Assistance tax rate of $0.0112, the Maricopa Special Health Care District tax rate of $0.3053 and the Maricopa County Community College District tax rate of $1.4651.

(2) Includes the East Valley Institute of Technology tax rate of $0.0500.

(3) Includes the West Maricopa Education Center tax rate of $0.0840.

Source: Maricopa County Finance Department.

STATEMENT OF BONDED INDEBTEDNESS (1)*

	General Obligation Bonds		
Purpose	Non-Enterprise General Obligation Bonds	Enterprise Supported General Obligation Bonds	Total General Obligation Bonds
Various	$1,255,400,000	$ —	$1,255,400,000
Airport	—	7,865,000	7,865,000
Sanitary Sewer	—	4,525,000	4,525,000
Solid Waste	—	6,515,000	6,515,000
Water	—	12,490,000	12,490,000
Direct Debt	1,255,400,000	31,395,000	1,286,795,000
Less: Revenue Supported	—	31,395,000	31,395,000
Net Direct Debt	1,255,400,000	—	1,255,400,000

(1) Represents general obligation bonds outstanding as of March 1, 2017; includes the Bonds Being Refunded but excludes the Bonds. Such figures do not include the outstanding principal amounts of certain general obligation bonds that have been refunded or the payment of which has been provided for in advance of maturity. The payment of the refunded debt service requirements is secured by obligations issued or fully guaranteed by the United States of America which were purchased with proceeds of the refunding issues and other available moneys and are held in irrevocable trusts and are scheduled to mature at such times and in sufficient amounts to pay when due all principal, interest and redemption premiums where applicable, on the refunded bonds.

* Subject to change.

Annual Debt Service Requirements
General Obligation Bonded Debt Outstanding(1)*

Fiscal Year	Total Debt Service Requirements	Less: Enterprise Supported	Net Debt Service Requirements
2016-17	$ 135,031,781	$ 8,974,913	$ 126,056,868
2017-18	104,492,083	2,876,775	101,615,308
2018-19	116,269,968	7,884,025	108,385,943
2019-20	130,025,257	13,112,425	116,912,832
2020-21	130,622,464	1,100,075	129,522,389
2021-22	130,454,752	715,825	129,738,927
2022-23	136,412,711	—	136,412,711
2023-24	143,123,470	—	143,123,470
2024-25	151,004,949	—	151,004,949
2025-26	156,302,216	—	156,302,216
2026-27	156,133,882	—	156,133,882
2027-28	53,589,681	—	53,589,681
2028-29	38,070,383	—	38,070,383
2029-30	37,704,110	—	37,704,110
2030-31	37,322,344	—	37,322,344
2031-32	36,928,369	—	36,928,369
2032-33	36,521,104	—	36,521,104
2033-34	36,100,171	—	36,100,171
	$ 1,766,109,695	$34,664,038	$1,731,445,657

(1) Represents debt service requirements on general obligation bonds outstanding as of March 1, 2017; includes debt service on the Bonds Being Refunded but excludes debt service on the Bonds. Schedule does not include debt service requirements of previously refunded general obligation bonds. The payment of the refunded debt service requirements is secured by obligations issued or fully guaranteed by the United States of America which are held in irrevocable trusts and are scheduled to mature at such times and in sufficient amounts to pay when due all principal, interest and redemption premiums where applicable, on the refunded bonds.

On October 27, 2009, the City issued $280,955,000 par amount of Qualified Build America Bonds (Direct Pay). The City elected to receive subsidy payments, in the amount of 35% of each interest payment on the Qualified Build America Bonds, paid directly to the City by the United States of America. Debt service is shown gross of subsidy payments. Effective October 1, 2013, the federal government implemented certain automatic budget cuts known as the sequester, which resulted in a reduction of the federal subsidy payments over the past several years. The reduction will be 6.9% for the federal government's fiscal year ending September 30, 2017 (the "Sequester Reductions"). However, the City does not expect the Sequester Reductions to have a material adverse effect on its ability to make payments of interest on this issue.

* Subject to change.

Direct General Obligation Bonded Debt Outstanding(1)*

Issue Date	Original Issuance	Purpose	Maturity Dates	Bonds Outstanding As of 3-1-17
07-01-95	$ 85,000,000	Refunding	7-1-10/17	$ 11,840,000
03-01-04	200,000,000	Various Improvements	7-1-10/28	14,720,000
06-13-07	342,700,000	Various Improvements	7-1-13/17	19,710,000
06-13-07	151,720,000	Refunding	7-1-09/27	96,480,000(2)
10-27-09	280,955,000	Various Improvements (Taxable)	7-1-20/34	280,955,000(3)
10-27-09	69,045,000	Various Improvements (Taxable)	7-1-15/20	43,895,000
10-27-09	117,195,000	Refunding	7-1-11/23	37,660,000
06-12-12	103,360,000	Various Improvements	7-1-23/34	103,360,000
06-12-12	16,640,000	Various Improvements (Taxable)	7-1-21/23	16,640,000
06-12-12	176,465,000	Refunding	7-1-15/27	157,305,000
06-24-14	278,015,000	Refunding	7-1-19/27	278,015,000
09-13-16	226,215,000	Refunding	7-1-18/27	226,215,000
Total Direct General Obligation Debt Outstanding				1,286,795,000
Less: General Obligation Bonded Debt Supported from Enterprise Revenues				31,395,000
Net Direct General Obligation Bonded Debt Outstanding				$1,255,400,000

(1) Represents general obligation bonds outstanding as of March 1, 2017; includes the Bonds Being Refunded but excludes the Bonds.

(2) Represents bonds, a portion of which are expected to be refunded by the Bonds offered herein.

(3) On October 27, 2009, the City issued $280,955,000 par amount of Qualified Build America Bonds (Direct Pay). The City elected to receive subsidy payments, in the amount of 35% of each interest payment on the Qualified Build America Bonds, paid directly to the City by the United States of America. Effective October 1, 2013, the federal government implemented certain automatic budget cuts known as the sequester, which resulted in a reduction of the federal subsidy payments over the past several years. The reduction will be 6.9% for the federal government's fiscal year ending September 30, 2017 (the "Sequester Reductions"). However, the City does not expect the Sequester Reductions to have a material adverse effect on its ability to make payments of interest on this issue.

* Subject to change.

DEBT LIMITATION

Pursuant to Chapter 177, Laws of Arizona 2016, which became effective August 6, 2016, the City's debt limitation is based on the full cash net assessed valuation. The full cash net assessed valuation for 2016-17 is $14,008,918,676. Under the provisions of the Arizona Constitution, outstanding general obligation bonded debt for combined water, sewer, light, parks, open space preserves, playgrounds, recreational facilities, public safety, law enforcement, fire emergency, streets and transportation may not exceed 20% of a city's full cash net assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of a city's full cash net assessed valuation. Unused borrowing capacity as of March 1, 2017 is shown below.

Water, Sewer, Light, Parks, Open Spaces, Playgrounds, Recreational Facilities, Public Safety, Law Enforcement, Fire Emergency, Streets and Transportation Purpose Bonds*

20% Constitutional Limitation	$2,801,783,735
Direct General Obligation Bonds Outstanding	1,030,890,000(1)
Less: Debt Limit Reduction from Refunding(2)	30,990,000
Unused 20% Limitation Borrowing Capacity	$1,739,903,735

All Other General Obligation Bonds*

6% Constitutional Limitation	$840,535,121
Direct General Obligation Bonds Outstanding	255,905,000(1)
Less: Debt Limit Reduction from Refunding(2)	18,930,000
Unused 6% Limitation Borrowing Capacity	$565,700,121

(1) Represents general obligation bonds outstanding as of March 1, 2017; includes the Bonds Being Refunded but excludes the Bonds.

(2) Per A.R.S. Section 35-473.01.I, refunding bonds issued on or after August 6, 2016 may cause a reduction in available debt limits based on the nature of the refunded bonds (each, a "Debt Limit Reduction from Refunding"). If the principal amount of the refunded bonds is greater than the principal amount of the bonds that are refunding them and net premium is used to fund the escrow, then the difference in principal amounts will constitute a Debt Limit Reduction from Refunding.

* Subject to change.

NET DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT AND DEBT RATIOS

	As of March 1, 2017(1)
City of Phoenix	$1,255,400,000
Maricopa County Community College District	162,351,000
Maricopa County Special Health Care District	22,148,000
Various Elementary School Districts	515,746,000
Various High School Districts	389,245,000
Various Unified School Districts	352,996,000
Net Direct and Overlapping General Obligation Bonded Debt	$2,697,886,000

(1) The net direct debt of the City of Phoenix is as of March 1, 2017. The direct debt for the various school districts is as of July 1, 2016, the latest available data.

Excludes $52,000 principal amount of City Improvement Districts' bonded debt. This indebtedness is presently being paid from special assessments levied against property owners residing within the improvement districts.

Also does not include the obligation of the Central Arizona Water Conservation District (CAWCD) to the United States of America, Department of the Interior for repayment of capital costs for construction of the Central Arizona Project (CAP), a major reclamation project constructed by the Department of the Interior to deliver Colorado River water to central and southern Arizona. The obligation is evidenced by a master repayment agreement between the CAWCD and the Department of the Interior. The CAWCD repayment obligation was reduced from over $2 billion to $1.65 billion as a result of a settlement between the United States and CAWCD over the amount of the repayment obligations and repayment terms. The settlement provided that 73% of the repayment obligation bear interest at the rate of 3.342% per annum on the unpaid balance, and 27% of the repayment obligation be non-interest bearing. The repayment will take place over a period of 50 years with the final payment in 2046. The repayment amount is offset by revenue collected from power generation before calculating the net capital charge rate to the users, such as the City of Phoenix. The charge to the City of Phoenix averaged $1.8 million per year for years 2009 through 2013, was $2.4 million in 2014, $2.7 million in 2015 and $2.8 million in 2016. The charge is estimated to be $2.9 million in 2017.

The CAWCD is a water conservation district having boundaries coterminous with the exterior boundaries of Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the District and to assist in repayment of the Central Arizona Project capital costs to the United States. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of Central Arizona Project water) and a tax levy against all taxable property in the District. Currently, the tax levy is limited by Arizona Revised Statutes to $0.14 per $100 of assessed valuation. There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract. The CAWCD has levied a tax of $0.14 per $100 of assessed valuation for the 2015-16 fiscal year.

Net Direct And Overlapping General Obligation Bonded Debt Ratios(1)

		As Percent of City's 2016-17	
	Per Capita Debt (Pop. Est. 1,565,896)	Limited Net Assessed Valuation	Full Cash Valuation
Direct General Obligation Bonded Debt Outstanding as of July 1, 2016	$ 821.76	11.72%	0.92%
Net Direct General Obligation Bonded Debt Outstanding as of July 1, 2016	801.71	11.43	0.90
Net Direct and Overlapping General Obligation Bonded Debt Outstanding as of July 1, 2016	1,722.90	24.57	1.93

(1) Represents net direct debt and overlapping general obligation bonds outstanding as of March 1, 2017.

Overlapping General Obligation Bonded Debt, Limited Net Assessed Valuations and Tax Rates
As of July 1, 2016
(in thousands)

Overlapping Jurisdiction	2016-17 Limited Net Assessed Valuation	Net Bonded Debt	Approximate Applicable Percent	Net Overlapping Bonded Debt	2016-17 Tax Rate Per $100 Assessed
State of Arizona	$56,573,588	$ —	19.41%	$ —	—
Maricopa County	36,135,494	—	30.39	—	1.4009
Maricopa County Community College District	36,135,494	534,225	30.39	162,351	1.4651
Maricopa County Special Health Care District	36,198,109	73,000	30.34	22,148	0.3053
Elementary School Districts:					
Phoenix S.D. No. 1	599,497	56,180	100.00	56,180	7.2240
Riverside S.D. No. 2	337,179	32,715	97.90	32,028	3.7219
Tempe S.D. No. 3	1,304,787	96,885	14.20	13,758	5.2831
Isaac S.D. No. 5	118,947	—	100.00	—	10.6213
Washington S.D. No. 6	1,142,986	79,200	97.42	77,157	5.6348
Wilson S.D. No. 7	91,129	5,345	100.00	5,345	6.8172
Osborn S.D. No. 8	375,610	24,585	99.93	24,568	3.8897
Creighton S.D. No. 14	368,744	22,675	85.33	19,349	5.9076
Tolleson S.D. No. 17	156,820	6,885	20.53	1,413	4.8021
Murphy S.D. No. 21	89,321	7,105	100.00	7,105	5.9692
Kyrene S.D. No. 28	1,865,513	163,500	41.14	67,264	4.3845
Balsz S.D. No. 31	262,080	13,870	93.64	12,988	4.3152
Madison S.D. No. 38	877,132	72,685	100.00	72,685	4.5582
Fowler S.D. No. 45	276,485	6,525	88.04	5,745	4.9753
Laveen S.D. No. 59	192,002	25,735	84.62	21,777	7.8999
Union S.D. No. 62	55,148	6,785	91.73	6,224	5.6321
Littleton S.D. No. 65	216,866	20,755	15.72	3,263	5.9690
Roosevelt S.D. No. 66	520,228	55,715	98.80	55,046	7.3653
Alhambra S.D. No. 68	288,007	—	82.90	—	7.1527
Litchfield S.D. No. 79	703,245	44,425	0.01	4	3.8142
Cartwright S.D. No. 83	208,691	24,140	100.00	24,140	11.1007
Pendergast S.D. No. 92	282,212	25,350	38.29	9,707	6.6931
High School Districts:					
Glendale Union No. 205	1,400,607	117,150	79.50	93,134	4.6738
Phoenix Union No. 210	4,328,567	256,230	96.23	246,570	5.0684
Tempe Union No. 213	3,170,300	119,700	30.05	35,970	2.8956
Tolleson Union No. 214	987,530	28,600	47.43	13,565	3.5652
Agua Fria Union No. 216	1,030,770	60,520	0.01	6	3.4734
Unified School Districts:					
Scottsdale No. 48	4,740,996	236,393	13.65	32,268	3.8599
Paradise Valley No. 69	3,081,691	284,495	69.80	198,578	6.9666
Cave Creek No. 93	1,779,835	39,675	12.81	5,082	2.1040
Deer Valley No. 97	2,299,621	214,410	54.60	117,068	6.6976
Total Overlapping General Obligation Bonded Debt				$1,442,486	

Source: Maricopa County Finance Department.

Authorized and Unissued Bonds of Overlapping Jurisdictions
As of January 1, 2017

Jurisdictions	Authorized and Unissued Bonds
Agua Fria Union High School District 216	$ 55,000,000
Creighton Elementary School District No. 14	85,000,000
Deer Valley Unified Elementary School District No. 97	103,315,000
Fowler Elementary School District No. 45	12,200,000
Glendale Union High School District No. 205	40,000,000
Laveen Elementary School District No. 59	34,520,000
Litchfield Elementary School District No. 79	23,000,000
Littleton Elementary School District No. 65	2,390,000
Madison Elementary School District No. 38	61,000,000
Maricopa County Special Health Care District	829,000,000
Maricopa County Community College District	3,000
Murphy Elementary School District No. 21	5,000,000
Paradise Valley Unified Elementary School District No. 69	191,300,000
Pendergast Elementary School District No. 92	59,950,000
Phoenix Elementary School District No. 1	39,500,000
Phoenix Union High School District No. 210	95,000,000
Riverside Elementary School District No. 2	34,725,000
Scottsdale Unified Elementary School District No. 48	229,000,000
Tempe Elementary School District No. 3	165,000,000
Union Elementary School District No. 62	8,440,000
Washington Elementary School District No. 6	98,000,000
Western Maricopa Education Center District No. 402	141,000,000
Wickenburg Unified School District No. 9	10,000,000

SUMMARY OF AUTHORIZED, ISSUED AND UNISSUED GENERAL OBLIGATION BONDS

Purpose	Original Authorization(1)	Bonds Issued	Remaining Authorization
GENERAL OBLIGATION BONDS:			
Affordable Housing and Neighborhood Revitalization	$ 81,000,000	$ 63,385,000	$ 17,615,000
Computer Technology	136,400,000	133,195,000	3,205,000
Education Facilities	198,700,000	190,610,000	8,090,000
Environmental Cleanup	37,600,000	32,515,000	5,085,000
Family, Senior and Youth Cultural Facilities	170,922,000	150,110,000	20,812,000
Fire Protection	136,205,000	121,900,000	14,305,000
Freeway Mitigation, Neighborhood Stabilization and Slum and Blight Elimination	29,285,000	28,285,000	1,000,000
Historic Preservation	12,000,000	11,205,000	795,000
Library Facilities	62,178,000	53,200,000	8,978,000
Neighborhood Protection and Senior Centers	74,000,000	71,645,000	2,355,000
Parks, Open Space and Recreational Facilities	192,500,000	174,865,000	17,635,000
Police Protection	186,095,000	159,585,000	26,510,000
Street Improvements	169,700,000	147,410,000	22,290,000
Storm Sewer Systems and Flood Protection	131,400,000	127,720,000	3,680,000
Total General Obligation Bonds	$1,617,985,000	$1,465,630,000	$152,355,000

(1) This is the original authorization of those 1988, 2001 and 2006 authorizations which still have a portion unissued.

OTHER LONG-TERM OBLIGATIONS

The City executed purchase and lease agreements with the City of Phoenix Civic Improvement Corporation (the "*Corporation*") for the construction of a new municipal building, a new Phoenix municipal courthouse building and a new city parking garage and to finance the acquisition of certain municipal facilities, consisting of real property and equipment.

Under the terms of these agreements, the City has agreed to make lease and purchase payments in amounts sufficient to pay principal and interest on bonds issued by the Corporation to finance the facilities, and has pledged its excise tax collections for these payments. The City's excise tax collections in 2011-12 totaled $747,595,000, in 2012-13 totaled $783,630,000, in 2013-14 totaled $816,923,000, in 2014-15 totaled $844,389,000 and in 2015-16 totaled $858,716,000. Beginning in 2009-10 collections included a 2.0% transaction privilege (sales) tax rate on the sale of food for home consumption approved by the City Council on February 2, 2010. The tax became effective April 1, 2010, and was levied for five years. The revenues resulting from this tax totaled $49.4 million in 2011-12, $51.6 million in 2012-2013, $43.8 million in 2013-14 and $24.8 million in 2014-15. Effective January 1, 2014, the City Council reduced the tax rate on the sale of food for home consumption to 1.0% through the last 15 months of the tax, which expired as planned on March 31, 2015. Though currently expired, delinquent tax receipts of $0.5 million were received in 2015-2016. These amounts do not include revenues from various transaction privilege (sales) tax rate increases approved by voters for specific uses and are not part of the pledge for lease and purchase payments on bonds of the Corporation. There are four such excluded voter approved tax rate increases.

On October 5, 1993, voters approved a 0.1% increase in the City's transaction privilege tax rate. The revenues produced by the increase must be used to add police officers and firefighters and to expand neighborhood programs designed to deter crime.

On September 7, 1999, voters approved a 0.1% increase in the City's transaction privilege tax rate to be levied for a 10-year period. The revenues produced by the increase will be used for the acquisition of desert preserve open space and the development and improvement of regional and neighborhood parks located within the City. On May 20, 2008, City of Phoenix voters approved a 30-year extension of the 0.1% tax for the acquisition of desert preserve open space and the development and improvement of regional and neighborhood parks in Phoenix. This extension will also expand the possible uses of these funds to include operational expenses such as salaries for park rangers and maintenance workers. Forty percent of the revenues produced by the extension will be used to acquire land for Phoenix's Sonoran Preserve. The remaining sixty percent will be used to finance improvements to parks throughout the City.

On March 14, 2000, voters approved a 0.4% increase in the City's transaction privilege tax rate to be levied for a period of 20 years. The revenues produced by the increase were used for expanded bus service, the construction of a light rail system and other transportation improvements and to pay debt service on transit excise tax bonds used by the Corporation for such purposes ("*Transit Excise Tax Bonds*"), as described herein. On August 25, 2015, voters approved a new comprehensive transportation plan and funding tax proposal that increased the existing transit tax rate dedicated for transit. The dedicated sales tax rate was increased from the previous 0.4% sales tax rate to 0.7% and became effective January 1, 2016, with a sunset date of December 31, 2050. Only the revenue collected from the original 0.4% transit sales tax is currently pledged to the Transit Excise Tax Bonds. The increased tax will continue to fund expanded bus service and the operation of the light rail system, and will additionally fund expanded bus and light rail service hours and routes, maintenance facilities, transit centers, and street improvements.

On September 11, 2007, voters approved a 0.2% increase in the City's transaction privilege tax rate. Eighty percent of the revenues produced by the increase will be used by the Phoenix Police Department to recruit, hire, train and equip at least 500 police officers and police personnel; hire crime scene investigation (CSI) forensic teams; and to make service calls more efficient. Twenty percent of the revenues produced by the increase will be used by the Phoenix Fire Department to recruit, hire, train and equip at least 100 firefighters and fire personnel to improve fire protection services.

City of Phoenix Civic Improvement Corporation
Senior Lien Debt Outstanding(1)

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 6-1-17
06-01-07	$103,605,000	Municipal Facilities Refunding	7-1-09/17	4.85%	$ 3,735,000
06-07-11	27,530,000	Municipal Facilities	7-1-14/31	4.24	18,230,000
06-07-11	59,195,000	Municipal Facilities (Taxable)	7-1-15/36	4.90	51,670,000
06-07-11	24,305,000	Municipal Facilities Refunding	7-1-21/28	4.92	24,305,000
06-07-11	22,805,000	Municipal Facilities Refunding (Taxable)	7-1-15/21	3.77	20,220,000
06-21-12	15,205,000	Municipal Facilities Refunding	7-1-14/29	4.69	10,345,000
Total City of Phoenix Civic Improvement Corporation Senior Lien Debt					$128,505,000

(1) Schedule excludes the Senior Bonds Being Refunded by the Subordinated Refunding Bonds offered herein.

City of Phoenix Civic Improvement Corporation
Schedule of Annual Debt Service Requirements
Senior Lien Debt Outstanding(1)

Fiscal Year	Principal	Interest	Total
2016-17	$17,250,000	$ 9,489,351	$ 26,739,351
2017-18	12,300,000	5,189,445	17,489,445
2018-19	12,790,000	4,694,123	17,484,123
2019-20	11,965,000	4,191,785	16,156,785
2020-21	10,050,000	3,674,084	13,724,084
2021-22	8,010,000	3,218,538	11,228,538
2022-23	8,610,000	2,840,117	11,450,117
2023-24	6,500,000	2,418,412	8,918,412
2024-25	4,295,000	2,099,490	6,394,490
2025-26	4,475,000	1,889,705	6,364,705
2026-27	5,580,000	1,669,889	7,249,889
2027-28	6,275,000	1,396,961	7,671,961
2028-29	3,085,000	1,087,806	4,172,806
2029-30	2,530,000	942,515	3,472,515
2030-31	2,655,000	812,392	3,467,392
2031-32	2,170,000	675,313	2,845,313
2032-33	2,295,000	554,552	2,849,552
2033-34	2,420,000	426,835	2,846,835
2034-35	2,555,000	292,162	2,847,162
2035-36	2,695,000	149,977	2,844,977
	$128,505,000	$47,713,452	$176,218,452

(1) Schedule excludes debt service on the Senior Bonds Being Refunded by the Subordinated Refunding Bonds offered herein.

The City also entered into leases with the City of Phoenix Civic Improvement Corporation to finance the acquisition of certain municipal facilities, consisting of real property and equipment. The Corporation issued bonds for payment of the acquisition costs, and the City pledged its excise tax collections to make lease payments sufficient to pay principal and interest on the bonds. This pledge is on a parity with all other outstanding subordinated excise tax obligations and is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations, although there are currently no junior lien excise tax obligations outstanding.

The City entered into lease and leaseback agreements with the City of Phoenix Civic Improvement Corporation for the purpose of acquiring and constructing a downtown multipurpose arena. The Corporation issued bonds for the payment of the City's portion of land acquisition and construction costs and the City pledged its excise tax collections to make lease payments sufficient to pay principal and interest on the bonds. This pledge is on a parity with all other outstanding subordinated excise tax obligations and is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations.

The City entered into a leaseback agreement with the Phoenix Civic Plaza Building Corporation for the purpose of acquiring the site for and constructing and equipping a multi-level parking structure to serve the downtown area of the City. The Corporation issued bonds for the payment of acquisition and construction costs and the City pledged its excise tax collections to make lease payments sufficient to pay principal and interest on the bonds. This pledge is on a parity with all other outstanding subordinated excise tax obligations and is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations. These bonds have been refunded through the City of Phoenix Civic Improvement Corporation.

The City entered into a leaseback agreement with the City of Phoenix Civic Improvement Corporation for the purpose of financing the acquisition of certain real property as well as the construction of certain improvements to the City's solid waste system. The Corporation issued bonds for the payment of acquisition and construction costs and the City pledged its excise tax collections to make lease payments sufficient to pay principal and interest on the bonds. This pledge is on a parity with all other outstanding subordinated excise tax obligations and is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations. In keeping with the City's policy of maintaining the City's solid waste system as a self-supporting enterprise, solid waste revenues are used to pay the debt service on bonds issued by the Corporation for solid waste improvements.

The City entered into a loan agreement with the City of Phoenix Civic Improvement Corporation to finance a portion of the costs to construct, expand, modify and improve the Phoenix Convention Center. The Corporation issued bonds to fund a portion of the costs of the Phoenix Convention Center expansion project and the City pledged its excise taxes to make loan payments sufficient to pay principal and interest on the bonds. This pledge is on a parity with all other outstanding subordinated excise tax obligations and is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations.

On August 12, 2015, the City entered into a loan agreement with DNT Asset Trust, a subsidiary of JPMorgan Chase Bank, N.A (the "*Hotel Loan*"). The City used a portion of the proceeds of the Hotel Loan to refund all of the Downtown Phoenix Hotel Corporation Senior and Subordinate Revenue Bonds, which had been issued to finance the construction of the City-owned Sheraton Grand Phoenix Hotel (the "*Hotel*"). The Hotel Loan is payable from and secured by a subordinated lien on the City's excise tax revenues on a parity with all other outstanding subordinated excise tax obligations and is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations. Although not pledged to make payments on the Hotel Loan, the City anticipates that debt service on the Hotel Loan will be made from Hotel net revenues.

The Hotel Loan amount of $305,940,000 has a fixed interest rate of 2.79% for the first ten-year loan period and scheduled interest-only payments during the first five years of the Hotel Loan. Interest on the Hotel Loan is intended to be excludable from gross income for federal income tax purposes. The Hotel Loan is prepayable at the option of the City on or after July 1, 2018. Potential sources for prepayments include excess net revenues of the Hotel, sale proceeds if the City decides to sell the Hotel, or refinancing proceeds if the City refinances the Hotel Loan. Although the City's current expectation is to retire or refinance the Hotel Loan before the end of the initial ten-year loan period, any unpaid principal remaining at the end of the initial ten-year loan period will convert to a variable rate loan, with a maximum rate of 15% over a term ending on July 1, 2045. Upon an event of default, the lender can direct that the outstanding principal amount will become due and payable semi-annually over fifteen years, but may NOT declare all amounts under the Hotel Loan to be immediately due and payable.

City of Phoenix Hotel Loan
Subordinated Junior Lien Debt Outstanding

Issue Date	Original Loan Amount	Purpose	Interest Rate	Loan Principal Outstanding As of 3-1-17
8-12-15	$305,940,000	Hotel Refunding	2.79%*	$305,940,000

* Interest rate fixed at 2.79% for ten years, then variable through the remainder of the loan.

City of Phoenix Hotel Loan
Schedule of Annual Debt Service Requirements
Subordinated Junior Lien Debt Outstanding(1)

Fiscal Year	Principal(2)	Interest(3)	Total Payment
2017	$ —	$ 8,583,147	$ 8,583,147
2018	—	8,512,015	8,512,015
2019	—	8,512,016	8,512,016
2020	—	8,535,726	8,535,726
2021	6,650,000	8,535,726	15,185,726
2022	6,840,000	8,350,191	15,190,191
2023	7,030,000	8,204,685	15,234,685
2024	7,230,000	7,918,978	15,148,978
2025	278,190,000	7,761,501	285,951,501
	$305,940,000	$74,913,985	$380,853,985

(1) Reflects debt service amounts for the initial 10-year Hotel Loan period but does not include any additional prepayments that could be made at any time on or after July 1, 2018, including from excess net revenues of the Hotel or sale proceeds if the City decides to sell the Hotel. Schedule does not include debt service on subordinated junior lien debt incurred by the City of Phoenix Civic Improvement Corporation. See next page for a schedule of outstanding subordinated junior lien debt issued by the City of Phoenix Civic Improvement Corporation.

(2) As long as no event of default has occurred and assuming the Hotel Loan remains outstanding, principal payments after July 1, 2025 will become due semi-annually until the final maturity of July 1, 2045.

(3) Although the City's current expectation is to retire or refinance the Hotel Loan before July 1, 2025, any unpaid principal remaining at that time will convert to a variable rate loan, at 9.2% per annum for a 180-day period and, thereafter, a variable rate with a maximum rate of 15% per annum.

The initial rate is subject to increase in defined increments in the event the long-term rating assigned to the Corporation's subordinate excise tax revenue bonds is reduced or withdrawn, ranging from 0.20% for A1/A+ to 1.50% for Baa3/BBB- or below.

City of Phoenix Civic Improvement Corporation
Subordinated Junior Lien Debt Outstanding(1)

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 6-1-17
06-01-07	$ 21,115,000	Municipal Facilities	7-1-08/17	4.74%	$ 990,000
06-01-07	71,820,000	Municipal Facilities Refunding(2)	7-1-09/17	4.93	5,810,000
06-01-07	35,670,000	Convention Center East Garage Refunding (Taxable)	7-1-08/17	5.73	2,615,000
06-07-11	27,500,000	Municipal Multipurpose Arena Refunding (Taxable)	7-1-12/19	3.55	12,140,000
06-21-12	17,510,000	Municipal Facilities Refunding	7-1-14/25	4.62	11,255,000
06-21-12	33,095,000	Municipal Facilities Refunding (Taxable)	7-1-16/33	3.95	32,245,000
05-12-15	319,305,000	Municipal Facilities Refunding(3)	7-1-17/41	4.98	319,305,000
05-12-15	60,895,000	Municipal Facilities Refunding (Taxable)	7-1-16/35	3.34	59,340,000
06-01-17	116,835,000	Municipal Facilities	7-1-18/32	4.39	116,835,000
06-01-17	101,895,000	Municipal Facilities Refunding(4)	7-1-18/29	4.64	101,895,000(5)
06-01-17	15,680,000	Municipal Facilities Refunding (Taxable)	7-1-18/22	1.86	15,680,000(5)
Total City of Phoenix Civic Improvement Corporation Subordinated Junior Lien Debt					$678,110,000

(1) Schedule includes the Bonds offered herein, but does not include the Subordinated Bonds Being Refunded. Schedule does not include outstanding subordinated junior lien debt issued by the City of Phoenix for the Hotel Loan. See previous page for a schedule of outstanding subordinated junior lien debt issued by the City of Phoenix for the Hotel Loan.

(2) Debt service requirements on $4,580,000 of these obligations are supported by solid waste revenues.

(3) Debt service requirements on $46,540,000 of these obligations are supported by solid waste revenues.

(4) Debt service requirements on $28,400,000 of these obligations are supported by solid waste revenues.

(5) Represents the Bonds offered herein.

City of Phoenix Civic Improvement Corporation
Schedule of Annual Debt Service Requirements
Subordinated Junior Lien Debt Outstanding(1)

Fiscal Year	Principal	Interest	Total
2016-17	$24,605,000	$ 22,645,467	$ 47,250,467
2017-18	27,055,000	30,748,166	57,803,166
2018-19	40,185,000	28,884,902	69,069,902
2019-20	41,435,000	27,136,805	68,571,805
2020-21	42,100,000	25,374,855	67,474,855
2021-22	43,740,000	23,520,764	67,260,764
2022-23	39,970,000	21,568,333	61,538,333
2023-24	38,000,000	19,702,967	57,702,967
2024-25	35,980,000	17,932,089	53,912,089
2025-26	37,495,000	16,201,032	53,696,032
2026-27	29,360,000	14,380,026	43,740,026
2027-28	25,220,000	12,965,383	38,185,383
2028-29	26,330,000	11,857,916	38,187,916
2029-30	20,585,000	10,855,334	31,440,334
2030-31	21,490,000	9,951,640	31,441,640
2031-32	22,445,000	8,999,608	31,444,608
2032-33	19,075,000	8,003,971	27,078,971
2033-34	17,205,000	7,093,788	24,298,788
2034-35	18,040,000	6,262,064	24,302,064
2035-36	15,850,000	5,389,750	21,239,750
2036-37	16,640,000	4,597,250	21,237,250
2037-38	17,470,000	3,765,250	21,235,250
2038-39	18,345,000	2,891,750	21,236,750
2039-40	19,265,000	1,974,500	21,239,500
2040-41	20,225,000	1,011,250	21,236,250
	$678,110,000	$343,714,860	$1,021,824,860

(1) Schedule includes debt service on the Bonds offered herein but does not include debt service on the Subordinated Bonds Being Refunded. Schedule does not include debt service on subordinated junior lien debt issued by the City of Phoenix for the Hotel Loan. See page B-19 for a schedule of subordinated junior lien debt issued by the City of Phoenix for the Hotel Loan.

Schedule of Total Annual Excise Tax Debt Service Requirements(1)

		Subordinated Junior Lien			
Fiscal Year	Senior Lien	Civic Improvement Corporation(2)	Hotel(3)	Total Subordinated Junior Lien	Total Excise Tax Requirements
2016-17	$ 26,739,351	$ 47,250,467	$ 8,583,147	$ 55,833,614	$ 82,572,965
2017-18	17,489,445	57,803,166	8,512,015	66,315,181	83,804,626
2018-19	17,484,123	69,069,902	8,512,016	77,581,918	95,066,041
2019-20	16,156,785	68,571,805	8,535,726	77,107,531	93,264,316
2020-21	13,724,084	67,474,855	15,185,726	82,660,581	96,384,665
2021-22	11,228,538	67,260,764	15,190,191	82,450,955	93,679,493
2022-23	11,450,117	61,538,333	15,234,685	76,773,018	88,223,135
2023-24	8,918,412	57,702,967	15,148,978	72,851,945	81,770,357
2024-25	6,394,490	53,912,089	285,951,501	339,863,590	346,258,080
2025-26	6,364,705	53,696,032	—	53,696,032	60,060,737
2026-27	7,249,889	43,740,026	—	43,740,026	50,989,915
2027-28	7,671,961	38,185,383	—	38,185,383	45,857,344
2028-29	4,172,806	38,187,916	—	38,187,916	42,360,722
2029-30	3,472,515	31,440,334	—	31,440,334	34,912,849
2030-31	3,467,392	31,441,640	—	31,441,640	34,909,032
2031-32	2,845,313	31,444,608	—	31,444,608	34,289,921
2032-33	2,849,552	27,078,971	—	27,078,971	29,928,523
2033-34	2,846,835	24,298,788	—	24,298,788	27,145,623
2034-35	2,847,162	24,302,064	—	24,302,064	27,149,226
2035-36	2,844,977	21,239,750	—	21,239,750	24,084,727
2036-37	—	21,237,250	—	21,237,250	21,237,250
2037-38	—	21,235,250	—	21,235,250	21,235,250
2038-39	—	21,236,750	—	21,236,750	21,236,750
2039-40	—	21,239,500	—	21,239,500	21,239,500
2040-41	—	21,236,250	—	21,236,250	21,236,250
	$176,218,452	$1,021,824,860	$380,853,985	$1,402,678,845	$1,578,897,297

(1) Schedule includes debt service on the Bonds offered herein but does not include debt service on the Bonds Being Refunded.

(2) Includes debt service on $79,520,000 principal amount of obligations supported by solid waste revenues.

(3) See page B-19 for details on the Hotel Loan.

The City entered into a loan agreement with the City of Phoenix Civic Improvement Corporation to finance a portion of the costs to construct, expand, modify and improve the Phoenix Convention Center to create additional rentable convention space (the "*Convention Center Project*"). The Corporation issued bonds (the "*State Distribution Bonds*") to fund a portion of the costs of the Convention Center Project. The source of revenue for the City's payment under the loan agreement is State distributions the City receives pursuant to legislation passed in 2003 authorizing up to fifty percent State funding for certain convention center developments in the State (the "*2003 Legislation*"). On April 6, 2011, the Governor of the State of Arizona signed into law Senate Bill (SB) 1616 revising the annual amount of State monies distributed to the City of Phoenix to pay debt service on the State Distribution Bonds. The revised schedule of State distributions will be sufficient to make loan payments when due and the City has agreed to make the loan payments required to pay debt service on the bonds when due from the State distributions. The first State distribution was received on August 1, 2009 and payments continue to be made on time.

The 2003 Legislation also requires the State Auditor General to conduct or contract for an annual economic and fiscal impact analysis of the Phoenix Convention Center expansion on State revenues beginning in its fifth year of operation after completion in January 2009. Under an amendment to the 2003 Legislation, beginning in 2014 and each year thereafter, if the Auditor General determines that the State has paid more in cumulative distributions than has been received in incremental revenue to the State general fund as a result of the Convention Center Project, the State can withhold State-Shared Sales Taxes from the next regularly scheduled distribution in an amount necessary to remedy the cumulative deficiency. The 2016 Economic and Fiscal Impact Analysis Update report released by the State Auditor General stated that from calendar year 2009 through calendar year 2015, the Phoenix Convention Center generated $52.9 million more in incremental revenue to the State general fund than had been paid out in cumulative distributions. Assuming moderate levels of event demand and inflationary growth of visitor spending, the report projects the Phoenix Convention Center would continue to have a net positive impact on the State general fund, but the City is unable to predict at this time whether the State may pay more in cumulative distributions than it receives in incremental revenue as a result of the Convention Center Project or to what extent State-Shared Revenues may be withheld or what defenses the City may have to such action. A debt service schedule for the State Distribution Bonds is set forth on the following page.

City of Phoenix Civic Improvement Corporation
State of Arizona Distribution Revenue Bonded Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-17
10-06-05	$275,362,351.75	Convention Center Expansion	7-1-12/44	4.72%	$260,124,343.05
Total State of Arizona Distribution Revenue Bonded Debt					$260,124,343.05

City of Phoenix Civic Improvement Corporation
Schedule of Annual Debt Service Requirements
State of Arizona Distribution Revenue Bonded Debt Outstanding

Fiscal Year	Principal	Interest	Compounded Interest	Total Debt Service
2016-17	$ —	$ 20,449,000.00	$ —	$ 20,449,000.00
2017-18	1,484,036.00	20,449,000.00	565,964.00	22,499,000.00
2018-19	1,915,439.40	20,336,250.00	744,560.60	22,996,250.00
2019-20	2,374,494.70	20,189,950.00	935,505.30	23,499,950.00
2020-21	2,851,493.40	20,007,900.00	1,138,506.60	23,997,900.00
2021-22	3,353,331.60	19,788,450.00	1,356,668.40	24,498,450.00
2022-23	3,882,660.70	19,529,400.00	1,587,339.30	24,999,400.00
2023-24	4,443,799.80	19,228,550.00	1,826,200.20	25,498,550.00
2024-25	5,027,387.85	18,883,700.00	2,087,612.15	25,998,700.00
2025-26	5,639,202.30	18,492,375.00	2,365,797.70	26,497,375.00
2026-27	6,287,082.70	18,052,100.00	2,657,917.30	26,997,100.00
2027-28	6,972,383.00	17,560,125.00	2,962,617.00	27,495,125.00
2028-29	7,697,628.90	17,013,700.00	3,287,371.10	27,998,700.00
2029-30	8,465,538.90	16,409,525.00	3,624,461.10	28,499,525.00
2030-31	9,274,258.40	15,744,575.00	3,980,741.60	28,999,575.00
2031-32	10,123,692.00	15,015,550.00	4,356,308.00	29,495,550.00
2032-33	11,032,587.00	14,219,150.00	4,747,413.00	29,999,150.00
2033-34	11,637,351.75	13,351,250.00	5,007,648.25	29,996,250.00
2034-35	12,267,767.20	12,435,775.00	5,292,232.80	29,995,775.00
2035-36	12,935,793.00	11,469,975.00	5,594,207.00	29,999,975.00
2036-37	13,634,005.65	10,450,825.00	5,910,994.35	29,995,825.00
2037-38	14,372,964.80	9,375,850.00	6,247,035.20	29,995,850.00
2038-39	15,164,105.20	8,241,750.00	6,590,894.80	29,996,750.00
2039-40	15,997,068.00	7,045,225.00	6,952,932.00	29,995,225.00
2040-41	16,878,823.60	5,782,975.00	7,336,176.40	29,997,975.00
2041-42	17,805,886.80	4,451,150.00	7,739,113.20	29,996,150.00
2042-43	18,785,228.00	3,046,175.00	8,164,772.00	29,996,175.00
2043-44	19,820,332.40	1,563,925.00	8,614,667.60	29,998,925.00
Total	$260,124,343.05	$398,584,175.00	$111,675,656.95	$770,384,175.00

The City entered into a loan agreement with the City of Phoenix Civic Improvement Corporation to finance a portion of the costs of designing, acquiring, constructing and equipping the City's light rail transit system. The Corporation issued bonds to provide the funds for the loan to the City, and the City pledged its excise tax collections from the 0.4% increase in the City's transaction privilege tax rate approved by City voters on March 14, 2000, to make loan payments sufficient to pay principal and interest on the bonds. On August 25, 2015, voters approved an increase of 0.3% to the tax for a total of 0.7%. The increase to the tax rate became effective January 1, 2016, with a sunset date of December 31, 2050. Only the revenue collected from the original 0.4% transit sales tax is currently pledged to the Transit Excise Tax bonds. This pledge secures only the loan agreement and the corresponding payment of debt service on the bonds.

City of Phoenix Civic Improvement Corporation
Transit Excise Tax Revenue Bonded Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-17
07-16-13	$328,920,000	Light Rail Project Refunding	7-1-14/20	4.71%	$233,405,000
Total Transit Excise Tax Revenue Bonded Debt					$233,405,000

City of Phoenix Civic Improvement Corporation
Schedule of Annual Debt Service Requirements
Transit Excise Tax Revenue Bonded Debt Outstanding

Fiscal Year	Principal	Interest	Total
2016-17	$ 49,865,000	$11,070,900	$ 60,935,900
2017-18	55,205,000	8,774,950	63,979,950
2018-19	61,060,000	6,116,750	67,176,750
2019-20	67,275,000	3,263,750	70,538,750
	$233,405,000	$29,226,350	$262,631,350

The City entered into city purchase agreements with the City of Phoenix Civic Improvement Corporation for the purchase of certain improvements and expansion projects at the City's airports. The City of Phoenix Civic Improvement Corporation issued bonds for the improvements and expansion projects, and the City made a senior lien pledge of net airport revenues to make payments sufficient to pay principal of and interest on the bonds. Amounts due on the bonds and pursuant to the city purchase agreements are as follows:

City of Phoenix Civic Improvement Corporation
Senior Lien Airport Revenue Bonded Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-17
06-18-08	$206,840,000	Airport Improvements	7-1-20/38	5.00%	$206,840,000
06-18-08	43,160,000	Airport Improvements	7-1-12/19	5.20	18,255,000
06-18-08	109,850,000	Airport Improvements Refunding	7-1-09/22	4.69	53,730,000
06-18-08	68,520,000	Airport Improvements Refunding	7-1-09/20	5.23	17,990,000
03-05-13	196,600,000	Airport Improvements Refunding	7-1-14/32	4.99	176,080,000
Total Senior Lien Airport Revenue Bonded Debt					$472,895,000

City of Phoenix Civic Improvement Corporation
Schedule of Annual Debt Service Requirements
Senior Lien Airport Revenue Bonded Debt Outstanding

Fiscal Year	Principal	Interest	Total
2016-17	$ 25,235,000	$ 23,561,763	$ 48,796,763
2017-18	26,575,000	22,275,450	48,850,450
2018-19	27,935,000	20,983,500	48,918,500
2019-20	29,505,000	19,624,625	49,129,625
2020-21	25,710,000	18,151,250	43,861,250
2021-22	26,995,000	16,865,750	43,860,750
2022-23	17,810,000	15,544,550	33,354,550
2023-24	18,710,000	14,654,050	33,364,050
2024-25	19,640,000	13,718,550	33,358,550
2025-26	20,630,000	12,736,550	33,366,550
2026-27	21,655,000	11,705,050	33,360,050
2027-28	22,740,000	10,622,300	33,362,300
2028-29	23,870,000	9,487,750	33,357,750
2029-30	25,065,000	8,294,250	33,359,250
2030-31	26,320,000	7,041,000	33,361,000
2031-32	27,635,000	5,725,000	33,360,000
2032-33	12,770,000	4,343,250	17,113,250
2033-34	13,410,000	3,704,750	17,114,750
2034-35	14,080,000	3,034,250	17,114,250
2035-36	14,785,000	2,330,250	17,115,250
2036-37	15,520,000	1,591,000	17,111,000
2037-38	16,300,000	815,000	17,115,000
	$472,895,000	$246,809,888	$719,704,888

The City entered into a city purchase agreement with the City of Phoenix Civic Improvement Corporation for the purchase of certain improvements and expansion projects at the City's airports. The City of Phoenix Civic Improvement Corporation issued bonds for the improvements and expansion projects, and the City made a junior lien pledge of net airport revenues to make payments sufficient to pay principal of and interest on the bonds. Amounts due on the bonds and pursuant to the city purchase agreement are as follows:

City of Phoenix Civic Improvement Corporation
Junior Lien Airport Revenue Bonded Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-17
09-01-10	$642,680,000	Airport Improvements	7-1-13/40	4.99%	$572,850,000(1)
09-01-10	21,345,000	Airport Improvements	7-1-40	6.60	21,345,000(1)(3)
09-01-10	32,080,000	Airport Refunding	7-1-23/25	5.00	32,080,000
12-15-15	95,785,000	Airport Improvements	7-1-16/45	4.87	94,970,000(2)
12-15-15	18,655,000	Airport Refunding	7-1-34	5.00	18,655,000(1)
Total Junior Lien Airport Revenue Bonded Debt					$739,900,000

(1) 100% of debt service due on or before July 1, 2021 on these bonds is also secured by an irrevocable commitment of net proceeds of a passenger facility charge imposed by the City and collected on behalf of the City by non-exempt passenger air carriers at Phoenix Sky Harbor International Airport. The passenger facility charge is currently imposed at the rate of $4.50 per qualifying enplaned passenger, and is required to be remitted to the City less any accrued interest and an $0.11 per passenger facility charge airline collection fee.

(2) 30% of debt service due on or before July 1, 2021 on these bonds is also secured by an irrevocable commitment of net proceeds of a passenger facility charge imposed by the City and collected on behalf of the City by non-exempt passenger air carriers at Phoenix Sky Harbor International Airport.

(3) Represents bonds issued as Recovery Zone Economic Development Bonds ("RZEDB") for purposes of the American Recovery and Reinvestment Act of 2009 and the Internal Revenue Code of 1986. Subject to the City's compliance with certain requirements of the Code, the City expects to receive semiannual cash subsidy payments rebating a portion of the interest on these bonds from the United States Treasury in an amount equal to 45% of the interest payable each respective interest payment date. Effective October 1, 2013, the federal government implemented certain automatic budget cuts known as the sequester, which resulted in a reduction of the federal subsidy payments over the past several years. The reduction will be 6.9% for the federal government's fiscal year ending September 30, 2017 (the "Sequester Reductions"). The City does not expect the Sequester Reductions to have a material adverse effect on its ability to make payments of interest on this issue.

City of Phoenix Civic Improvement Corporation
Schedule of Annual Debt Service Requirements
Junior Lien Airport Revenue Bonded Debt Outstanding(1)

Fiscal Year	Principal	Interest	Total
2016-17	$ 15,495,000	$ 37,091,851	$ 52,586,851
2017-18	16,270,000	36,321,351	52,591,351
2018-19	16,980,000	35,610,551	52,590,551
2019-20	17,805,000	34,782,752	52,587,752
2020-21	18,655,000	33,934,276	52,589,276
2021-22	19,580,000	33,006,526	52,586,526
2022-23	30,735,000	32,027,526	62,762,526
2023-24	32,270,000	30,490,777	62,760,777
2024-25	33,885,000	28,877,276	62,762,276
2025-26	23,750,000	27,236,182	50,986,182
2026-27	24,935,000	26,048,683	50,983,683
2027-28	26,185,000	24,801,932	50,986,932
2028-29	27,490,000	23,492,683	50,982,683
2029-30	28,865,000	22,118,182	50,983,182
2030-31	30,240,000	20,738,108	50,978,108
2031-32	31,765,000	19,226,107	50,991,107
2032-33	33,420,000	17,566,433	50,986,433
2033-34	33,820,000	15,820,270	49,640,270
2034-35	36,930,000	14,129,270	51,059,270
2035-36	38,775,000	12,282,770	51,057,770
2036-37	40,695,000	10,362,470	51,057,470
2037-38	42,705,000	8,346,920	51,051,920
2038-39	44,825,000	6,231,670	51,056,670
2039-40	47,045,000	4,011,170	51,056,170
2040-41	4,845,000	1,339,000	6,184,000
2041-42	5,090,000	1,096,750	6,186,750
2042-43	5,345,000	842,250	6,187,250
2043-44	5,610,000	575,000	6,185,000
2044-45	5,890,000	294,500	6,184,500
	$739,900,000	$558,703,236	$1,298,603,236

(1) Includes debt service on $21,345,000 par amount of RZEDB. Debt service has not been reduced by the expected RZEDB subsidy payments.

The City entered into a city purchase agreement with the City of Phoenix Civic Improvement Corporation for the acquisition and construction of improvements to the Airport. The Corporation is currently authorized to issue up to an aggregate principal amount of $100,000,000 of its Airport Commercial Paper Program Notes, Series 2014A-1, Series 2014B-1 and/or Series 2014C-1 and $100,000,000 of its Airport Commercial Paper Program Notes, Series 2014A-2, Series 2014B-2 and/or Series 2014C-2 (collectively, the "*Notes*"). The Notes are issued as commercial paper in varying maturities up to 270 days and are currently outstanding in an aggregate principal amount of $130,000,000. The Notes are secured by irrevocable, direct pay letters of credit (each, a "*CP Letter of Credit*") issued by Bank of America, N.A. (Series 2014A-1, B-1 and C-1 Notes), and Barclays Bank PLC (Series 2014A-2, B-2 and C-2 Notes), respectively (collectively, the "*Banks*"). The CP Letters of Credit are scheduled to expire on October 4, 2017. While the City has not granted any lien on Net Airport Revenues or Designated Revenues to the owners of the Notes, under the city purchase agreement, the City has granted to the Banks a lien of Designated Revenues, junior and subordinate to the Junior Lien Obligations to secure its obligations to satisfy the Corporation's payment obligations under a reimbursement agreement.

City of Phoenix Civic Improvement Corporation
Airport Commercial Paper Program Notes Outstanding(1)

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Notes Outstanding As of 3-1-17
6-23-15	$40,000,000	Airport Improvements	Up to 270 days	Various	$ 40,000,000
6-01-16	90,000,000	Airport Improvements	Up to 270 days	Various	90,000,000
Total Junior Subordinate Airport Commercial Paper Program Notes					$130,000,000

(1) Does not include $50,000,000 the City expects to issue in June 2017.

In the event a Bank is not immediately reimbursed for a drawing under the applicable CP Letter of Credit, the related payment obligations owed to a Bank ("*Payment Obligations*") can, subject to certain conditions, be converted to a term loan with a maximum maturity of three years. However, upon an event of default under the applicable CP Letter of Credit, term loans will no longer be available and a Bank may declare Payment Obligations immediately due and payable. Events of default under the applicable CP Letter of Credit include, but are not limited to, failure to pay amounts due to a Bank by the applicable grace period, failure to perform certain covenants such as issuance of obligations in violation of additional bonds tests, sale of Airport property in violation of the Airport Revenue Bond Ordinance, acceleration of other obligations payable from airport revenues on any basis of lien in an amount of at least $5,000,000, certain litigation, bankruptcy and insolvency events related to the Airport and certain downgrades of Senior Lien Obligations. If Payment Obligations were to be accelerated, airport revenues would continue to be transferred to the extent available from the revenue fund to the senior bond fund and the junior bond fund on a monthly basis prior to payment of Payment Obligations.

See pages B-26 through B-28 for a listing of Senior and Junior Lien Airport Revenue bonds.

The City entered into a city purchase agreement with the City of Phoenix Civic Improvement Corporation to design, acquire, construct, and equip certain facilities, infrastructure, site development, and equipment necessary for the operation of a consolidated rental car center at Phoenix Sky Harbor International Airport. The City of Phoenix Civic Improvement Corporation issued bonds to fund a portion of the costs of the rental car center and the City has made a first priority pledge of pledged revenues to be derived primarily from daily usage fees to be collected by rental car companies at the Airport.

City of Phoenix Civic Improvement Corporation
Rental Car Facility Charge Bonded Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-17
06-02-04	$260,000,000	Rental Car Facility	7-1-07/29	6.08%	$186,050,000
Total Rental Car Facility Charge Bonded Debt					$186,050,000

City of Phoenix Civic Improvement Corporation
Schedule of Annual Debt Service Requirements
Rental Car Facility Charge Bonded Debt Outstanding

Fiscal Year	Principal	Interest	Total
2016-17	$ 9,795,000	$11,478,392	$ 21,273,392
2017-18	10,370,000	10,903,426	21,273,426
2018-19	10,990,000	10,284,336	21,274,336
2019-20	11,645,000	9,628,234	21,273,234
2020-21	12,365,000	8,909,737	21,274,737
2021-22	13,130,000	8,146,816	21,276,816
2022-23	13,940,000	7,336,696	21,276,696
2023-24	14,800,000	6,476,597	21,276,597
2024-25	15,710,000	5,563,438	21,273,438
2025-26	16,695,000	4,581,562	21,276,562
2026-27	17,740,000	3,538,125	21,278,125
2027-28	18,845,000	2,429,375	21,274,375
2028-29	20,025,000	1,251,563	21,276,563
	$186,050,000	$90,528,297	$276,578,297

The City entered into city purchase agreements with the City of Phoenix Civic Improvement Corporation for certain modifications and expansions at various water treatment plants throughout the City. The City of Phoenix Civic Improvement Corporation issued bonds for the water treatment plant modifications and expansions, and the City made a junior lien pledge of net operating revenues of the water system for the payment of principal and interest on the bonds. Amounts due on the bonds and pursuant to the city purchase agreements are as follows:

City of Phoenix Civic Improvement Corporation
Junior Lien Water System Revenue Bonded Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-17
08-01-01	$ 99,980,000	Water System Refunding	7-1-02/24	5.24%	$ 47,480,000
06-02-09	450,000,000	Water System Improvements	7-1-14/19	4.99	32,830,000
06-02-09	90,295,000	Water System Refunding	7-1-10/19	4.47	32,600,000
11-22-11	167,510,000	Water System Refunding	7-1-14/26	4.81	138,910,000
12-17-14	152,830,000	Water System Improvements	7-1-19/44	4.85	152,830,000
12-17-14	445,085,000	Water System Refunding	7-1-16/29	4.67	436,255,000
01-10-17	375,780,000	Water System Refunding	7-1-17/39	4.99	375,780,000
Total Junior Lien Water System Revenue Bonded Debt					$1,216,685,000

City of Phoenix Civic Improvement Corporation
Schedule of Annual Debt Service Requirements
Junior Lien Water System Revenue Bonded Debt Outstanding

Fiscal Year	Principal	Interest	Total
2016-17	$ 47,470,000	$ 59,237,325	$ 106,707,325
2017-18	52,750,000	56,765,900	109,515,900
2018-19	58,445,000	54,236,337	112,681,337
2019-20	61,785,000	51,528,150	113,313,150
2020-21	64,725,000	48,586,175	113,311,175
2021-22	67,835,000	45,488,050	113,323,050
2022-23	71,235,000	42,080,050	113,315,050
2023-24	74,840,000	38,484,700	113,324,700
2024-25	75,745,000	34,707,250	110,452,250
2025-26	79,535,000	30,920,000	110,455,000
2026-27	65,545,000	27,030,300	92,575,300
2027-28	68,825,000	23,753,050	92,578,050
2028-29	71,720,000	20,776,050	92,496,050
2029-30	24,695,000	17,680,500	42,375,500
2030-31	25,925,000	16,445,750	42,370,750
2031-32	27,220,000	15,149,500	42,369,500
2032-33	28,585,000	13,788,500	42,373,500
2033-34	30,015,000	12,359,250	42,374,250
2034-35	31,505,000	10,870,750	42,375,750
2035-36	33,075,000	9,295,500	42,370,500
2036-37	34,730,000	7,641,750	42,371,750
2037-38	36,465,000	5,905,250	42,370,250
2038-39	38,295,000	4,082,000	42,377,000
2039-40	8,315,000	2,171,700	10,486,700
2040-41	8,710,000	1,776,738	10,486,738
2041-42	9,125,000	1,363,013	10,488,013
2042-43	9,560,000	929,575	10,489,575
2043-44	10,010,000	475,475	10,485,475
	$1,216,685,000	$653,528,588	$1,870,213,588

The City entered into a loan agreement with the Water Infrastructure Finance Authority of Arizona (WIFA) to finance certain improvements to the water distribution system and to install automated meters in certain areas of the City. WIFA loaned the City funds derived in whole or in part from the United States Environmental Protection Agency pursuant to the federal American Recovery and Reinvestment Act of 2009 (the "*Recovery Act*"). The City made a junior lien pledge of the net operating revenues of the water system for the payment of principal and interest on the loan. Amounts due on the loan pursuant to the loan agreement are as follows:

City of Phoenix
Junior Lien Water System Revenue Bonded Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Amount Outstanding As of 3-1-17
04-11-11	$2,093,435	Water System Improvements	07-1-16/24	2.97%	$1,922,838
09-14-11	1,496,737	Water System Improvements	07-1-24/29	2.97	1,496,737
Total Junior Lien Water System Revenue Bonded Debt					$3,419,575

City of Phoenix
Schedule of Annual Debt Service Requirements
Junior Lien Water System Revenue Bonded Debt Outstanding

Fiscal Year	Principal	Interest	Total
2016-17	$ 219,936	$101,493	$ 321,429
2017-18	226,464	94,965	321,429
2018-19	233,185	88,244	321,429
2019-20	240,106	81,323	321,429
2020-21	247,233	74,197	321,430
2021-22	254,571	66,859	321,430
2022-23	262,126	59,303	321,429
2023-24	269,906	51,523	321,429
2024-25	277,917	43,512	321,429
2025-26	286,165	35,264	321,429
2026-27	294,659	26,770	321,429
2027-28	303,404	18,025	321,429
2028-29	303,903	9,020	312,923
	$3,419,575	$750,498	$4,170,073

The City entered into city purchase agreements with the City of Phoenix Civic Improvement Corporation for the purpose of acquiring and constructing additional wastewater treatment facilities at the 23rd Avenue Wastewater Treatment Plant and wastewater system improvements at various locations in the City. The City of Phoenix Civic Improvement Corporation issued bonds for acquiring and constructing additional facilities and various other improvements and the City made a senior lien pledge of net wastewater system operating revenues for the payment of principal and interest on the bonds. Amounts due on the bonds and pursuant to the city purchase agreements are as follows:

City of Phoenix Civic Improvement Corporation
Senior Lien Wastewater System Revenue Bonded Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-17
11-18-08	133,400,000	Wastewater System Refunding	7-1-16/24	5.50	$119,010,000
Total Senior Lien Wastewater System Revenue Bonded Debt					$119,010,000

City of Phoenix Civic Improvement Corporation
Schedule of Annual Debt Service Requirements
Senior Lien Wastewater System Revenue Bonded Debt Outstanding

Fiscal Year	Principal	Interest	Total
2016-17	$ 15,140,000	$ 6,545,550	$ 21,685,550
2017-18	11,145,000	5,712,850	16,857,850
2018-19	11,715,000	5,099,875	16,814,875
2019-20	12,325,000	4,455,550	16,780,550
2020-21	12,955,000	3,777,675	16,732,675
2021-22	13,620,000	3,065,150	16,685,150
2022-23	20,515,000	2,316,050	22,831,050
2023-24	21,595,000	1,187,725	22,782,725
	$119,010,000	$32,160,425	$151,170,425

The City entered into city purchase agreements with the City of Phoenix Civic Improvement Corporation for improvements to the City's wastewater system. The City of Phoenix Civic Improvement Corporation issued bonds for odor control facilities, process improvements and capacity expansions of the 91st Avenue WWTP, laboratory building improvements at the 23rd Avenue WWTP, purchase of land and construction of water reclamation facilities in the northern service area, new sewers and lift stations in growth areas and rehabilitation and replacement of sewers throughout the wastewater system. The City made a junior lien pledge of net operating revenues of the wastewater system for the payment of principal of and interest on the bonds. Amounts due on the bonds and pursuant to the city purchase agreements are as follows:

City of Phoenix Civic Improvement Corporation
Junior Lien Wastewater System Revenue Bonded Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-17
11-27-07	$300,000,000	Wastewater System Improvements	7-1-12/17	4.98%	$ 7,135,000
12-22-11	118,290,000	Wastewater System Refunding	7-1-14/24	4.72	103,915,000
04-15-14	127,810,000	Wastewater System Refunding	7-1-15/29	4.84	119,665,000
11-16-16	225,325,000	Wastewater System Refunding	7-1-17/35	5.00	225,325,000
Total Junior Lien Wastewater System Revenue Bonded Debt					$456,040,000

City of Phoenix Civic Improvement Corporation
Schedule of Annual Debt Service Requirements
Junior Lien Wastewater System Revenue Bonded Debt Outstanding

Fiscal Year	Principal	Interest	Total
2016-17	$ 23,600,000	$ 22,814,814	$ 46,414,814
2017-18	30,140,000	21,107,500	51,247,500
2018-19	31,595,000	19,690,500	51,285,500
2019-20	30,820,000	18,336,950	49,156,950
2020-21	32,335,000	16,867,950	49,202,950
2021-22	33,955,000	15,291,600	49,246,600
2022-23	29,445,000	13,661,750	43,106,750
2023-24	30,955,000	12,195,000	43,150,000
2024-25	20,765,000	10,659,750	31,424,750
2025-26	21,860,000	9,621,500	31,481,500
2026-27	23,010,000	8,528,500	31,538,500
2027-28	24,230,000	7,378,000	31,608,000
2028-29	25,500,000	6,166,500	31,666,500
2029-30	14,205,000	4,891,500	19,096,500
2030-31	14,985,000	4,181,250	19,166,250
2031-32	15,805,000	3,432,000	19,237,000
2032-33	16,675,000	2,641,750	19,316,750
2033-34	17,595,000	1,808,000	19,403,000
2034-35	18,565,000	928,250	19,493,250
	$456,040,000	$200,203,064	$656,243,064

The City entered into loan agreements with the Water Infrastructure Finance Authority of Arizona (WIFA) to finance the replacement of the Broadway Road Interceptor, rehabilitate approximately 41,000 linear feet of small diameter sewer and construct relief sewers in the southwest portion of the City. WIFA loaned funds derived in whole or in part from the United States Environmental Protection Agency pursuant to the federal American Recovery and Reinvestment Act of 2009 (the "*Recovery Act*"). The City made a junior lien pledge of the net operating revenues of the wastewater system for the payment of principal and interest on the loans. Amounts due on the loans pursuant to the loan agreements are as follows:

City of Phoenix
Junior Lien Wastewater System Revenue Bonded Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Amount Outstanding As of 3-1-17
05-26-10	$6,000,000(1)	Wastewater System Improvements	07-1-10/18	2.97%	$ 1,355,484
08-03-10	6,286,996	Wastewater System Improvements	07-1-18/26	2.97	6,286,996
06-01-11	3,909,270	Wastewater System Improvements	07-1-26/29	2.97	3,909,270
Total Junior Lien Wastewater System Revenue Bonded Debt					$11,551,750

(1) Amount does not include $2,000,000 loaned to the City but not required to be repaid pursuant to the Recovery Act (the "*Forgivable Principal*"). Failure by the City to comply with all requirements of the loan agreement may result in a default under the loan agreement and cause the Forgivable Principal to be owed by the City.

City of Phoenix
Schedule of Annual Debt Service Requirements
Junior Lien Wastewater System Revenue Bonded Debt Outstanding

Fiscal Year	Principal	Interest	Total
2016-17	$ 744,576	$ 342,856	$ 1,087,432
2017-18	766,675	320,757	1,087,432
2018-19	789,429	298,002	1,087,431
2019-20	812,860	274,572	1,087,432
2020-21	836,985	250,446	1,087,431
2021-22	861,827	225,604	1,087,431
2022-23	887,406	200,025	1,087,431
2023-24	913,744	173,687	1,087,431
2024-25	940,864	146,567	1,087,431
2025-26	968,790	118,642	1,087,432
2026-27	997,543	89,889	1,087,432
2027-28	1,027,150	60,282	1,087,432
2028-29	1,003,901	29,796	1,033,697
	$11,551,750	$2,531,125	$14,082,875

SHORT-TERM DEBT

The City has no short-term indebtedness outstanding other than that normally occurring such as accounts payable, accrued payroll and other related expenses which have current revenues for their payment.

CONTRACTUAL COMMITMENTS

The City provides public transit service through contracts with TransDev Transportation Inc., MV Transportation, First Transit Inc., Regional Public Transportation Authority and Valley Metro Rail Inc. (Metro). Metro began providing dedicated light rail transit service on December 27, 2008. The actual annual costs for all contracts through June 30, 2016 were $142,200,429, of which 20.0% was reimbursed by other local governmental entities that have contracted for service. The estimated liability for all contracts for 2016-17 is $157,676,222, of which approximately 19.5% is to be reimbursed by other local governmental entities that have contracted for service.

The City annually applies for a Federal Transit Formula Grant from the Department of Transportation, Federal Transit Administration (FTA). The grant provides from 80% to 94.3% federal funding for capital projects in the approved program of projects. The FTA requires local funds to match the awarded grants. The City has been the recipient of FTA grants since 1975.

From 1981-82 to February 2010, the City received State of Arizona aid for transportation projects under the provisions of the Local Transportation Assistance Fund (LTAF) funded from a portion of the State lottery receipts. Continuation of the State lottery through July 2012 was approved by the voters in November 2002.

In addition, on August 31, 1998, then-Governor Jane Hull signed into law a transit funding bill (LTAF II) which provided communities in Arizona additional transportation funds. Initially, LTAF II funds could be used for any transportation purpose in communities outside Maricopa County, as well as communities within Maricopa County with populations less than 50,000. In 2000, additional legislation limited the use of LTAF II funds to public transportation only. Prior to 2003, the Vehicle License Tax (VLT) and the State General Fund were the primary contributors to the LTAF II fund. From 2003 to 2008, the Power Ball lottery earnings were the single contributor to the LTAF II fund. Beginning in 2009, the State combined the State lottery revenues and the Power Ball lottery revenues into one fund that contributed to both the LTAF and the LTAF II funds. The overall fund must have exceeded $31 million annually in order to distribute funding, and distributions were capped at $9 million for LTAF II and $23 million for LTAF for any fiscal year.

The State aid from LTAF and LTAF II, along with the City's general revenues, the City's dedicated transit sales tax revenues and the funding from the County's dedicated transit sales tax revenues, were the sources of required local funds to match awarded FTA grants. On March 11, 2010, Governor Jan Brewer signed a State budget package that permanently eliminated funding to the LTAF and the LTAF II as well as any further distributions to cities and towns. On September 2, 2011, a Federal judge issued a Court Order reinstating LTAF II funding in Maricopa County. The State aid from LTAF II, the City's general revenues, the City's dedicated transit sales tax revenues and the funding from the County's dedicated transit sales tax revenues are now the sources of required local funds to match awarded FTA grants.

On November 2, 2004 Maricopa County voters approved Proposition 400, which basically extended the County's one-half percent sales tax for transportation funding for an additional 20 years. The countywide one-half percent sales tax will provide funding for freeways, streets, bus transit, rural transit, dial-a-ride and light rail. Combined with projected federal matching funds, the tax is expected to provide $6.2 billion for transit improvements over the life of the tax.

2016-21 CAPITAL IMPROVEMENT PROGRAM SUMMARY

The City Charter requires a Capital Improvement Program (CIP) be prepared in conjunction with the annual budget. The CIP is a multi-year plan for capital expenditures needed to replace and expand public infrastructure. The program is updated annually to reflect the latest priorities, cost estimates, and funding sources. The first year of the multi-year plan is appropriated as the annual capital budget.

Formal City Council adoption of the Capital Improvement Program indicates the City's commitment to the five-year plan, but does not in itself authorize expenditures. The necessary funding mechanisms must be adopted each year to pay for the improvements. The City Council authorized two sets of appropriations for the 2016-17 capital budget, which is the first year of the CIP: (1) authorization for the 2016-17 capital projects financed with bonds and bond-related funds; and (2) authorization for all 2016-17 pay-as-you-go projects financed with operating funds.

The 2016-21 CIP, which is summarized on pages B-38 and B-39, totals $3.516 billion, and will be funded by 1988, 2001 and 2006 bond authorizations, operating funds, Federal aid and other long-term financings. The CIP was adopted by the City Council in June of 2016.

Summary of 2016-21 Capital Improvement Program
By Program
(in thousands)

Program	2016-17	2017-18	2018-19	2019-20	2020-21	5-Year Total
Arts and Cultural Facilities	$ 1,118	$ —	$ —	$ —	$ 375	$ 1,493
Aviation	223,029	70,331	36,690	42,333	8,286	380,669
Economic Development	11,331	5,304	4,600	3,700	21,451	46,386
Energy Conservation	1,200	1,200	1,200	1,200	1,200	6,000
Facilities Management	11,414	1,040	1,000	1,000	7,721	22,175
Finance	670	—	—	—	—	670
Fire Protection	14,804	—	—	—	16,058	30,862
Historic Preservation	1,178	—	—	—	1,453	2,631
Housing	22,285	6,392	6,662	6,461	7,682	49,482
Human Services	600	30	—	—	12,632	13,262
Information Technology	57,947	15,712	7,144	5,600	9,640	96,043
Libraries	629	200	200	6,996	6,759	14,784
Neighborhood Services	3,466	—	—	—	6,898	10,364
Parks, Recreation and Mountain Preserves	80,005	27,214	7,000	7,000	27,878	149,097
Phoenix Convention Center	23,213	6,348	7,362	6,878	9,203	53,004
Police Protection	965	—	—	—	22,755	23,720
Public Transit	156,367	38,781	66,427	36,835	55,768	354,178
Regional Wireless Cooperative	8,562	13,874	10,932	10,932	6,000	50,300
Solid Waste Disposal	30,145	7,417	18,905	22,625	3,830	82,922
Street Transportation and Drainage	232,918	143,576	119,358	118,554	161,281	775,687
Wastewater	150,715	104,341	85,520	115,645	58,374	514,595
Water	232,142	139,565	156,593	156,658	152,437	837,395
Total CIP Costs	$1,264,703	$581,325	$529,593	$542,417	$597,681	$3,515,719

Summary of 2016-21 Capital Improvement Program
By Sources of Funds
(in thousands)

Sources of Funds	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Operating Funds:						
General	$ 9,926	$ 6,114	$ 7,408	$ 7,724	$ 6,529	$ 37,701
Neighborhood Protection	1,290	—	—	—	—	1,290
Public Safety Enhancement	1,289	—	—	—	—	1,289
Public Safety Expansion	1,290	—	—	—	—	1,290
Parks and Preserves	55,057	27,150	7,000	7,000	8,850	105,057
Transit 2000	220	55	25	—	—	300
Transportation 2050	62,340	36,439	37,159	37,064	62,402	235,404
Court Awards	900	—	—	—	—	900
Development Services	357	190	116	46	46	755
Capital Construction	13,541	11,237	9,351	9,274	9,074	52,477
Sports Facilities	250	—	—	—	—	250
Arizona Highway User Revenue	95,975	74,791	63,733	65,020	60,785	360,304
Regional Transit	28,321	3,991	9,758	4,092	4,003	50,165
Community Reinvestment	7,057	3,504	3,500	2,000	2,799	18,860
Other Restricted Funds	15,819	2,157	1,350	1,950	1,950	23,226
Operating Grants	90,470	26,874	49,815	27,298	27,015	221,472
Enterprise Funds:						
Aviation	68,781	27,648	35,960	23,253	5,269	160,911
Water	172,582	106,895	118,737	109,579	98,613	606,406
Wastewater	69,664	43,008	58,641	37,403	49,128	257,844
Solid Waste	38,388	4,238	6,034	5,452	4,132	58,244
Convention Center	2,514	4,908	6,084	4,804	8,325	26,635
Total Operating Funds	$ 736,031	$379,199	$414,671	$341,959	$348,920	$2,220,780
Bond Funds:						
Property Tax Supported:						
1988 General Obligation	$ —	$ —	$ —	$ —	$ 2,221	$ 2,221
2001 General Obligation	1,382	—	—	—	16,385	17,767
2006 General Obligation	9,979	—	—	—	120,454	130,433
Nonprofit Corporation Bonds:						
Aviation	28,037	—	—	—	—	28,037
Water	31,169	28,456	31,413	31,747	53,365	176,150
Wastewater	33,077	41,576	13,253	45,082	3,674	136,662
Solid Waste	656	100	—	—	—	756
Convention Center	20,449	—	—	—	—	20,449
Other	77,884	10,114	10,084	18,100	—	116,182
Total Bond Funds	$ 202,633	$ 80,246	$ 54,750	$ 94,929	$196,099	$ 628,657
Other Capital Sources:						
Impact Fees	$ 82,789	$ 6,561	$ 4,614	$ 15,421	$ 5,207	$ 114,592
Passenger Facility Charge	82,539	11,057	500	500	500	95,096
Customer Facility Charges	3	—	—	—	—	3
Other Cities' Share in Joint Ventures	30,257	32,875	27,523	51,553	10,524	152,732
Solid Waste Remediation	70	1,225	270	475	—	2,040
Capital Grants	73,251	34,458	2,941	21,169	5,107	136,926
Federal, State and Other Participation	44,049	32,652	19,924	16,211	31,124	143,960
Capital Reserves	8,038	3,052	4,400	200	200	15,890
Other Capital	5,043	—	—	—	—	5,043
Total Other Capital Sources	326,039	121,880	60,172	105,529	52,662	666,282
TOTAL CIP SOURCES	$1,264,703	$581,325	$529,593	$542,417	$597,681	$3,515,719

COMBINED FINANCIAL SCHEDULES

The schedules summarized on pages B-41 through B-50 present the revenues, expenditures and encumbrances, fund balances and transfers of all City operating funds on a non-GAAP budgetary basis. The schedules reflect actual results for fiscal years 2013-14 through 2015-16 and estimated budget amounts for fiscal year 2016-17. The schedules are presented on a budgetary basis to provide a meaningful comparison of actual results with the City's budget for all City operating funds.

COMBINED SCHEDULES OF REVENUES, EXPENDITURES AND ENCUMBRANCES, FUND BALANCES AND TRANSFERS — ALL OPERATING FUNDS

City of Phoenix, Arizona
Schedules of Revenues, Expenditures and Encumbrances
All Operating Funds
(Non-GAAP Budgetary Basis)
Fiscal Years Ended June 30
(in thousands)

	Actual			Estimated Budget
	2014	2015	2016	2017(1)
REVENUES				
City Taxes				
Sales, Use and Franchise	$ 753,245	$ 764,076	$ 813,393	$ 878,153
Property-Primary-Operating	143,931	138,243	141,312	145,141
Property-Secondary-Debt Service	35,204	49,567	50,484	90,622
Other City Taxes	3,871	3,903	4,101	2,015
Other				
Licenses and Permits	15,860	17,602	18,210	13,150
Charges for Services	196,224	181,886	182,708	177,553
Fines and Forfeitures	15,189	13,695	11,878	11,765
Parks, Recreation and Library	7,603	7,498	7,524	14,580
Dwelling Rentals	15,114	14,914	16,484	—
Interest	20,586	5,797	7,745	27,482
Regional Transit	30,832	31,327	41,040	30,758
Other	41,306	41,049	44,469	81,868
State-Shared Revenues				
Highway User Tax	102,009	111,748	116,682	124,806
State Sales Tax	127,063	132,233	137,544	143,460
State Income Tax	161,580	175,183	174,234	191,347
Vehicle License Tax	51,689	50,959	59,801	56,936
Local Transportation Assistance	4,265	4,334	4,356	4,300
Grant and Federal Revenues				
Human Resources Federal Trust	38,796	37,445	44,249	49,129
Federal Transit Administration	21,140	58,552	52,921	65,866
Community Development	13,647	11,426	21,011	37,268
Public Housing Grants	71,745	71,278	71,572	94,456
Other Grants and Participation	57,884	45,774	42,049	44,789
Enterprise Funds				
Aviation	329,924	354,221	360,163	345,765
Phoenix Convention Center	16,718	22,165	23,054	21,728
Water System and Val Vista	398,247	370,885	396,592	415,176
Wastewater and SROG	212,131	211,389	221,659	225,321
Solid Waste	146,449	148,384	147,227	147,540
Total Revenues	3,032,252	3,075,533	3,212,461	3,440,974
RECOVERIES				
Prior Year Expenditures	17,550	8,550	10,272	3,300
TRANSFERS (TO) FROM OTHER FUNDS				
Worker's Compensation Trust	—	—	—	15,000
Capital Projects Funds	(39,367)	(54,088)	(21,702)	7,803
General Obligation Reserve Fund	—	—	70,797	31,853
Infrastructure Repayment Agreement Trust	(1,060)	(643)	(2,441)	(1,537)
Net Deposit to Refunding Escrow	1,378	741	539	—
FUND BALANCES, BEGINNING OF YEAR	1,170,206	1,171,916	1,217,208	1,337,924
Total Resources Available for Expenditures	4,180,959	4,202,009	4,487,134	4,835,317

(1) Based on seven months of actual data, with balance of year estimated.

City of Phoenix, Arizona
Schedules of Revenues, Expenditures and Encumbrances
All Operating Funds
(Non-GAAP Budgetary Basis)
Fiscal Years Ended June 30
(in thousands)
(Continued)

	Actual			Estimated Budget
	2014	2015	2016	2017(1)
EXPENDITURES AND ENCUMBRANCES				
Operating Expenditures				
General Government	$ 107,673	$ 102,876	$ 113,107	$ 103,884
Criminal Justice	34,465	32,767	32,648	53,717
Public Safety	834,048	831,362	864,566	924,169
Transportation				
Streets and Traffic	67,349	66,851	68,477	72,823
Transit	188,229	192,056	193,692	226,331
Community and Economic Development				
Planning and Development Services	36,359	38,132	39,182	51,441
Neighborhood Services and Housing	131,740	123,790	120,073	141,738
Other Economic Development	10,399	10,623	9,857	25,673
Community Enrichment				
Parks and Recreation	104,750	96,838	97,683	103,770
Libraries	33,326	33,912	33,724	35,830
Other Community Enrichment	4,962	5,158	7,965	4,117
Human Services	55,807	54,460	60,832	68,141
Environmental Services	16,136	17,234	14,161	16,125
Total Governmental Expenditures	1,625,243	1,606,059	1,655,967	1,827,759
Enterprise Funds				
Aviation	224,563	226,165	230,236	245,578
Phoenix Convention Center	41,854	41,347	40,902	46,973
Water System and Val Vista	167,710	160,992	170,569	184,343
Wastewater and SROG	86,408	81,505	85,017	97,180
Solid Waste	111,457	107,722	104,880	131,837
Total Operating Expenditures	2,257,235	2,223,790	2,287,571	2,533,670
Capital Improvement Program				
Governmental Funds				
General Government	4,837	5,285	5,504	6,092
Public Safety	6,330	593	3,239	325
Transportation	91,135	121,752	122,310	191,225
Public Works	9,009	3,347	3,098	14,162
Community and Economic Development	15,689	10,339	18,673	76,251
Community Enrichment	15,552	14,601	12,721	49,245
Enterprise Funds				
Aviation	21,578	16,752	53,688	69,590
Phoenix Convention Center	2,740	4,184	4,105	1,769
Water System and Val Vista	137,551	114,941	90,992	151,503
Wastewater and SROG	31,951	37,578	34,641	87,235
Solid Waste	2,990	21,838	6,373	24,548
Total Capital Improvement Program	$ 339,362	$ 351,210	$ 355,344	$ 671,945

(1) Based on seven months of actual data, with balance of year estimated.

City of Phoenix, Arizona
Schedules of Revenues, Expenditures and Encumbrances
All Operating Funds
(Non-GAAP Budgetary Basis)
Fiscal Years Ended June 30
(in thousands)
(Continued)

	Actual			Estimated Budget
	2014	2015	2016	2017(1)
Debt Service				
General Obligation Bonds				
Various Purpose				
Principal	$ 23,770	$ 58,585	$ 66,300	$ 70,300
Interest	64,897	62,223	59,723	55,757
Transfer to (from) General Obligation Reserve Fund	(46,117)	(66,473)	—	—
Arbitrage Rebate and Other	546	247	516	1,155
Airport				
Principal	500	5	—	—
Interest	359	201	197	197
Water				
Principal	4,347	5,515	15,680	5,755
Interest	2,523	1,337	1,195	556
Solid Waste				
Principal	480	2,320	1,040	1,090
Interest	458	422	341	294
Sanitary Sewer				
Principal	1,217	1,255	8,362	895
Interest	560	507	464	188
Revenue Bonds				
Airport				
Principal	23,145	22,870	24,581	26,310
Interest	28,489	27,466	28,156	28,420
Water				
Principal	50,231	55,042	34,344	46,615
Interest	62,726	51,493	62,058	60,415
Sanitary Sewer				
Principal	32,347	22,613	36,568	38,335
Interest	36,191	33,679	32,626	30,857
Total Debt Service	286,669	279,307	372,151	367,139
Lease-Purchase Payments	125,777	130,494	134,144	145,634
Total Expenditures	3,009,043	2,984,801	3,149,210	3,718,388
FUND BALANCES, END OF YEAR	$1,171,916	$1,217,208	$1,337,924	$1,116,929

(1) Based on seven months of actual data, with balance of year estimated.

City of Phoenix, Arizona
Fund Balances
All Operating Funds
(Non-GAAP Budgetary Basis)
Fiscal Years Ended June 30
(in thousands)

	Actual 2014	Actual 2015	Actual 2016	Estimated Budget 2017(1)
GENERAL FUND	$ 78,579	$ 100,435	$ 112,544	$ 130,109
SPECIAL REVENUE FUNDS				
Highway User Revenue	18,657	41,208	51,922	31,940
Parks and Preserves	30,270	39,287	47,318	31,091
Golf Courses	(4,532)	—	317	238
Planning & Development	28,437	33,631	46,240	49,921
Community Reinvestment	15,714	13,111	12,161	9,105
Grants	—	—	6,476	6,991
Transit	291,357	258,885	161,185	—
Transportation Tax 2050	—	—	106,857	224,479
Public Housing	14,631	12,079	8,694	—
Court Awards	761	3,456	(89)	39
Sports Facilities	23,911	18,261	26,453	33,124
Capital Construction	5,659	3,165	6,037	4,718
Regional Wireless Cooperative	2,132	2,881	2,326	1,535
Other Restricted	53,892	61,698	73,909	65,436
Neighborhood Protection	6,109	17,062	18,121	20,414
Public Safety Enhancement	(11,749)	(2,897)	4,382	5,598
Public Safety Expansion	(17,464)	(6,938)	4,240	5,898
DEBT SERVICE FUNDS				
Secondary Property Tax	279	100	100	100
City Improvement Debt Service	—	6	—	—
ENTERPRISE FUNDS				
Aviation	319,159	327,287	326,033	302,259
Phoenix Convention Center	32,487	38,499	41,879	42,924
Water System and Val Vista	136,623	97,689	105,473	50,687
Wastewater and SROG	89,241	110,509	120,667	77,036
Solid Waste	57,763	47,794	54,679	23,287
Total Operating Funds	$1,171,916	$1,217,208	$1,337,924	$1,116,929

(1) Based on seven months of actual data, with balance of year estimated.

The fund balances shown above are adjusted based on actual 2016 ending fund balances.

The fund balances are also net of interfund transfers, which include transfers to the General Fund of staff and administrative costs from Aviation, Convention Center, Water, Wastewater and Solid Waste Enterprise Funds, as well as in-lieu taxes from the Water, Wastewater and Solid Waste Enterprise Funds and the Public Housing Special Revenue Fund. A schedule detailing all operating transfers is shown on the following pages.

City of Phoenix, Arizona
Transfers
All Operating Funds
(Non-GAAP Budgetary Basis)
Fiscal Years Ended June 30
(in thousands)

	Actual 2014	Actual 2015	Actual 2016	Estimated Budget 2017(1)
GENERAL FUND				
Transfers From				
Excise Tax	$ 680,432	$ 704,268	$ 716,736	$ 748,809
Development Services	2,936	2,782	2,974	3,289
Public Housing	192	163	163	200
Neighborhood Protection	150	196	197	173
Sports Facilities	196	195	275	299
Public Safety Enhancement	201	204	206	290
Public Safety Expansion	515	536	474	406
Other Restricted	748	1,395	2,451	1,950
Transportation 2050	686	766	725	752
Community Reinvestment	5,308	2,068	2,065	2,064
Aviation	7,262	7,969	8,104	9,538
Phoenix Convention Center	2,258	2,330	2,501	2,663
Water System and Val Vista	20,106	19,230	19,174	22,588
Wastewater and SROG	13,000	12,324	12,172	14,189
Solid Waste	7,842	7,909	7,659	8,193
Worker's Compensation Trust	—	—	—	15,000
Capital Projects	3,579	—	—	2,600
Total	745,411	762,335	775,876	833,003
Transfers To				
Highway User Revenue	786	1,009	99	—
Capital Projects	2,065	3,683	3,332	3,728
Infrastructure Repayment Agreement Trust	383	252	2,155	1,000
Other Restricted	1,412	843	16,726	16,673
Aviation	—	1	2	—
Water System and Val Vista	4	6	6	—
Total	4,650	5,794	22,320	21,401
EXCISE TAX				
Transfers To				
General Fund	680,432	704,268	716,736	748,809
Parks and Preserves	29,153	29,882	28,675	30,037
Transportation 2050	111,068	110,347	154,508	201,474
Sports Facilities	15,988	17,062	17,874	18,991
Capital Construction	15,086	14,281	12,875	11,622
Other Restricted	4,689	4,728	4,773	4,732
Neighborhood Protection	29,153	29,881	28,676	30,038
Public Safety Enhancement	24,849	25,068	25,331	25,755
Public Safety Expansion	58,308	59,760	57,350	60,076
City Improvement Debt Service	31,568	32,580	34,626	34,720
Phoenix Convention Center	44,311	46,402	46,501	49,607
Total	1,044,605	1,074,259	1,127,925	1,215,861

(1) Based on seven months of actual data, with balance of year estimated.

City of Phoenix, Arizona
Transfers
All Operating Funds
(Non-GAAP Budgetary Basis)
Fiscal Years Ended June 30
(in thousands)
(Continued)

	Actual 2014	Actual 2015	Actual 2016	Estimated Budget 2017(1)
HIGHWAY USER REVENUE				
Transfers From				
General Fund	$ 786	$ 1,009	$ 99	$ —
Transfers To				
Capital Projects	104	3,830	—	—
Transportation 2050	10,000	—	20,000	—
Total	10,104	3,830	20,000	—
PARKS AND PRESERVES				
Transfers From				
Excise Tax	29,153	29,882	28,675	30,037
Capital Projects	300	—	—	—
Aviation	—	—	30	90
Total	29,453	29,882	28,705	30,127
Transfers To				
Infrastructure Repayment Agreement Trust	53	32	22	124
Other Restricted	262	—	—	—
Golf Courses	4,800	4,532	—	—
Total	5,115	4,564	22	124
GOLF COURSES (1)				
Transfers From				
Parks and Preserves	4,800	4,532	—	—
Capital Projects	—	—	1	—
Total	4,800	4,532	1	—
DEVELOPMENT SERVICES				
Transfers To				
General Fund	2,936	2,782	2,974	3,289
FEDERAL AND OTHER AGENCY TRANSIT GRANTS				
Transfers From				
Transportation 2050	18	—	1	—
Transfers To				
Capital Projects	—	—	9	—
TRANSPORTATION 2050				
Transfers From				
Excise Tax	111,068	110,347	154,508	201,474
Highway User Revenue	10,000	—	20,000	—
Aviation	—	—	119	358
Capital Projects	—	—	564	—
Total	121,068	110,347	175,191	201,832
Transfers To				
General Fund	686	766	725	752
City Improvement Debt Service	40,831	47,520	50,026	61,008
Capital Projects	2	5	4	6
Federal And Other Agency Transit Grants	18	—	1	—
Infrastructure Repayment Agreement Trust	212	129	88	843
Total	41,749	48,421	50,844	62,609

(1) Based on seven months of actual data, with balance of year estimated.

City of Phoenix, Arizona
Transfers
All Operating Funds
(Non-GAAP Budgetary Basis)
Fiscal Years Ended June 30
(in thousands)
(Continued)

	Actual			Estimated Budget
	2014	2015	2016	2017(1)
COMMUNITY REINVESTMENT				
Transfers To				
General Fund	$ 5,308	$ 2,068	$ 2,065	$ 2,064
PUBLIC HOUSING				
Transfers To				
General Fund	192	163	163	200
City Improvement Debt Service	70	34	72	73
Capital Projects	2	—	—	—
Total	264	197	235	273
Transfers From				
Federal Trust Grants	—	7	—	—
FEDERAL TRUST GRANTS				
Transfers To				
Other Restricted	—	7	—	—
SPORTS FACILITIES				
Transfers From				
Excise Tax	15,988	17,062	17,874	18,991
Capital Projects	129	—	2,558	—
City Improvement Debt Service	1,028	1,024	1,024	1,026
Total	17,145	18,086	21,456	20,017
Transfers To				
General Fund	196	195	275	299
Other Restricted	—	—	—	119
Total	196	195	275	418
CAPITAL CONSTRUCTION				
Transfers From				
Excise Tax	15,086	14,281	12,875	11,622
OTHER RESTRICTED				
Transfers From				
General Fund	1,412	843	16,726	16,673
Parks and Preserves	262	—	—	—
Capital Projects	—	644	—	—
Excise Tax	4,689	4,728	4,773	4,732
Sports Facilities	—	—	—	119
Phoenix Convention Center	—	—	—	502
Total	6,363	6,215	21,499	22,026
Transfers To				
General Fund	748	1,395	2,451	1,950
Capital Projects	151	—	—	—
Total	899	1,395	2,451	1,950
NEIGHBORHOOD PROTECTION				
Transfers From				
Excise Tax	29,153	29,881	28,676	30,038
Aviation	—	—	30	89
Total	29,153	29,881	28,706	30,127
Transfers To				
General Fund	150	196	197	173
Infrastructure Repayment Agreement Trust	53	32	22	—
Total	203	228	219	173

(1) Based on seven months of actual data, with balance of year estimated.

City of Phoenix, Arizona
Transfers
All Operating Funds
(Non-GAAP Budgetary Basis)
Fiscal Years Ended June 30
(in thousands)
(Continued)

	Actual			Estimated Budget
	2014	2015	2016	2017(1)
PUBLIC SAFETY ENHANCEMENT				
Transfers From				
Excise Tax	$24,849	$25,068	$25,331	$25,755
Transfers To				
General Fund	201	204	206	290
PUBLIC SAFETY EXPANSION				
Transfers From				
Excise Tax	58,308	59,760	57,350	60,076
Aviation	—	—	60	179
Total	58,308	59,760	57,410	60,255
Transfers To				
General Fund	515	536	474	406
Infrastructure Repayment Agreement Trust	106	64	44	—
Total	621	600	518	406
CITY IMPROVEMENT DEBT SERVICE				
Transfers From				
Excise Tax	31,568	32,580	34,626	34,720
Transportation 2050	40,831	47,520	50,026	61,008
Public Housing	70	34	72	73
Capital Projects	252	1,366	—	—
Total	72,721	81,500	84,724	95,801
Transfers To				
Sports Facilities	1,028	1,024	1,024	1,026
SECONDARY PROPERTY TAX				
Transfers From				
General Obligation Reserve Fund	—	—	70,797	31,853
AVIATION				
Transfers From				
General Fund	—	1	2	—
Capital Projects	14,399	532	1	15,000
Total	14,399	533	3	15,000
Transfers To				
General Fund	7,262	7,969	8,104	9,538
Capital Projects	29,420	46,599	16,606	4,195
Neighborhood Protection	—	—	30	89
Parks and Preserves	—	—	30	90
Public Safety Expansion	—	—	60	179
Transportation 2050	—	—	119	358
Total	36,682	54,568	24,949	14,449

(1) Based on seven months of actual data, with balance of year estimated.

City of Phoenix, Arizona
Transfers
All Operating Funds
(Non-GAAP Budgetary Basis)
Fiscal Years Ended June 30
(in thousands)
(Continued)

	Actual			Estimated Budget
	2014	2015	2016	2017(1)
PHOENIX CONVENTION CENTER				
Transfers From				
Excise Tax	$44,311	$46,402	$46,501	$49,607
Transfers To				
General Fund	2,258	2,330	2,501	2,663
Infrastructure Repayment Agreement Trust	253	134	110	570
Other Restricted	—	—	—	502
Capital Projects	5	12	11	12
Total	2,516	2,476	2,622	3,747
WATER SYSTEM AND VAL VISTA				
Transfers From				
General Fund	4	6	6	—
Capital Projects	—	195	—	—
Total	4	201	6	—
Transfers To				
General Fund	20,106	19,230	19,174	22,588
Capital Projects	113	248	224	251
Total	20,219	19,478	19,398	22,839
WASTEWATER AND SROG				
Transfers From				
Capital Projects	275	—	—	—
Transfers To				
General Fund	13,000	12,324	12,172	14,189
Capital Projects	25,075	165	149	167
Total	38,075	12,489	12,321	14,356
SOLID WASTE				
Transfers From				
Capital Projects	—	2,922	—	—
Transfers To				
General Fund	7,842	7,909	7,659	8,193
Capital Projects	1,364	5,205	3,491	1,438
Total	9,206	13,114	12,150	9,631

(1) Based on seven months of actual data, with balance of year estimated.

City of Phoenix, Arizona
Transfers
All Operating Funds
(Non-GAAP Budgetary Basis)
Fiscal Years Ended June 30
(in thousands)
(Continued)

	Actual			Estimated Budget
	2014	2015	2016	2017(1)
WORKER'S COMPENSATION TRUST				
Transfers To				
General Fund	$ —	$ —	$ —	$ 15,000
CAPITAL PROJECTS				
Transfers From				
General Fund	2,065	3,683	3,332	3,728
Highway User Revenue	104	3,830	—	—
Transportation 2050	2	5	4	6
Federal and Other Agency Transit Grants	—	—	9	—
Public Housing	2	—	—	—
Other Restricted	151	—	—	—
Aviation	29,420	46,599	16,606	4,195
Phoenix Convention Center	5	12	11	12
Water System and Val Vista	113	248	224	251
Wastewater and SROG	25,075	165	149	167
Solid Waste	1,364	5,205	1,491	1,438
Total	58,301	59,747	21,826	9,797
Transfers To				
General Fund	3,579	—	—	2,600
Transportation 2050	—	—	564	—
Other Restricted	—	644		—
Parks and Preserves	300	—	—	—
City Improvement Debt Service	252	1,366	—	—
Sports Facilities	129	—	2,558	—
Aviation	14,399	532	1	15,000
Water System and Val Vista	—	195	—	—
Wastewater and SROG	275	—	—	—
Solid Waste	—	2,922	—	—
Golf Courses	—	—	1	—
Total	18,934	5,659	3,124	17,600
GENERAL OBLIGATION RESERVE FUND				
Transfers To				
Secondary Property Tax	—	—	70,797	31,853
INFRASTRUCTURE REPAYMENT AGREEMENT TRUST				
Transfers From				
General Fund	383	252	2,155	1,000
Parks and Preserves	53	32	22	124
Transportation 2050	212	129	88	843
Neighborhood Protection	53	32	22	—
Public Safety Expansion	106	64	44	—
Phoenix Convention Center	253	134	110	570
Total	1,060	643	2,441	2,537
Total Transfers From	$1,243,511	$1,253,351	$1,376,448	$1,439,359
Total Transfers To	$1,243,511	$1,253,351	$1,376,448	$1,439,359

(1) Based on seven months of actual data, with balance of year estimated.

APPENDIX C

City Sales Taxes and State-Shared Revenues

The following information was compiled from annual financial reports of the City and from information provided by the City's Finance Department.

CITY TRANSACTION PRIVILEGE (SALES) TAXES

The City's transaction privilege (sales) tax rate for most business activity categories is 2.3%, while the rate for utilities is 2.7%, advertising is 0.5%, transient room rental is 5.3%, short-term car rental is 4.0%, telecommunications is 4.7% and commercial real estate rental is 2.4%. The City collected $720,937,000 from all transaction privilege tax categories in fiscal year 2011-12, $734,647,000 in 2012-13, $753,246,000 in 2013-14, $764,075,000 in 2014-15 and $814,023,000 in 2015-16. The estimate for fiscal year 2016-17 is $878,153,000.

On June 14, 2013, the Arizona State Legislature passed House Bill 2111 ("HB 2111"), signed by the Governor on June 25, 2013, which addresses the administration of state, county, municipal and affiliated transaction privilege (sales) taxes ("TPT") in the state. The effective date for HB 2111, along with the legislative technical corrections made under HB 2389, was originally set to be January 1, 2015. Due to the complexity in incorporating the various city's requirements into the Department's information technology system, the Arizona Department of Revenue delayed the implementation of TPT consolidation until January 1, 2017.

The law provides for a single point of collection for taxpayers to remit state, county and municipal TPT and affiliated excise taxes online. The legislation calls for a central portal where taxpayers can file at a single point rather than filing separately to multiple jurisdictions. It also centralizes audit functions with the Arizona Department of Revenue ("ADOR"), but allows cities and towns to retain audit resources. Multi-jurisdictional audits will be the responsibility of ADOR, while businesses located solely within one jurisdiction can be audited by the local city or town.

HB 2111 also amends certain provisions relating to the taxation of the "prime contracting" (construction) category. HB 2111 maintains the current construction tax paid by prime contractors based on the location of the new construction, but creates a new exemption for contractors who work directly for a property owner where their work is limited to the maintenance, repair or replacement of existing property (e.g. HVAC, plumbing and flooring). Instead of paying the construction tax, they will pay retail TPT on materials purchased as part of the service where those items are purchased.

Beginning June 30, 2015, the Arizona Department of Revenue ("ADOR") began to collect fees to recover a portion of the administrative, program and other operating costs incurred in providing tax administration and collection services to local governments. A one-time fee of $1.1 million was assessed to the City for the initial implementation of TPT reform. In addition, an annual fee will be assessed to each jurisdiction, such as the City, to pay for ongoing ADOR operations. This annual fee will be calculated in proportion to each jurisdiction's share of State-Shared Revenues distributed in the preceding fiscal year. Local governments can pay these obligations from any revenue source and these fees are not expected to reduce the City's State-Shared Revenues. State statutes set the maximum total amount that can be collected from all jurisdictions at $20.76 million in any fiscal year. For fiscal year 2016-17, the City of Phoenix was assessed a fee of $3.2 million.

City of Phoenix
Transaction Privilege Tax Rates by Category

Category	Rate(1)
Mining	0.1%
Advertising	0.5
Amusement	2.3
Contracting	2.3
Leasing/Rental of Tangible Personal Property	2.3
Printing	2.3
Publishing	2.3
Residential Real Estate Rentals	2.3
Restaurants and Bars	2.3
Retail	2.3(2)
Transportation	2.3
Commercial Real Estate Rentals	2.4
Utilities	2.7
Short-term Motor Vehicle Rental	4.3
Telecommunications	4.7
Hotel/Motel	5.3
Jet Fuel (1st 10 million gallons)	$0.00732/gallon

(1) On October 5, 1993, City of Phoenix voters approved a 0.1% increase in the City's transaction privilege (sales) tax rate. The revenues produced by the increase must be used to add police officers and firefighters and to expand neighborhood programs designed to deter crime. The increase affects all transaction privilege tax categories except advertising, utilities, jet fuel, and telecommunications and became effective December 1, 1993. The increase generated $26.5 million in 2011-12, $27.5 million in 2012-13, $29.2 million in 2013-14, $29.9 million in 2014-15 and $28.7 million in 2015-16. The estimate for 2016-17 is $30.0 million.

On September 7, 1999, City of Phoenix voters approved a 0.1% increase in the City's transaction privilege (sales) tax rate to be levied for a 10-year period, effective November 1, 1999. The revenues produced by the increase will be used for the acquisition of desert preserve open space and the development and improvement of regional and neighborhood parks located within the City. The increase affects all transaction privilege tax categories except advertising, utilities, jet fuel, telecommunications, and mining. On May 20, 2008, City of Phoenix voters approved a 30-year extension of this tax. This extension also expands the possible uses of these funds to include operational expenses such as salaries for park rangers and maintenance workers. Forty percent of the revenues produced by the extension will be used to acquire land for Phoenix's Sonoran Preserve. The remaining 60% will be used to finance improvements to parks throughout the City. The extension became effective July 1, 2008. The increase generated $26.5 million in 2011-12, $27.5 million in 2012-13, $29.2 million in 2013-14 and $29.9 million in 2014-15 and $28.7 million in 2015-16. The estimate for 2016-17 is $30.5 million.

On March 14, 2000, voters approved a 0.4% increase in the City's transaction privilege tax rate to be levied for a period of 20 years. The revenues produced by the increase were used for expanded bus service, the construction of a light rail system and other transportation improvements and to pay debt service on transit excise tax bonds used by the Corporation for such purposes ("*Transit Excise Tax Bonds*"), as described herein. On August 25, 2015, voters approved a new comprehensive transportation plan and funding tax proposal that increased the existing tax rate dedicated for transportation. The dedicated sales tax rate was increased from the previous 0.4% sales tax rate to 0.7% and became effective January 1, 2016, with a sunset date of December 31, 2050. Only the revenue collected from the original 0.4% transit sales tax is currently pledged to the Transit Excise Tax Bonds. The increased tax will continue to fund expanded bus service and the operation of the light rail system, and will additionally fund expanded bus and light rail service hours and routes, maintenance facilities, transit centers, and street improvements.

On September 11, 2007, City of Phoenix voters approved a 0.2% increase in the City's transaction privilege (sales) tax rate. Eighty percent of the revenues produced by the increase will be used by the Phoenix Police Department to recruit, hire, train and equip at least 500 police officers and police personnel; hire crime scene investigation (CSI) forensic teams; and to make service calls more efficient. Twenty percent of the revenues produced by the increase will be used by the Phoenix Fire Department to recruit, hire, train and equip at least 100 firefighters and fire personnel to improve fire protection services. The increase affects all privilege transaction tax categories except advertising, utilities, jet fuel, telecommunications and mining, and became effective December 1, 2007. The increase generated $53.1 million in 2011-12, $55.0 million in 2012-13, $58.3 million in 2013-14 and $59.8 million in 2014-15 and $57.4 in 2015-16. The estimate for 2016-17 is $60.0 million.

(2) Effective January 1, 2016 Retail Sales tax is applied in two levels. At Level 1 a 2.3% is applied to first amount equal to or less than $10,000 for a single item and at Level 2, 2.0% is applied for amounts greater than $10,000 for a single item.

STATE-SHARED REVENUES

State-Shared Revenues include the City's share of State sales taxes, State income taxes, highway user revenues, vehicle license taxes and the Local Transportation Assistance Fund. The City received a total of $377,039,000 in State-Shared Revenues in 2011-12, $417,823,000 in 2012-13, $446,548,000 in 2013-14, 478,777,000 in 2014-15 and $492,617,000 in 2015-16. The estimate for 2016-17 is $525,949,000.

From time to time, bills are introduced in, and legislation enacted by, the Arizona Legislature to change the formulas used to allocate the State-Shared Sales Taxes and State-Shared Income Taxes, including proposed adjustments that would reduce the distribution to cities and towns. The possibility of changes in this respect are more likely to be adverse to the City when the State is experiencing financial difficulties. The City cannot determine whether any such measures will become law or how they might affect the revenues which comprise the State-Shared Revenues. In addition, initiative measures are circulated from time to time seeking to place on the ballot changes in Arizona law which would repeal or modify state sales taxes or state income taxes (major sources of funds for state revenue sharing). The City cannot predict if any such initiative measures will ever actually be submitted to the electors, what form the measures might take or the outcome of any such election.

State Sales Tax

Effective July 1, 1986, the State sales tax became a combined tax, including the previous transaction privilege tax, education excise tax, special education excise tax and business excise tax. Cities throughout Arizona share 25% of the "distribution share" of such combined tax revenues in relation to their population as shown by the latest census.

City of Phoenix Share of State Sales Tax Receipts

Fiscal Year	Amount
2016-17 (Estimate)	$143,460,000
2015-16	137,544,000
2014-15	132,218,000
2013-14	127,005,000
2012-13	118,730,000
2011-12	114,017,000
2010-11	111,787,000
2009-10	106,916,000
2008-09	122,593,000
2007-08	135,134,000

State Sales Tax
Taxable Activities, Tax Rates and Distribution Share

Taxable Activities	Combined Tax Rate	Distribution Share
Mining — Severance	2.5%	80%
Mining, Oil & Gas	3.125	32
Transportation & Towing	5.6	20
Utilities	5.6	20
Telecommunications	5.6	20
Publishing	5.6	20
Printing	5.6	20
Private Car/Pipelines	5.6	20
Prime Contracting	5.6	20
Restaurants and Bars	5.6	40
Amusements	5.6	40
Rentals/Personal Property	5.6	40
Retail(2)	5.6	40
Hotel/Motel	5.5	50
Use	5.6	0
Jet Fuel (1st 10 million gallons)	$0.0305/gallon	40

State Income Tax Receipts

Cities throughout Arizona share in a distribution of State personal and corporate income taxes. The net income tax revenues collected two years prior is shared with cities in relation to their population as determined by the latest census. The urban revenue sharing percentage for cities is 15.0% of income tax revenues collected.

State Income Tax Receipts

Fiscal Year	Amount
2016-17 (Estimate)	$191,347,000
2015-16	174,234,000
2014-15	175,184,000
2013-14	161,580,000
2012-13	147,668,000
2011-12	122,012,000
2010-11	143,647,000
2009-10	190,546,000
2008-09	220,806,000
2007-08	207,694,000

Recent Legislation Regarding Withholding of State Shared Revenues

On March 17, 2016, the Governor signed Senate Bill 1487 ("SB 1487"). SB 1487 permits the State to withhold from a county, city or town ("Local Jurisdiction") State revenues that would otherwise be shared with Local Jurisdictions.

Under SB 1487, at the request of one or more members of the State Legislature, the State Attorney General must investigate any ordinance, regulation, order or other official action ("Local Action") adopted or taken by the governing body of a Local Jurisdiction that the legislator alleges violates State law or the State Constitution. The Attorney General must make a written report within 30 days after receipt of the request. The Local Jurisdiction then has 30 days to resolve the violation. If the Attorney General determines that the violation has not been resolved within 30 days, the Attorney General must notify the State Treasurer and the State Treasurer must withhold payment to the Local Jurisdiction of State-shared excise taxes otherwise due to the Local Jurisdiction pursuant to §42-5029(L), Arizona Revised Statutes and all State-shared income taxes otherwise due to the Local Jurisdiction pursuant to §43-206(F), Arizona Revised Statutes (collectively, "State-Shared Tax Revenues"), until such time as the Attorney General determines that the violation has been resolved. **However, the State Treasurer may not withhold any amount that the Local Jurisdiction certifies to the Attorney General and the State Treasurer as being necessary to make deposits or payments for debt service on bonds or other long-term obligations that were issued or incurred before the Local Action occurred. The City is not aware of any Local Action taken or currently under consideration that does or if taken would violate State law or the State Constitution.**

Highway User Revenues

The state of Arizona taxes motor fuels and collects a variety of fees and charges relating to the registration and operation of motor vehicles on the public highways of the state. These collections include gasoline and use fuel taxes, motor carrier taxes, vehicle license taxes, motor vehicle registration fees and other miscellaneous fees. These revenues are deposited in the Arizona Highway User Revenue Fund (HURF) and are then distributed to the cities, towns and counties and to the State Highway Fund. These taxes represent a primary source of revenues available to the state for highway construction, improvements and other related expenses.

From September 1, 2005 through December 31, 2010, the use fuel tax rate for vehicles transporting forest products was $0.13 per gallon. Effective January 1, 2011, the use fuel tax rate for vehicles transporting forest products reverted to the previous rate of $0.26. In 2012, a reduced fuel rate of $0.09 per gallon was assessed on fuel used in the motor vehicle transportation for a healthy forest enterprise. The reduced fuel rate of $0.17 per gallon is effective through December 31, 2024. Effective September 26, 2008, the use fuel rate for non-commercial trucks 25 years old or older with a historical vehicle plate was reduced $0.08 per gallon from $0.26 to $0.18 per gallon.

In 2008, the Arizona Legislature enacted legislation that requires the annual purchase of an Off-Highway Vehicle (OHV) decal for the operation of any All-Terrain Vehicle (ATV) or OHV in Arizona that was designed by the manufacturer primarily for travel over unimproved terrain and has an unladen weight of eighteen hundred pounds or less. Effective January 1, 2009, the current annual cost of the OHV decal is $25.00. In addition, if an OHV will be operated primarily off-highway, the vehicle is eligible for a reduced Vehicle License Tax (VLT) of $3.00 and waiver of the registration fee. The legislation requires that 70% of the OHV user fees collected be deposited into the off-highway vehicle recreation fund and 30% be deposited into the Arizona Highway User Revenue Fund.

In 2010, the Arizona Legislature enacted legislation allowing Arizona Department of Transportation (ADOT) to set the Abandoned Vehicle Fees. The base fees were $200 for abandoned vehicles on federal land and $50 for abandoned vehicles on non-federal land. The Abandoned Vehicle Administrative Fund has and will continue to receive fee revenue of $200 and $50. Any fee that ADOT sets above $200 and $50 is to be deposited into the General Fund.

The highway user revenue fund distribution formula has been changed several times, with the last change made in the 1997 regular session of the Legislature. Under the revised formula, ADOT receives 50.5%, counties receive 19%, cities receive 27.5%, and cities with a population over 300,000 receive 3%. The distribution of revenues to cities and towns (the 27.5% portion) is made on the following basis:

One-half of the highway user tax revenues is distributed to each incorporated city and town in the proportion that the population of each bears to the population of all cities and towns within the State, and;

One-half is distributed first on the basis of the county origin of sales of motor vehicle fuels within the State. This amount is then apportioned among the incorporated cities and towns within each county in the proportion that the population of each city or town bears to the total population of all cities and towns within the county.

The most recent regular or special United States census of population is used as the basis of apportionments of Highway User Tax Revenues.

The 1981 legislation phased the Arizona Department of Public Safety (DPS) out of the Highway User Revenue Fund. However, in 1991, the Legislature amended the law to require that moneys be distributed each year from the Highway User Revenue Fund and the State Highway Fund to DPS for funding a portion of highway patrol costs in any amount required by legislative appropriation. The State Legislature enacted legislation in 1995 that reduced the transfer of Highway User Revenues to DPS by $2.5 million each year for four years beginning in 1996-97 and ending in 1999-00. However, legislation enacted in 1999 kept the distribution from the Highway User Revenue Fund at the then current $12.5 million.

Distributions to the Arizona Department of Public Safety
From the Highway User Revenue Fund &
State Highway Fund
(in millions)

Fiscal Year	Highway User Revenue Fund	State Highway Fund	Total
2016-17 (Estimate)	$119.0	$ 7.0	$126.0
2015-16	95.0	7.0	102.0
2014-15	89.0	7.0	96.0
2013-14	119.0	7.0	126.0
2012-13	119.0	7.0	126.0
2011-12	123.0	0.0	123.0
2010-11	79.0	42.0	121.0
2009-10	79.0	41.0	120.0
2008-09	85.0	41.0	126.0
2007-08	10.0	52.0	62.0

As noted above, the latest distribution formula for highway user revenue funds provides for the distribution of a 3% portion to incorporated cities with a population of 300,000 or more. This funding can be used for the acquisition of rights-of-way or construction of streets or highways. The 1997 legislation removed language that had previously restricted this distribution of funds from being used for controlled-access purposes. Based on the 1995 special census, effective July 1, 1996, Phoenix, Tucson and Mesa share in this distribution.

City of Phoenix, Arizona

Highway User Tax Revenues		Vehicle License Tax Receipts	
Fiscal Year	Amount	Fiscal Year	Amount
2016-17 (Estimate)	$125,606,000	2016-17 (Estimate)	$61,236,000
2015-16	116,682,000	2015-16	59,801,000
2014-15	111,748,000	2014-15	55,293,000
2013-14	102,009,000	2013-14	51,689,000
2012-13	98,804,000	2012-13	48,370,000
2011-12	90,368,000	2011-12	46,400,000
2010-11	104,908,000	2010-11	48,299,000
2009-10	103,979,000	2009-10	49,500,000
2008-09	109,620,000	2008-09	53,629,000
2007-08	125,289,000	2007-08	59,244,000

Local Transportation Assistance

The 1981 State transportation financing program also provided for the creation of a Local Transportation Assistance Fund (LTAF) for local city transportation purposes (transit, streets, airports, etc.). The 1981 bill was amended in February 1982, restricting the use of these funds by cities with a population greater than 300,000 to mass transit operating costs and related capital purposes. The LTAF is funded from a portion of the receipts of the State Lottery. It is to provide up to $23 million (maximum) to be allocated to incorporated cities and towns in proportion to the population each bears to the total population of all cities and towns. Cities may spend up to 10% of their allocation for recreational, cultural and historic purposes if matched by non-public funds, provided that the annual allocation to cities is $23,000,000. The City received $7,246,000 in 2003-04, $7,136,000 in 2004-05, $7,034,000 in 2005-06, $6,969,000 in 2006-07, $6,910,000 in 2007-08, $6,506,000 in 2008-09 and $3,771,000 in 2009-10.

In addition, on August 31, 1998, then-Governor Jane Hull signed into law a transit funding bill (LTAF II) that provided additional state funding for public transit. The bill also changed the distribution of Power Ball lottery funds from the Regional Public Transportation Authority (RPTA) directly to the cities and towns in Maricopa County based on population. Prior to 2003, the Vehicle License Tax (VLT) and the State General Fund were the primary contributors to the LTAF II fund. From 2003 to 2008, the Power Ball lottery earnings were the single contributor to the LTAF II fund. Beginning in 2009, the state combined the State lottery revenues and the Power Ball lottery revenues into one fund that contributed to both the LTAF and the LTAF II funds. The overall fund must have exceeded $31 million annually in order to distribute funding, and distributions were capped at $9 million for LTAF II and $23 million for LTAF for any fiscal year. As a result of this bill, the City received $1,778,000 in 1998-99, $4,612,000 in 1999-00 and $3,880,000 in 2000-01. In 2001, the major funding portion of this transit-funding bill was repealed. Although the Power Ball distribution remained, the City did not receive any funding in 2001-02 or 2002-03. The City received $1,796,695 in 2003-04, $3,327,527 in 2004-05, $1,286,510 in 2005-06, $4,356,918 in 2006-07, $2,411,209 in 2007-08 and $2,782,417 in 2008-09.

On March 11, 2010, then Governor Jan Brewer signed a State budget package that permanently eliminated funding to the LTAF and the LTAF II, effective immediately. On September 2, 2011, a Federal judge issued a Court Order reinstating LTAF II Funding in Maricopa County. The City received $4,242,000 in 2011-12, $4,251,096 in 2012-13, $4,265,412 in 2013-14, $4,334,263 in 2014-15 and $4,356,077 in fiscal year 2015-16. The estimate for 2016-17 is $4,300,000.

TRANSPORTATION PROGRAM PASSED BY MARICOPA COUNTY VOTERS

In 1985, the Arizona Legislature enacted transportation finance legislation which, among its provisions, provided potential funding for controlled access highways and regional public transportation.

As a result, Maricopa County held a special election on October 8, 1985 to levy a one-half percent transportation excise tax (sales tax) within the County. The measure was passed by the voters by more than a 2 to 1 margin. The transportation excise tax became effective January 1, 1986 for a period not to exceed twenty years.

With passage of the transportation excise tax in Maricopa County in 1985, the Regional Public Transportation Authority was created within the boundaries of the County on January 1, 1986. The Authority is headed by a Board of Directors consisting of one elected official appointed from each participating municipality and the County. The Board is responsible for the development of a regional public transportation system plan for a regional rapid transit system. The Board is also responsible for establishing and operating a regional bus system and may contract with the City of Phoenix to provide the service. Each city in the Authority area and the County has the option to participate in the Authority. Each city that participates must use a portion of its Local Transportation Assistance Fund monies for public transportation, with Phoenix and Mesa required to use all of its LTA funds for this purpose.

On November 2, 2004 Maricopa County voters approved Proposition 400 ("Prop 400"), which went into effect January 1, 2006. The Prop 400 sales tax extended the County's one-half percent sales tax for transportation funding for an additional 20 years. The countywide one-half percent sales tax will provide funding for freeways, streets, bus transit, rural transit, dial-a-ride and light rail. Combined with projected federal matching funds, the tax is expected to provide $6.2 billion for transit improvements over the life of the tax. It will support the creation of an integrated "supergrid" bus and dial-a-ride network that offers consistent service levels across the region; an expanded Express bus and bus rapid transit network that addresses both suburb-to-central-city and suburb-to-suburb commute trips; expansion of light rail transit; and associated capital investments, including new buses and Intelligent Transportation System improvements, as well as passenger and operations facilities.

Prop 400 Sales Tax Revenue

Fiscal Year	Allocation For Light Rail/ High Capacity Transit Capital	Allocation For Bus Operating and Capital	Total Prop 400 Revenue Collected
2016-17 (Estimate)	$61.4	$80.6	$142.0
2015-16	57.1	75.0	132.1
2014-15	55.1	72.3	127.3
2013-14	52.7	69.1	121.8
2012-13	49.2	64.6	113.8
2011-12	46.7	61.2	107.9
2010-11	44.5	58.3	102.8
2009-10	42.9	56.4	99.3
2008-09	47.1	61.9	109.0
2007-08	54.6	71.7	126.3

CITY OF PHOENIX TRANSIT EXCISE TAX

On March 14, 2000, City of Phoenix residents approved a 0.4% increase in the City's transaction privilege (sales) tax rate to be levied for a 20-year period dedicated to transit improvements. Transit improvements include expanded local bus and Dial-A-Ride service, bus rapid transit service, neighborhood circulators, and the construction and operation of a light rail system. In addition, the tax will provide funding for 500 bus pull-outs, 100 miles of bike lanes and left-turn arrows at all major intersections. Voters approved the tax providing an estimated $2.2 billion in funding through May 31, 2020.

In August 2014, a 34-person group, the Citizens Committee on the Future of Phoenix Transportation, was created to address the 2020 expiration of the transit tax and to review the public transit and street transportation needs of the City. After six months of meetings and over 100 public engagement events, the committee forwarded their recommendations to the City Council, which approved the plan in March 2015. On August 25, 2015, voters approved a new comprehensive transportation plan and funding tax proposal that increased the existing tax rate dedicated for transportation. The dedicated sales tax rate was increased from the previous 0.4% sales tax rate to 0.7% and became effective January 1, 2016, with a sunset date of December 31, 2050. Only the revenue collected from the original 0.4% transit sales tax is currently pledged to the Transit Excise Tax Bonds. The increased tax will continue to fund expanded local bus and Dial-A-Ride service, bus rapid transit service, neighborhood circulators and the operation of the light rail system. In addition, funding would provide for expanded bus and light rail service hours and routes, high capacity transit corridors, and infrastructure improvements to bus stops, maintenance facilities and transit centers. Street improvements would also be funded by the new tax including pavement maintenance, new bicycle lanes, sidewalk installation and traffic signal enhancements.

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APPENDIX D

State Expenditure Limitation

Since fiscal year 1982-83, the City has been subject to an annual expenditure limitation imposed by the Arizona Constitution. This limitation is based upon the City's actual 1979-80 expenditures adjusted annually for subsequent growth in population and inflation. The 2016-17 expenditure limit supplied by the Economic Estimates Commission was $1,425,518,705. The City increased this limit to $5,882,263,000 to adjust for additional voter-approved modifications, as described below.

The Constitution exempts certain expenditures from the limitation. The principal exemptions for the City of Phoenix are payments for debt service and other long-term obligations, as well as expenditures of federal funds and certain State-Shared Revenues. Exemptions associated with revenues not expended in the year of receipt may be carried forward and used in later years. The 1979-80 expenditure base may also be adjusted for the transfer of functions between governmental jurisdictions.

The Constitution provides four processes, all requiring voter approval, to modify the expenditure limitation:

1. A four-year home rule option.
2. A permanent adjustment to the 1979-80 base.
3. A one-time override for the following fiscal year.
4. An accumulation for pay-as-you-go capital expenditures.

Phoenix voters have approved four-year home rule options on a regular basis since the implementation of the expenditure limitation. The current home rule option which was approved in 2015 allows the City Council, after hearings are held for each council district, to establish the annual budget as the limit. This four-year home rule option is in effect through 2019-20.

On November 3, 1981, Phoenix voters approved four propositions that allow the City to accumulate and expend local revenues for "pay-as-you-go" capital improvements without being subject to the State spending limit. These capital improvement exclusions include annual amounts of up to $5,000,000 for Aviation, $6,000,000 for Sanitary Sewers, $2,000,000 for Streets and $6,000,000 for Water. These exclusions were approved on a permanent basis and do not require voter reapproval except to raise or lower the annual amounts.

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APPENDIX E

Retirement and Pension Plans

Substantially all full-time employees and elected officials of the City are covered by one of three pension plans: the City of Phoenix Employees' Retirement System, the State of Arizona Public Safety Personnel Retirement System or the Elected Officials' Retirement Plan.

City of Phoenix Employees' Retirement System

The City of Phoenix Employees' Retirement System *(the "Plan")*, a single-employer defined benefit pension plan, covers all full-time general employees of the City, with the exception of sworn City police and fire personnel and elected officials. Periodic employer contributions to the Plan are determined on an actuarial basis using the "individual entry age normal cost method." Normal cost is funded on a current basis. The unfunded actuarial accrued liability is amortized over a closed twenty-two year period. Periodic contributions for both normal cost and the amortization of the actuarial accrued liability are based on the level percentage of payroll method and are required by City Charter to be made to the pension fund each year by the City. The funding strategy for normal cost and the actuarial liability should provide sufficient resources to pay employee pension benefits on a timely basis.

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions, which improves accounting and financial reporting for pensions. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of this Statement were effective for financial statements for periods beginning after June 15, 2014, and the City implemented GASB Statement No. 68 in fiscal year 2015. Additional information regarding the City's financial statements, including reporting of the City's net position and the net pension liability, is available in the City's Comprehensive Annual Financial Report (CAFR). See page E-7 for information on accessing the City's CAFR.

The City's actuarially determined contribution, actual contribution and covered payroll for the last three fiscal years follows:

Schedule of Employer Contributions
(in thousands)

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Percentage Contributed	Covered Employee Payroll	Actual Contribution as a percentage of Covered Employee Payroll
2016	$119,844	$119,844	100%	$473,974	25.28%
2015	117,092	117,092	100	484,309	24.18
2014	110,629	110,629	100	518,746	21.33

The actuarially determined recommended pension contribution rates is 30.60% for fiscal year 2016-17 and 30.82% for fiscal year 2017-18.

The following schedule shows the funding progress of the plan for the last three fiscal years. The total actuarial accrued liability increased $559,178,000 from 2013 to 2014, $361,123,000 from 2014 to 2015 and $8,230,000 from 2015 to 2016. As of June 30, 2016, the unfunded actuarial accrued liability was $1,700,921,000, compared with a shortfall of $1,772,985,000 at June 30, 2015 and $1,494,084,000 at June 30, 2014. The percent funded ratios were 57.3% as of June 30, 2016, 55.4% as of June 30, 2015, and 58.7% as of June 30, 2014.

Schedule of Changes in Net Pension Liability and Related Ratios
(in thousands)

	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Total Pension Liability			
Service cost (MOY)	$ 80,757	$ 75,310	$ 78,331
Interest (includes interest on service cost)	293,206	266,355	257,219
Changes of benefit terms	(3,229)	—	—
Differences between expected and actual experience	(76,891)	(31,009)	(20,336)
Changes of assumptions	(69,420)	254,870	—
Benefit payments, including refunds of member contributions	(216,193)	(204,403)	(179,877)
Net change in total pension liability	8,230	361,123	135,337
Total pension liability—beginning	3,975,907	3,614,784	3,479,447
Total pension liability—ending	$3,984,137	$3,975,907	$3,614,784
Plan Fiduciary Net Position			
Contributions—employer	$ 119,844	$ 117,092	$ 110,629
Contributions—member	29,523	27,861	27,760
Net investment income	9,171	47,148	298,736
Benefit payments, including refunds of member contributions	(216,409)	(204,403)	(179,877)
Administrative expense	(234)	(414)	(628)
Net change in plan fiduciary net position	(58,105)	(12,716)	256,620
Plan fiduciary net position—beginning	2,209,526	2,222,242	1,965,622
Plan fiduciary net position—ending	$2,151,421	$2,209,526	$2,222,242
Net pension liability—ending	$1,832,716	$1,766,381	$1,392,542
Plan fiduciary net position as a percentage of the total pension liability	54.00%	55.57%	61.48%
Covered employee payroll	$ 473,974	$ 460,441	$ 485,227
Net pension liability as a percentage of covered employee payroll	386.67%	383.63%	286.99%

Significant actuarial assumptions are used to determine the pension contribution requirements. The assumptions used to determine the total pension liability in the June 30, 2015 valuation were based on the results of the actuarial experience study covering the period from July 1, 2009 through June 30, 2014, and incorporate changes approved by the Plan's Board in 2013 and 2015. These assumptions, applied to all periods included in the measurement, are as follows:

Investment Rate of Return	7.5%
Inflation	3.5% (includes 3.0% for price inflation and 0.5% for real wage growth)
Salary Increases	Inflation plus merit or longevity component based on age, ranging from 6.6% at age 20 to 0.0% for members age 65 and older
Cost of Living Adjustment	1.5%
Mortality	CalPERS Employee Mortality and CalPERS Healthy Annuitant tables both without Scale BB Projection, and also the RP2014 Disabled Retiree Mortality table without MP-2014 Projection

City of Phoenix Pension Reform

In January 2011, the Mayor and City Council appointed members of a Pension Reform Task Force (the "*Task Force*") to work with management, outside consultants and other stakeholders to review and possibly recommend changes to the Plan. On September 25, 2012, after several revisions, the Task Force presented a final report to the Mayor and City Council, including recommended amendments to the City Charter. At the September 25, 2012 meeting, the Mayor and City Council directed staff to draft proposed revisions to City Charter language for referral to the March 2013 ballot based on the Task Force's recommendations.

At a special election held on March 12, 2013, voters approved changes to the Plan. Changes affect new employees hired on and after July 1, 2013 and are expected to save the City approximately $829 million over 25 years. The changes exclude public safety employees and elected officials, each covered under separate pension plans. The following is a summary of the voter-approved changes:

- The retirement eligibility age will increase an average of approximately 3.5 years
- The employer and employee contribution rates will be based on a 50/50 split of the actuarially determined rate necessary to fully fund the annual required contribution (ARC)
- The benefit formula components will be changed to a graduated multiplier based on years of service, matching the State of Arizona retirement plan
- Prior to these changes, the City Charter required full funding of the ARC, but prohibited the City from contributing an amount greater than the ARC. The voter-approved changes allow the City to contribute an amount greater than the ARC
- The Investment Policy for the Plan will be updated to allow for investments that meet the Prudent Investor Rule

The City contributions for fiscal year 2012-13 were $110,094,257, equivalent to 20.15% of the estimated annual active member payroll, compared with 18.18% for fiscal year 2011-12. Prior to the effective date of the voter approved changes to the Plan all general employees contributed 5% of their compensation to the Plan. On July 1, 2013 as a result of the voter approved changes, a two tier system was created under the Plan. A Tier 1 employee is any employee hired by the City before July 1, 2013 and any employee hired by the City on or after

July 1, 2013 who participated in the Arizona State Retirement System prior to July 1, 2011. A Tier 2 employee is any employee hired by the City on or after July 1, 2013 who is not a Tier 1 employee. Effective July 1, 2013, Tier 1 employees continue to contribute 5% of their compensation to the Plan and Tier 2 employees will contribute one-half of the required actuarial percentage. The total contribution rate for fiscal year 2013-14 increased to 27.24%, with the City contributing 22.24% for Tier 1 employees and 13.62% for Tier 2 employees. City contributions for fiscal year 2013-14 were $115,244,331. The rate increased in fiscal year 2014-15 to 29.60%, with the City contributing 24.60% for Tier 1 employees and 14.80% for Tier 2 employees. For fiscal year 2015-16, the contribution rate for the City is 25.3%, which is a blended rate taking into account the implementation of pension reform effective at mid-year. The most recent report of the Actuary and the Plan's annual financial reports are available at http://phoenix.gov/copers/pension-plan-reports.

In November 2014, the Mayor created the Civilian Retirement Security Ad Hoc Committee (the "*Committee*") to address further pension reform. The Committee, which included members of the City Council along with community and business leaders, met over three months to consider several options for reform. In February 2015, the Committee unanimously recommended a stacked hybrid plan ("Prop 103") that was expected to save the City over $38 million over 20 years starting January 1, 2016. The most significant changes under this plan are for employees hired after January 1, 2016 to be classified as Tier 3 employees. Tier 3 employees would be subject to the following benefit changes:

- Final Average Salary calculation changed to a five-year average
- Pension multiplier reduced to 1.85% of salary per year of service through the first 10 years of employment, gradually increasing to 2.0% at 20 years of service
- Elimination of the sick leave service credit
- Eliminates the ability for employees previously employed by the state or other cities in Arizona to join the City of Phoenix as Tier 1 employees
- Makes compensation above $125,000 per year non-pensionable; the cap would increase each year to match inflation.

Prop 103 will continue the 50/50 split in the contribution rate for new hires, but create a ceiling in the employee rate of 11% of their compensation. This ceiling will apply to both Tier 2 and Tier 3 employees to help improve the recruitment and retention of employees. The City Council approved the plan on March 4, 2015, and on August 25, 2015 voters also approved Prop 103, which became effective on January 1, 2016.

Citizen Pension Reform Initiative

On November 4, 2014, Phoenix voters considered and rejected an initiative known as Proposition 487 — The Phoenix Pension Reform Act of 2014 (the "Act") that if approved, would have amended the Phoenix City Charter and changed City retirement benefits for both current and future employees. The City is unable to predict whether and in what form, future initiatives may be proposed regarding the Plan and what the impact of such initiatives might be.

State of Arizona Public Safety Personnel Retirement System

The City of Phoenix also contributes to an agent multiple-employer defined benefit pension and health insurance premium subsidy plan, the Arizona Public Safety Personnel Retirement System (APSPRS), for sworn police officers and firefighters. The APSPRS functions as an investment and administrative agent for the City of Phoenix with respect to the plans for police officers and firefighters.

Periodic employer contributions to the pension and health insurance premium subsidy plans are determined on an actuarial basis using the projected unit credit cost method. Normal cost is funded on a current basis. Under current law, the unfunded actuarial accrued liability is funded over a closed period of 30 years, with 20 years remaining as of June 30, 2016. Senate Bill 1442 ("SB 1442") passed by the State Legislature and signed by the Governor on April 17, 2017, authorizes the governing body of an employer to make a one-time request to use a closed period not exceeding 30 years. SB 1442 will not become effective until August 9, 2017, following a period during which referendum petitions could be filed requiring that SB 1442 be referred to the electors for approval or disapproval. The City has not decided whether to make such a request should SB 1442 become law. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the entry age normal cost method. The funding strategy for normal cost and the unfunded actuarial accrued liability should provide sufficient resources to pay employee pension benefits on a timely basis.

Schedule of Actuarial Accrued Liability

	Fiscal Year Ending	Annual Pension Cost (APC)	Percent of APC Contributed	Percent Funded	Actuarial Accrued Liability
Police Pension	6/30/16	$92,270,995	100%	43.1%	$2,949,525,000
Police Health	6/30/16	0	100	132.2	50,562,000
Police Pension	6/30/15	80,291,192	100	47.8	2,598,387,000
Police Health	6/30/15	3,473,496	100	118.9	54,911,000
Police Pension	6/30/14	79,177,731	100	48.1	2,539,761,000
Police Health	6/30/14	2,611,742	100	114.9	53,696,000
Fire Pension	6/30/16	42,508,943	100	45.2	1,558,108,000
Fire Health	6/30/16	0	100	149.0	25,303,000
Fire Pension	6/30/15	36,661,061	100	49.9	1,409,946,000
Fire Health	6/30/15	1,525,397	100	131.1	28,142,000
Fire Pension	6/30/14	42,851,009	100	50.1	1,375,333,000
Fire Health	6/30/14	1,559,274	100	126.4	27,735,000

The actuarial accrued liability of the APSPRS is measured in accordance with the requirements of Governmental Accounting Standards Board Statement No. 25 and No. 27 for pensions and No. 45 for health subsidiaries. For police, net assets available for benefits were less than the actuarial accrued liability as of June 30, 2015 and June 30, 2016 by $1,310,559,000 and $1,346,925,000, respectively.

For fire, net assets available for benefits were less than the actuarial accrued liability as of June 30, 2015 and June 30, 2016 by $678,636,000 and $697,225,000, respectively.

The System, for both police and fire personnel, is funded via member contributions of 11.65% of compensation and employer contributions set by an actuarial valuation, also expressed as a percent of compensation.

Schedule of Changes in Net Pension Liability and Related Ratios
for Reporting Date ended June 30,
(thousands)

	POLICE	
	Fiscal Year 2016	Fiscal Year 2015
Total Pension Liability		
Service cost	$ 47,490	$ 50,173
Interest on the Total Pension Liability	195,644	170,560
Changes of benefit terms	—	38,647
Differences between expected and actual experience	(42,065)	(13,758)
Changes of assumptions	—	211,118
Benefit payments, including refunds of employee contributions	(142,444)	(129,266)
Net change in total pension liability	58,625	327,474
Total pension liability—beginning	2,539,761	2,212,287
Total pension liability—ending	$2,598,386	$2,539,761
Plan Fiduciary Net Position		
Contributions—employer	$ 80,311	$ 78,428
Contributions—employee	28,941	27,931
Net investment income	43,559	146,354
Benefit payments, including refunds of employee contributions	(142,444)	(129,266)
Administrative expense	(1,063)	—
Other	(842)	(53,122)
Net change in plan fiduciary net position	8,462	70,325
Plan fiduciary net position—beginning	1,204,253	1,133,928
Plan fiduciary net position—ending	$1,212,715	$1,204,253
Net pension liability—ending	$1,385,671	$1,335,508
Plan fiduciary net position as a percentage of the total pension liability	46.67%	47.42%
Covered valuation payroll	$ 215,928	$ 229,987
Net pension liability as a percentage of covered employee payroll	641.73%	580.69%

Schedule of Changes in Net Pension Liability and Related Ratios
for Reporting Date ended June 30,
(thousands)

	FIRE	
	Fiscal Year 2016	Fiscal Year 2015
Total Pension Liability		
Service cost	$ 25,159	$ 25,964
Interest on the Total Pension Liability	106,101	93,775
Changes of benefit terms	—	18,125
Differences between expected and actual experience	(24,035)	(9,814)
Changes of assumptions	—	100,149
Benefit payments, including refunds of employee contributions	(72,612)	(68,945)
Net change in total pension liability	34,613	159,254
Total pension liability—beginning	1,375,333	1,216,079
Total pension liability—ending	$1,409,946	$1,375,333
Plan Fiduciary Net Position		
Contributions—employer	$ 43,076	$ 42,900
Contributions—employee	14,250	14,152
Net investment income	24,512	82,575
Benefit payments, including refunds of employee contributions	(72,612)	(68,945)
Administrative expense	(598)	—
Other	(536)	(30,298)
Net change in plan fiduciary net position	8,092	40,384
Plan fiduciary net position—beginning	679,809	639,425
Plan fiduciary net position—ending	$ 687,901	$ 679,809
Net pension liability—ending	$ 722,045	$ 695,524
Plan fiduciary net position as a percentage of the total pension liability	48.79%	49.43%
Covered valuation payroll	$ 121,291	$ 125,639
Net pension liability as a percentage of covered employee payroll	595.30%	553.59%

Actuarial assumptions used to determine the total pension liability in the June 30, 2015 actuarial valuation were based on the results of the actuarial experience study covering the period from July 1, 2006 through June 30, 2011. Those assumptions, applied to all periods included in the measurement, are as follows:

Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value of Assets
Inflation	4.0%
Price Increases	3.0%; No explicit price inflation assumption is used
Salary Increases	4.00% to 8.00% including inflation
Investment Rate of Return	7.85%, net of investment and administrative expenses
Retirement Age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table projected to 2015 using projection scale AA (adjusted by 105% for both males and females)

Assumed future permanent benefit increases for members retired on or before July 1, 2011 is 2% of overall average benefit compounded annually. All members receive the same dollar amount of increase. Members retired on or after August 1, 2011 receive 0.5% of overall average benefit compounded annually. All members receive the same dollar amount of increase.

Schedule of Contributions for Measurement Date ended June 30,
(thousands)

	2015	2014
POLICE		
Actuarially Determined Contribution	$ 80,311	$ 78,428
Actual Contribution(1)	80,311	78,428
Contribution Deficiency (Excess)	$ —	$ —
Covered Valuation Payroll(2)	$215,928	$229,987
Actual Contribution as a percentage of Covered Valuation Payroll	37.19%	34.10%

	2015	2014
FIRE		
Actuarially Determined Contribution	$ 43,076	$ 42,900
Actual Contribution(1)	43,076	42,900
Contribution Deficiency (Excess)	$ —	$ —
Covered Valuation Payroll(2)	$121,291	$125,639
Actual Contribution as a percentage of Covered Valuation Payroll	35.51%	34.15%

(1) Actual contributions are based on covered payroll at the time of contribution. It is the actuary's understanding that the City's practice is to contribute the percent-of payroll employer contribution rate (or flat dollar amount if there are no active employees) shown in the actuarial valuation report. Because of this understanding, the Actuarially Determined Contributions shown in the Schedule of Contributions are the actual contributions made by the City in the fiscal year.

(2) Does not necessarily represent covered employee payroll as defined in GASB Statement Nos. 67-68.

The actuarially determined recommended pension contribution rates for Police was 40.71% for fiscal year 2015-16, and is 48.17% for fiscal year 2016-17 and 67.30% for fiscal year 2017-18. The actuarially determined recommended pension contribution rates for Fire was 39.55% for fiscal year 2015-16, and is 45.44% for fiscal year 2016-17 and 62.69% for fiscal year 2017-18.

APSPRS Pension Reform

On April 29, 2011, the Governor signed into law Senate Bill 1609 ("SB 1609"), which created significant pension reform to the APSPRS.

The following is a summary of changes to the APSPRS required by SB 1609:

- Revise the formula used to calculate cost of living adjustments (COLA)
- Increase member contribution rate from 7.65% to 11.65% by fiscal year 2015-16
- Eliminate the Deferred Retirement Option Plan (DROP) for employees hired after January 1, 2012
- Increase the number of years of service required to become retirement eligible from 20 to 25
- Increase the number of consecutive years of salary used to compute pension from three to five
- Calculated pension cannot exceed 80% of the five consecutive years' average

On February 20, 2014, the Arizona Supreme Court upheld a lower court ruling that provisions of SB 1609 revising the formula used to calculate cost of living adjustments of members of the Arizona Elected Officials Retirement Plan (EORP) violated the Arizona Constitution to the extent those provisions applied to elected officials hired prior to January 1, 2012. Because that Supreme Court ruling applies to invalidate the same language in similar provisions of SB 1609 which relate to APSPRS, COLA increases for members hired prior to January 1, 2012 and affected by SB 1609 will be restored retroactively, which required rate increases from employers, including the City. The APSPRS Board allowed employers to phase-in the pension contribution rate increase over 3 years beginning with the 2015-16 fiscal year. The City's contribution rate for fiscal year 2015-16 increased 7.96% for fire and 9.31% for police due the phase-in. In fiscal year 2016-17 the City's contribution rate increased 4.93% for fire and 6.05% for police. The City is unable to predict the rate increase for the last year of the phase-in or any potential savings due to other provisions of SB 1609. On November 10, 2016, the Arizona Supreme Court upheld another lower court ruling that provisions of SB 1609 which increased employee contribution rates and curtailed certain benefit increases were also unconstitutional. The decision means that many current employees will receive refunds, while some retirees will receive retroactive benefit increases. The refunds and increased benefits will require increased payments from the City, but the City is unable to predict any resulting contribution rate increase. Certain other aspects of SB 1609 may continue to be challenged in other pending lawsuits.

In February 2016, the Governor signed Senate Bills 1428 and 1429 to further reform the APSPRS. Most of the changes only affect new hires who start after June 30, 2017. Those changes include requiring new public safety employees to serve until age 55 before being eligible for full pension benefits, splitting the annual pension cost 50/50 between employers and new employees, and providing new hires the option of choosing a 100% defined contribution plan in place of a defined benefit (or pension) plan. The one change that could affect current retirees and those hired both before and after June 30, 2017, is a 2% annual cap on cost-of-living adjustments, which would be tied to the metropolitan Phoenix-Mesa Consumer Price Index. For the cost-of-living cap to apply to current members of APSPRS, it must be approved by voters. Proposition 124, approved by voters on May 17, 2016, capped the cost of living adjustments.

Elected Officials' Retirement Plan

The Elected Officials' Retirement Plan (EORP) is a cost sharing multiple-employer defined benefit pension plan of which the City of Phoenix is a contributing employer and covers the Mayor and City Council, effective January 4, 1988. As a condition of coverage, members are required to contribute a percentage of their compensation.

The City contributed an actuarially determined rate of 32.99% for fiscal year 2012 and 36.44% for fiscal year 2013, to fully fund benefits for active members. For the first six months of fiscal year 2014, the City contribution rate was 39.62%. Effective January 1, 2014, the State Legislature closed the EORP to new members and changed the contribution rate to 23.50% for both the EORP and for the newly created Elected Officials' Defined Contribution Retirement System (EODCRS). All elected officials, appointed or elected on or after January 1, 2014 and not previously a member of the EORP, become members of the EODCRS, a defined contribution plan.

The City's required contribution and actual contribution percentage for the Elected Officials' cost-sharing multiple-employer retirement plan for the last three fiscal years follows:

	Contributions Required and Contributions Made		
	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed
Pension	6/30/16	$131,240	100%
Health	6/30/16	0	100
Pension	6/30/15	131,350	100
Health	6/30/15	5,137	100
Pension	6/30/14	171,073	100
Health	6/30/14	7,012	100

Additional Information

Additional information regarding the City's Retirement and Pension Plans, including trend information and detailed assumptions, is available in the City's Comprehensive Annual Financial Report (CAFR) under the headings "Pension Plans" and "Required Supplementary Information". The CAFR is available at http://emma.msrb.org or www.phoenix.gov under Departments-Finance-Financial Information & Reports-Comprehensive Annual Financial Report or by calling the City at (602) 262-7166.

Additional information regarding the APSPRS, including annual financial reports, actuary reports, trend information and detailed assumptions is available at http://www.psprs.com/sys_psprs/AnnualReports/cato_annual_rpts_psprs.htm.

Additional information regarding the Elected Officials Retirement Plan, including annual financial reports, actuary reports, trend information and detailed assumptions is available at http://www.psprs.com/sys_eorp/AnnualReports/cato_annual_rpts_EORP.htm.

APPENDIX F

Health Care Benefits for Retired Employees

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45 (GASB 45) which addresses how state and local governments should account for and report costs and obligations related to post-employment health care and other post-employment non-pension benefits (OPEB). GASB 45 generally requires that the annual cost of OPEB and the outstanding obligations and commitments related to OPEB be accounted for and reported in essentially the same manner as pensions. Annual OPEB costs typically will be based on actuarially determined amounts that, if paid on an ongoing basis, would provide sufficient resources to pay benefits as they come due. The provisions of GASB 45 do not require governments to fund their OPEB plans. GASB 45 establishes accounting standards, including disclosure requirements for the post employment plans, the funding policies, the actuarial valuation process and assumptions, and the extent to which the plans have been funded over time.

The City implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, effective July 1, 2007, and is implementing these requirements prospectively. The City's annual OPEB expense is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. This calculation is used to determine the ARC for both the Medical Expense Reimbursement Plan and the Long-Term Disability Program.

Medical Expense Reimbursement Plan

The City provides certain post-employment health care benefits for its retired employees. Retired employees meeting certain qualifications are eligible to participate in the City's health insurance program along with the City's active employees. Employees eligible to retire in 15 years or less from August 1, 2007, will receive a monthly subsidy from the City's Medical Expense Reimbursement Plan (MERP) when they retire. Contributions by the City (plus earnings thereon) are the sole source of funding for the MERP. The City established the City of Phoenix MERP Trust to fund all or a portion of the City's share of liabilities incurred in providing the benefits as reflected in Administrative Regulation 2.42—Medical Expense Reimbursement Plan for Retirees and Eligible Surviving Spouses or Qualified Domestic Partners. A five-member Board of Trustees has been delegated responsibility for fiduciary oversight of the MERP Trust, subject to oversight of the City Council.

The monthly subsidy reimburses retirees for qualified medical expenses, including hospital, doctor and prescription drug charges. The City's contribution varies with length of service or bargaining unit, from $117 to $202 per month for each retiree. Retirees may be eligible for additional City contributions depending on their bargaining unit, retirement date, or enrollment in the City's medical insurance program.

The following table shows the funding progress of the MERP as of July 1, 2015, the most recent actuarial valuation date. The OPEB valuation is updated biennially, with the next valuation to have an effective date of July 1, 2017.

Schedule of Funding Progress
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Percent Funded (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a)/(c)
7/1/2015	$138,466,000	$433,805,000	$295,339,000	31.9%	$379,302,000	77.9%

The City has established a trust for the MERP benefits and contributes the ARC each year to fund the OPEB liability. The City has developed an investment policy for the trust with the objective of achieving a long-term return on assets contributed to the trust of 7.0 percent. The City's Comprehensive Annual Financial Report (CAFR) reflects proper treatment and note disclosure of Health Care Benefits for Retired Employees in accordance with GASB 45 beginning with the fiscal year ended June 30, 2008.

The City's annual OPEB cost, employer contributions and the percentage of annual OPEB cost contributed to the MERP since implementation were as follows (in thousands):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed
6/30/2016	$27,897	$27,848	100.0%
6/30/2015	27,937	27,936	100.0
6/30/2014	29,508	29,508	100.0
6/30/2013	34,021	34,021	100.0
6/30/2012	33,456	33,456	100.0
6/30/2011	38,007	38,007	100.0
6/30/2010	37,574	17,204	45.8
6/30/2009	37,967	43,579	114.8
6/30/2008	39,000	53,758	137.8

The number of participants as of July 1, 2015, the effective date of the biennial OPEB valuation, follows. There have been no significant changes in the number covered by the MERP or the type of coverage since that date.

	General City	Public Safety	Total
Active employees	2,936	2,385	5,321
Retirees and Beneficiaries	5,672	2,528	8,200
Total	8,608	4,913	13,521

Post Employment Health Plan

Benefit eligible employees with more than 15 years until retirement eligibility, as of August 1, 2007, receive $150 per month while employed by the City as a defined contribution to the Post Employment Health Plan (PEHP). This is a 100% employer-paid benefit. The program provides employees who have a payroll deduction for City medical insurance coverage (single or family) with a PEHP account. This account is to be used by the employee when he/she retires or separates employment with the City for qualified medical expenses (including health insurance premiums).

Long-Term Disability Program

Long-term disability (LTD) benefits are available to regular, full-time, benefit-eligible employees who have been employed by the City for at least 12 consecutive months. The program provides income protection of 66⅔ percent of an employee's monthly base salary following a continuous three-month waiting period from the last day worked; provided all leave accruals have been exhausted, continuing to age 80. Employees receiving long-term disability benefits are entitled to continuation of group medical, dental and life insurance for a specified period. Contributions to the LTD Trust by the City (plus earnings thereon) are the sole source of funding for the LTD program. The City pays 100 percent of the cost for this benefit.

The City established the City of Phoenix Long-Term Disability Trust to fund all or a portion of the City's liabilities incurred in providing the benefits as reflected in Administrative Regulation 2.323 City of Phoenix Long-Term Disability Program. A five-member Board of Trustees has been delegated responsibility for fiduciary oversight of the LTD Trust, subject to oversight of the City Council. The LTD Trust issues a separate report that can be obtained through the City of Phoenix, Finance Department, Financial Accounting and Reporting Division, 251 W. Washington Street, 9th Floor, Phoenix, Arizona, 85003.

The following table shows the funding progress of the LTD plan as of July 1, 2015, the most recent actuarial valuation date. The OPEB valuation is updated biennially, with the next valuation to have an effective date of July 1, 2017.

Schedule of Funding Progress
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Percent Funded (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b - a)/(c)
7/1/15	$76,522,000	$57,943,000	$(18,579,000)	132.1%	$775,313,000	(2.40)%

The City's annual OPEB cost, employer contributions and the percentage of annual OPEB cost contributed to the LTD plan since implementation were as follows (in thousands):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed
6/30/2016	$1,074	$1,335	124.3%
6/30/2015	2,578	2,581	100.1
6/30/2014	2,719	2,751	101.2
6/30/2013	2,872	2,971	103.4
6/30/2012	2,391	2,018	84.4
6/30/2011	2,965	997	33.6
6/30/2010	2,456	848	34.5
6/30/2009	(323)	—	N/A
6/30/2008	—	—	N/A

The number of participants as of July 1, 2015, the effective date of the biennial OPEB valuation, follows. There have been no significant changes in the number or category of employees covered under the LTD plan since that date.

	General City	Public Safety	Total
Current Active Employees	7,736	4,323	12,059
Currently Disabled Employees	306	14	320
Total Covered Participants	8,042	4,337	12,379

Actuarial Valuations

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional Information

Additional information regarding the City's Health Care Benefits for Retired Employees, including the actuarial methods and detailed assumptions used to calculate the ARC, is available in the City's Comprehensive Annual Financial Report (CAFR) under the heading "Other Postemployment Benefits (OPEB)". The CAFR is available at http://emma.msrb.org or www.phoenix.gov under Departments-Finance-Financial Information & Reports-Comprehensive Annual Financial Report or by calling the City at (602) 262-7166.

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APPENDIX G

Form of Continuing Disclosure Undertaking for the Purpose of Providing Continuing Disclosure Information Under Section (B)(5) of Rule 15C2-12

This Continuing Disclosure Undertaking (the *"Undertaking"* or the *"Agreement"*) dated as of June , 2017 is executed and delivered by the City of Phoenix, Arizona (the *"City"*) in connection with the issuance of its General Obligation Refunding Bonds, Series 2017 (the *"Bonds"*). The Bonds are being issued pursuant to Ordinance No. S-38479 adopted by the Mayor and Council of the City on February 1, 2012 (the *"Ordinance"*). The City covenants and agrees as follows.

1. *Purpose of this Undertaking*. This Undertaking is executed and delivered by the City as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The City represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. *Definitions*. The terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires.

Annual Financial Information means the financial information and operating data set forth in *Exhibit I*.

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the City prepared pursuant to the standards and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the City and which has filed with the City a written acceptance of such designation, and such agent's successors and assigns.

EMMA means the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Undertaking, information regarding submissions to EMMA is available at http://emma.msrb.org/submission.

Event means the occurrence of any of the events set forth in *Exhibit II*.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Listed Event means the occurrence of events set forth in *Exhibit II*, provided that with respect to any Event qualified by the phrase "if material," materially shall be interpreted under the Exchange Act. If an Event is not qualified by the phrase "if material," such Event shall in all cases be material.

Listed Events Disclosure means dissemination of disclosure concerning a Material Event as set forth in Section 5.

MSRB means the Municipal Securities Rulemaking Board.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Rule means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

State means the State of Arizona.

Undertaking means the obligations of the City pursuant to Sections 4 and 5 hereof.

3. *CUSIP Number/Final Official Statement.* The CUSIP Numbers of the Bonds are as follows:

MATURITY DATE	CUSIP NO.
07/01/2018	
07/01/2019	
07/01/2020	
07/01/2021	
07/01/2022	
07/01/2023	
07/01/2024	
07/01/2025	
07/01/2026	
07/01/2027	

The Final Official Statement relating to the Bonds is dated June , 2017 (the *"Final Official Statement"*).

4. *Annual Financial Information Disclosure.* Subject to Section 9 and Section 14 of this Undertaking, the City shall disseminate its Annual Financial Information and its Audited Financial Statements, if any (in the form and by the dates set forth in *Exhibit I*), to the MSRB through EMMA, in an electronic format as prescribed by the MSRB. The City is required to deliver such information in such manner and by such time so that such entities receive the information by the dates specified.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the City will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment is made to this Agreement, the Annual Financial Information for the year in which such amendment is made shall contain a narrative description of the reasons for such amendment and its impact on the type of information being provided.

5. *Listed Events Disclosure.* Subject to Section 9 and Section 14 of this Undertaking, the City hereby covenants that it will disseminate in a timely manner not in excess of ten business days after the occurrence of such event, Listed Events Disclosure to the MSRB through EMMA as prescribed by the MSRB. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any of the Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Ordinance.

6. *Duty to Update.* The City shall determine, in the manner it deems appropriate, the address of EMMA or such alternate repository specified by the MSRB each time it is required to file information with such entities.

7. *Consequences of Failure of the City to Provide Information.* The City shall give notice in a timely manner not in excess of ten business days after the occurrence of such failure to the MSRB through EMMA, of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the City to comply with any provision of this Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under this Undertaking. A default under this Undertaking shall not be deemed an event of default under the Ordinance, and the sole remedy available to the beneficial owner of any Bonds under this Undertaking or the Ordinance in the event of any failure of the City to comply with this Undertaking shall be an action to compel performance.

8. *Amendments; Waiver.* Notwithstanding any other provision of this Agreement, the City by certified resolution or ordinance authorizing such amendment or waiver, may amend this Undertaking, and any provision of this Undertaking may be waived only if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted;

(b) This Undertaking, as amended or affected by such waiver, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the City.

The Annual Financial Information containing amended operating data or financial information resulting from such amendment or waiver, if any, shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided. If an amendment or waiver is made specifying the generally accepted accounting principles (*"GAAP"*) to be followed in preparing financial statements and such changes are material, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles in the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, such comparison also shall be quantitative. If the accounting principles of the City change or the Fiscal Year of the City changes, the City shall file a notice of such change in the same manner as for a notice of a Listed Event.

9. *Termination of Undertaking.* The Undertaking of the City shall be terminated hereunder if the City shall no longer have liability for any obligation on or relating to repayment of the Bonds under the Ordinance. The City shall give notice in a timely manner if such event occurs, to the MSRB through EMMA in an electronic format as prescribed by the MSRB.

10. *Dissemination Agent.* The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

11. *Additional Information.* Nothing in this Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Annual Financial Information Disclosure or a Listed Events Disclosure, in addition to that which is required by this Undertaking. If the City chooses to include any information from any document or Listed Events Disclosure in addition to that which is specifically required by this Undertaking, the City shall have no obligation under this Undertaking to update such information or include it in any future Annual Financial Information Disclosure or Material Events Disclosure.

12. *Beneficiaries*. This Undertaking has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Undertaking shall inure solely to the benefit of the City, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. *Recordkeeping*. The City shall maintain records of all Annual Financial Information Disclosure and Listed Events Disclosure including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

14. *Authorization; Non-Appropriation*. Execution and performance of this Agreement have been authorized pursuant to the Ordinance.

The City's obligations hereunder for fiscal years beginning on or after July 1, 2017 are subject to the appropriation of funds by the City Council for such purpose and do not represent a general obligation or indebtedness of the City. If the City Council of the City does not appropriate funds for performance hereunder, the City shall promptly provide notice of such non-appropriation to the MSRB through EMMA in an electronic format as prescribed by the MSRB.

15. *Governing Law.* This Undertaking shall be governed by the laws of the State.

CITY OF PHOENIX, ARIZONA

By: Ed Zuercher
Its: City Manager

By: ____
Denise Olson
City Financial Officer

ATTEST:

By: ____
City Clerk

APPROVED AS TO FORM:

By: ____
City Attorney

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means financial information and operating data of the type contained in the Final Official Statement under the following captions: APPENDIX A — CITY OF PHOENIX, ARIZONA — DESCRIPTION — Phoenix City Government (p. A-19) (fourth paragraph only), — Value of Building Permits (p. A-44), — New Housing Starts (City of Phoenix only) (p. A-44), APPENDIX B — CITY OF PHOENIX, ARIZONA — FINANCIAL DATA — Valuations, — Basis of Property Assessments, — Full Cash Value History (City of Phoenix only), — Limited Net Assessed Valuation History (City of Phoenix only), — Limited Net Assessed Valuation by Classification, — Full Cash Net Assessed Valuation History (City of Phoenix only), — Major Property Taxpayers, — Tax Data (Collections), — Statement of Bonded Indebtedness, — Annual Debt Service Requirements (General Obligation Bonded Debt Outstanding), — Direct General Obligation Bonded Debt Outstanding, — Debt Limitation, — Net Direct and Overlapping General Obligation Bonded Debt and Debt Ratios (Direct only), — Summary of Authorized, Issued and Unissued General Obligation Bonds, — Other Long-Term Obligations, — Short-Term Debt, — 2016-2021 Capital Improvement Program Summary, — Summary of 2016-2021 Capital Improvement Program By Program (All Sources of Funds), — Combined Schedules of Revenues, Expenditures and Encumbrances, Fund Balances and Transfers (All Operating Funds — Non-GAAP Budgetary Basis), — Fund Balances (All Operating Funds Non-GAAP Budgetary Basis), — Transfers (All Operating Funds — Non-GAAP Budgetary Basis),] APPENDIX D — STATE EXPENDITURE LIMITATION, APPENDIX E — RETIREMENT AND PENSION PLANS and APPENDIX F — HEALTH CARE BENEFITS FOR RETIRED EMPLOYEES.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to each the MSRB through EMMA, or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB; or the Commission. The City shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB through EMMA by February 1 of each year, commencing February 1, 2018. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available and will be provided to the MSRB through EMMA within 30 days after availability to the City.

Audited Financial Statements will be prepared according to GAAP, as applied to governmental units as modified by State law.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the City will disseminate a notice of such change as required by Section 4, including changes in Fiscal Year or GAAP.

EXHIBIT II
EVENTS FOR WHICH LISTED EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds
7. Modifications to the rights of Bondholders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the Bonds, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the City*
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

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* The event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

APPENDIX H

Form of Legal Opinion of Bond Counsel

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

[BOND ISSUANCE DATE]

We hereby certify that we have examined certified copy of the proceedings of the Council of the City of Phoenix, Maricopa County, Arizona, passed preliminary to the issue by said City of its General Obligation Refunding Bonds, Series 2017, in the amount of $ (the *"Bonds"*) in fully registered form, dated the date of initial authentication and delivery in the denomination of $5,000 each or authorized whole multiples thereof, maturing on July 1 of each of the years, in the amounts and bearing interest at the respective rates per annum as follows:

$
City of Phoenix, Arizona
General Obligation Refunding Bonds Series 2017

Year	Principal Amount	Interest Rate
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid proceedings and proofs.

We are of the opinion that such proceedings and proofs show lawful authority for the sale and issuance of the Bonds pursuant to the Constitution and laws of the State of Arizona now in force and that the Bonds are valid and legally binding obligations of the City, all of the taxable property within which is subject to the levy of a tax without limitation as to rate, but limited to a total amount not greater than the total aggregate principal and interest to become due on the bonds being refunded with proceeds of the sale of the Bonds (the *"Bonds Being Refunded"*) from the date of issuance of the Bonds to the final date of maturity of the Bonds Being Refunded. The net proceeds of the Bonds have been deposited with the City for the payment of the Bonds Being Refunded with interest on the redemption date. The owners of the Bonds must rely on the sufficiency of such funds for payment of the Bonds Being Refunded. The issuance of the Bonds shall in no way infringe upon the rights of the holders of the Bonds Being Refunded to rely upon a tax levy for the payment of principal and interest on the Bonds Being Refunded if such funds prove insufficient.

Under existing statutes, regulations, rulings and court decisions, subject to the assumption stated in the last sentence of this paragraph, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds is exempt from income taxation under the laws of the State of Arizona. Furthermore, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the City must continue to meet after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal income tax purposes. The failure of the City to meet these requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The Mayor and Council of the City have resolved in Ordinance No. S-38479, adopted by the Mayor and Council of the City on February 1, 2012 to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. (Subject to the same limitations in the penultimate paragraph hereof with respect to such covenants, the City has full legal power and authority to comply with such covenants.) We express no opinion regarding other tax consequences resulting from the ownership, receipt or accrual of interest on, or disposition of, the Bonds. In rendering the opinion expressed above, we have assumed continuing compliance with the tax covenants referred to above that must be met after the issuance of the Bonds in order that interest on the Bonds not be included in gross income for federal tax purposes.

In rendering the foregoing opinions, we have assumed and relied upon compliance with the City's covenants and the accuracy, including with respect to the application of the proceeds of the Bonds and the Bonds Being Refunded which we have not independently verified, of the City's representations and certifications contained in the transcript. The accuracy of those representations and certifications, and the City's compliance with those covenants, may be necessary for the interest on the Bonds to be and remain excluded from gross income for federal and State income tax purposes and for certain of the other tax effects stated above. Failure to comply with certain requirements subsequent to issuance of the Bonds could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

The rights of the holders of the Bonds and the enforceability of those rights may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights. The enforcement of those rights may also be subject to the exercise of judicial discretion in accordance with general principles of equity.

This opinion represents our legal judgment based upon our review of the law and the facts we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof, and we assume no obligation to review or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX I

Official Notice of Sale
Notice Inviting Proposals for the Purchase of Bonds

OFFICIAL NOTICE OF SALE
NOTICE INVITING PROPOSALS FOR THE PURCHASE OF BONDS
(Electronic PARITY® Bidding Only)

$70,255,000*
CITY OF PHOENIX, ARIZONA
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017

NOTICE IS HEREBY GIVEN that the City of Phoenix, Arizona (the "City") will receive proposals via PARITY® Competitive Bidding System ("PARITY®") up to and including the hour of 9:00 A.M., Mountain Standard Time ("M.S.T.") (12:00 P.M., New York City time) on June 5, 2017 unless the City, acting through an authorized representative, changes receipt of proposals to an alternate date and/or time as described herein (see "RIGHT TO CHANGE THE SALE DATE AND TIME AND SUPPLEMENT NOTICE OF SALE"). Proposals must be submitted via PARITY®. Proposals must be for the purchase of all, but not less than all, of the $70,255,000* aggregate principal amount of the City of Phoenix, Arizona General Obligation Refunding Bonds, Series 2017 (the "Bonds"). The Chief Financial Officer of the City will decide on the date of the sale whether to (i) award the Bonds to the bidder offering the best proposal for the sale, as specified in "BASIS OF AWARD" or (ii) reject all proposals for the sale.

MATURITY SCHEDULE: The Bonds are to mature on July 1 in the years and in the amounts as follows:

Maturity July 1	Principal Amount*
2018	$18,230,000
2019	15,760,000
2020	13,045,000
2021	3,880,000
2022	4,090,000
2023	3,830,000
2024	4,045,000
2025	4,260,000
2026	1,520,000
2027	1,595,000

* *Subject to change as further described under "ADJUSTMENT TO PRINCIPAL AMOUNTS" herein.*

TERM BONDS: The successful bidder may provide in the bid form for all of the Bonds to be issued as serial bonds or may designate consecutive annual principal amounts of the Bonds, to be combined into one or more term bonds. Each such term bond shall be subject to mandatory sinking fund redemption commencing on July 1 of the first year which has been combined to form such term bond and continuing on July 1 in each year thereafter until the stated maturity date of that term bond. The amount redeemed in any year shall be equal to the principal amount for such year set forth in the amortization schedule, as adjusted in accordance with the provisions described below under the caption "ADJUSTMENT TO PRINCIPAL AMOUNTS". The Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot or otherwise according to the DTC procedures from among the Bonds of the same maturity, as described in the Preliminary Official Statement.

ADJUSTMENT TO PRINCIPAL AMOUNTS: The preliminary aggregate principal amount of the Bonds and the preliminary annual principal amounts (the "Preliminary Aggregate Principal Amount" and the "Preliminary Annual Principal Amounts," respectively, and collectively, the "Preliminary Amounts") as set forth in this Notice Inviting Proposals for the Purchase of Bonds (the "Notice") may be revised before the date

* Subject to change.

established for submission of electronic bids. ANY SUCH REVISIONS (THE “REVISED AGGREGATE PRINCIPAL AMOUNT” AND THE “REVISED ANNUAL PRINCIPAL AMOUNTS,” RESPECTIVELY, AND COLLECTIVELY, THE “REVISED AMOUNTS”) WILL BE PUBLISHED AS AN AMENDMENT TO THE NOTICE AND DISTRIBUTED VIA WWW.I-DEALPROSPECTUS.COM NO LATER THAN 8:00 A.M., M.S.T. (11:00 A.M., NEW YORK CITY TIME), ON ANY ANNOUNCED DATE FOR RECEIPT OF BIDS. In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. BIDDERS SHALL SUBMIT BIDS BASED ON THE REVISED AMOUNTS.

After selecting the winning bid, the City may adjust the Revised Aggregate Principal Amount and the Revised Annual Principal Amount of each maturity of the Bonds. In determining the final aggregate principal amount of the Bonds and each final annual principal amount (the “Final Aggregate Principal Amount” and the “Final Annual Principal Amounts,” respectively, and collectively, the “Final Amounts”), the City will not increase or reduce the aggregate principal amount by more than 15% of such amount. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES (AS HEREINAFTER DEFINED) AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS WITHIN THESE LIMITS. The dollar amount bid by the successful bidder will be adjusted to reflect changes in the aggregate principal amounts of the Bonds. Such adjusted bid price will reflect changes in the dollar amount of the underwriter’s discount and the original issue discount/premium, if any, but will not change the selling compensation per $1,000 of par amount of the Bonds from the selling compensation that would have been received based on the purchase price in the winning bid and the Initial Reoffering Prices. The interest rate specified by the successful bidder for each maturity at the Initial Reoffering Prices will not change. The Final Amounts and the adjusted bid price will be communicated to the successful bidder within 24 hours after the receipt of the Initial Reoffering Prices from the successful bidder.

PURPOSE: The Bonds will be issued to refund certain outstanding general obligation bonds of the City (the “Bonds Being Refunded”) pursuant to the Constitution and Laws of Arizona, including particularly Article 4 of Chapter 3 of Title 35 of the A.R.S. (the “Refunding Act”) and Ordinance No. S-38479 adopted by the Mayor and Council of the City on February 1, 2012, authorizing the issuance and delivery for the Bonds (the “Ordinance”). The proceeds of the Bonds remaining after deduction of issuance costs, together with certain other legally available funds, will be retained by the City in its general obligation bond interest fund and redemption fund. Such amount will be sufficient, without investment or reinvestment, to pay the redemption price of the Bonds Being Refunded plus accrued interest to the redemption date.

SECURITY AND SOURCE OF PAYMENT: The Bonds are direct and general obligations of the City and are payable as to both principal and interest from ad valorem taxes. (See “ARIZONA PROPERTY TAX SYSTEM” in Appendix B to the Preliminary Official Statement.) Such taxes may be levied on all taxable property within the City without limitation as to rate, but are limited by statutory provisions to an amount which shall not exceed the total aggregate principal and interest requirements becoming due on the Bonds Being Refunded from the date of issuance of the Bonds to the final maturity of the Bonds Being Refunded.

The levy of ad valorem taxes for the payment of the Bonds is subject only to the rights vested in the holders of the Bonds Being Refunded to payment from the same tax source in the event of a deficiency in the income derived from the cash and Government Obligations (as defined in the Preliminary Official Statement), if any, held by the City for payment of the Bonds Being Refunded. Although it is not expected that ad valorem taxes will be used to pay debt service on the Bonds Being Refunded, in the event of a deficiency in the amounts held by the City therefor, ad valorem taxes levied for the payment of the Bonds shall first be applied, to the extent of such deficiency, to the payment of principal of and interest on the Bonds Being Refunded, and the balance to the payment of the Bonds. (See “THE BONDS — Plan of Refunding” in the Preliminary Official Statement, with respect to the sufficiency of cash without investment or reinvestment for the payment of the Bonds Being Refunded.)

DESCRIPTION OF THE BONDS: The Bonds will be dated the date of delivery, expected to be June 21, 2017, and bear interest from their date to the maturity or earlier redemption of each of the Bonds, payable first on January 1, 2018, and semiannually thereafter on January 1 and July 1 of each year during the term of each of the Bonds. The Bonds will be issued in book-entry form only as fully registered bonds in denominations of $5,000 each or any integral multiple thereof.

The Bonds will be issued, initially, in book-entry form and each person submitting a proposal agrees that if awarded the contract for the purchase of any Bonds, it will accept delivery of and pay for one fully registered Bond registered in the name of CEDE & CO., as nominee for the Depository Trust Company ("DTC") and representing the entire principal amount of each maturity of each series for which other registration instructions are not given to the bond registrar at least seven (7) business days before the closing and delivery of the Bonds.

Interest on the Bonds will be payable by check mailed at or prior to each interest payment date to the registered owners of the Bonds at the address shown on the books of the bond registrar on the fifteenth (15th) day of the month preceding each interest payment date or, if such day is not a business day, on the next succeeding business day. Principal of and any redemption premium on the Bonds, at maturity or on any redemption prior to maturity, will be payable upon presentation and surrender of the Bonds at the designated corporate trust office of the paying agent.

BOND REGISTRAR AND PAYING AGENT: The Bonds will be transferable only on the books maintained by the U.S. Bank National Association, as bond registrar, upon surrender to the bond registrar with an appropriate instrument of transfer. U.S. Bank National Association shall also serve as Paying Agent for the Bonds.

NO OPTIONAL REDEMPTION: The Bonds are not subject to call for redemption prior to their stated maturity dates at the option of the City.

ELECTRONIC BIDDING PROCEDURES: All bids must be submitted electronically for the purchase of the Bonds (all or none) by means of the Official Bid Form via PARITY®, as set forth above. The time maintained by PARITY® shall constitute the official time. All prospective bidders must be contracted customers of PARITY®. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. The City is using PARITY® as a communications media, and not as the City's agent, to conduct electronic bidding for the Bonds.

All bids made through the facilities of PARITY® shall be deemed irrevocable offers to purchase the Bonds bid for on the terms provided in this Notice and shall be binding upon the entity making the bid as if made by a signed, sealed bid delivered. The City, the Financial Advisor and anyone or any combination of them are not responsible for any malfunction or mistake made by, or as a result of the use of facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.

All bids shall be deemed to incorporate the provisions of this Notice. If any provisions of this Notice conflict with information provided by PARITY®, as the provider of electronic bidding services, this Notice controls. Further information about PARITY®, including any fee charged, may be obtained from PARITY® 1359 Broadway, 2nd Floor, New York, NY 10018, Attn: Customer Support (212) 849-5021.

BID SPECIFICATIONS: Each bidder is required to transmit electronically by means of the Official Bid Form via PARITY® an unconditional bid specifying the rate or rates of interest and the price at which the bidder will purchase the Bonds. Each proposal for the Bonds must specify the amount bid for such Bonds not less than 100% of the par value of the aggregate principal amount of the Bonds based on the Revised Amounts. Bidders are invited to name the rate or rates of interest that the Bonds are to bear, in multiples of 1/8 or 1/20 of one percent. Each bidder must specify in its bid a single rate for each maturity of the Bonds. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Any number of rates may be named, provided that the maximum interest rate shall be 5%. No bid for other than all of the Bonds will be considered. All bids must be unconditional.

BOND INSURANCE: The purchase of any bond insurance policy or the issuance of any such commitment shall be at the sole option and expenses of such bidder. Any failure of the Bonds, or a portion thereof, to be so insured or of any such policy of insurance to be issued shall not constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with the terms thereof.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of $700,000* (the "Deposit") is required in connection with the sale and bid for the Bonds. The Deposit may be provided for by a Federal funds wire transfer to be submitted to the City by the successful bidder not later than 1:00 P.M., M.S.T. (4:00 P.M., New York City time) on the date of sale (the "Wire Transfer Deadline") as set forth below. The Deposit of the successful bidder will be collected and the proceeds thereof retained by the City to be applied in partial payment for the Bonds and no interest will be allowed or paid upon the amount thereof, but in the event the successful bidder shall fail to comply with the terms of the respective bid, the proceeds thereof will be retained as and for full liquidated damages.

The City will distribute wiring instructions for the Deposit to the successful bidder upon verification of the bids submitted by the bidders and prior to the Wire Transfer Deadline. If the Deposit is not received by the Wire Transfer Deadline, the award of the sale of the Bonds to the successful bidder may be cancelled by the City in its discretion without any financial liability of the City to the successful bidder or any limitation whatsoever on the City's right to sell the Bonds to a different purchaser upon such terms and conditions as the City shall deem appropriate.

AWARD AND DELIVERY: Unless all proposals are rejected, the Bonds will be awarded to the bidder whose proposal results in the lowest true interest cost to the City for the Bonds, based on the Revised Amounts (see "ADJUSTMENT TO PRINCIPAL AMOUNTS"). The true interest cost (expressed as an annual interest rate) will be determined as being twice that factor or discount rate, compounded semi-annually, which, when applied against each semi-annual debt service payment (interest, or principal and interest, as due, including any mandatory sinking fund payment) for the Bonds, will equate the sum of such discounted semi-annual payments to the aggregate purchase price for the Bonds. In the event that two or more bidders have bid the same true interest cost, the award will be made by lot. Upon notice of such award, the successful bidder shall advise the City in writing of the initial public offering prices of each maturity of the Bonds (the "Initial Reoffering Prices"). Such Initial Reoffering P1ices, among other things, will be used by the City to calculate the Final Amounts (see "ADJUSTMENT TO PRINCIPAL AMOUNTS").

The Bonds are expected to be delivered on or about June 21, 2017*. Delivery of the Bonds awarded will be made to the purchaser upon payment by the purchaser in immediately available funds to the City or, at the purchaser's request and expense, at any other place mutually agreeable to both the City and the purchaser.

RIGHT OF REJECTION: The City reserves the right, in its discretion, to reject any and all proposals received and to waive any irregularity or informality in the proposals.

RIGHT TO CHANGE THE SALE DATE AND TIME AND SUPPLEMENT NOTICE OF SALE: The City expects to take bids on the Bonds up to and including the hour of 9:00 A.M., M.S.T. (12:00 P.M., New York City time) on June 5, 2017. However, the City reserves the right to change, from time to time, the date and/or time established for the receipt of bids and will undertake to notify prospective bidders via a supplement to this Notice to be posted on www.i-dealprospectus.com not later than 8:00 A.M., M.S.T. (11:00 A.M., New York City time) on the announced date for receipt of binds, and an alternative sale date and time will be announced via notification to be posted on www.i-dealprospectus.com at least 20 hours prior to such alternative date and time for receipt of bids.

On any such alternative date and time for receipt of bids, the City will accept electronic bids for the purchase of the Bonds, such bids to conform in all respects to the provisions of this Notice, except for the changes in the date and time for receipt of bids and any other changes announced via a supplement to this Notice to be posted on www.i-dealprospectus.com.

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* *Subject to change.*

The City may change any other information in connection with the offer and sale of the Bonds via a supplement to this Notice to be posted on www.i-dealprospectus.com, and any such supplemental information shall be deemed a part of this Notice.

LOCAL AND MINORITY FIRMS: The City strongly encourages bidders to include local and minority firms in their bidding syndicates.

UNDERTAKINGS OF THE SUCCESSFUL BIDDER: The successful bidder shall make a bona fide public offering of the all the Bonds of each maturity. The successful bidder must deliver to the City within two hours after the notification of the award the following information to complete the Official Statement in final form and to adjust the principal amounts:

A. Selling compensation (aggregate total anticipated compensation to such successful bidder expressed in dollars, based on the expectation that the Bonds are sold at the prices or yields at which the successful bidder advised the City that the Bonds were initially offered to the public).

B. The identity of the underwriters if the successful bidder is part of a group or syndicate.

C. Details of any bond insurance.

D. CUSIP numbers for the Bonds.

E. Any other information that the City determines is necessary to complete the Official Statement in final form.

Simultaneously with or before delivery of the Bonds, the successful bidder must furnish to the City a certificate acceptable to Bond Counsel to the effect that (i) the successful bidder offered all of the Bonds of each maturity to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers) in a bona fide public offering at the prices set forth in such certificate, (ii) such prices represent fair market prices of the Bonds as of the sale date, and (iii) at least 10% of each maturity of the Bonds actually was sold to the general public at such prices. To the extent the certifications described in the preceding sentence are not factually accurate with respect to the reoffering of the Bonds, Bond Counsel should be consulted by the bidder as to alternative certifications that will be suitable to establish the "issue price" of the Bonds for federal tax law purposes. For example, to the extent that less than 10% of any particular maturity was actually sold to the general public at the price of set forth in such certificate, the successful bidder will be expected to (i) certify that based on the reasonable expectations of the successful bidder as of the sale date, the successful bidder expected to sell at least 10% of such maturity at the price set forth in such certificate and (ii) certify as to the facts and circumstances which occurred resulting in at least 10% of such maturity not being sold to the general public at the price set forth in such certificate as of the sale date.

CERTIFICATE TO BE DELIVERED BY THE CITY: The City will deliver a certificate to the effect that no litigation is pending affecting the issuance or sale of the Bonds. The City also will deliver a tax compliance certificate covering its reasonable expectations concerning use of the proceeds of the Bonds and related matters.

NOTICE REGARDING STATE CONTRACTS: Pursuant to Section 38-511 of the Arizona Revised Statutes, notice is hereby given that Arizona law requires that every contract to which the State, its political subdivisions or any of the departments or agencies of the State or its political subdivisions, including the City and its instrumentalities, is a party include notice that such contract is subject to cancellation, within three (3) years after its execution, by the State, or the political subdivision, including the City and its instrumentalities, department or agency which is a party to such contract, if any person significantly involved in initiating, negotiating, securing, drafting, or creating the contract on behalf of the State, or the political subdivision, including the City and its instrumentalities, department, or agency, is, at any time while the contract is in effect, an employee of any other party to the contract or an agent or consultant of any other party to the contract with respect to the subject matter of the contract.

LEGAL OPINION: The Bonds are sold with the understanding that the City will furnish the purchaser with the approving opinions of Greenberg Traurig, LLP. These attorneys have been retained by the City as Bond Counsel and in such capacity are to render their opinion only upon the legality and enforceability of the Bonds under Arizona law and on the exclusion of the interest on the Bonds from the gross income of their owners for Federal income tax purposes and from the taxable income of the owners for State income tax purposes. Fees of Bond Counsel will be paid from the Bond proceeds.

TAX STATUS: In the opinion of Bond Counsel, assuming continuing compliance with certain tax covenants and the accuracy of certain representations of the City, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will be excludable from gross income for federal income tax purposes. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, however, interest on the Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations. Bond Counsel is further of the opinion that the interest on the Bonds will be exempt from income taxation under the laws of the State of Arizona. Bond Counsel expresses 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 continuing compliance with certain covenants, of the City to be contained in the transcript of proceedings and that 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 those certifications and representations or that continuing compliance.

Prospective purchasers of the Bonds should consult their own tax advisers regarding pending or proposed federal tax legislation and other tax considerations, as to all of which Bond Counsel expresses no opinion.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be placed on each maturity of the Bonds, but neither failure to print such numbers on any Bond nor any error with respect thereto, will 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 a part of any Bond or of the contract evidenced thereby. All expenses of printing CUSIP numbers on the Bonds will be paid by the City, but it will be the responsibility of the purchaser of the Bonds to timely obtain and pay for assignment of such CUSIP numbers.

COMPLIANCE WITH RULE 15c2-12: The City deems the Preliminary Official Statement provided in connection with the sale of the Tax Bonds to be final as of its date for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, ("Rule 15c2-12") except for the omission of the offering prices or yields, the interest rates, the selling compensation, any other terms or provisions required by the City to be specified in the bid, other terms of the Bonds depending on such matters, and the identity of the purchaser. The City will enter into a continuing disclosure undertaking with respect to the Bonds, which undertaking will be as described in the Preliminary Official Statement.

ADDITIONAL INFORMATION: Electronic copies of the Preliminary Official Statement relating to the Bonds are available on the i-Deal Prospectus website at http://www.i-dealprospectus.com or will be furnished to any bidder upon request made to Public Resources Advisory Group, 39 Broadway, Suite 1210, New York, New York 10006, telephone number (212) 566-7800, Financial Advisor to the City, or to the City at City of Phoenix Finance Department, 251 West Washington Street, 91h Floor, Phoenix, Arizona 85003, telephone number (602) 262-7166. The City, at its expense, will make available to the successful bidder a reasonable number of Final Official Statements, to enable the successful bidder to comply with Rule 15c2-12, within seven

(7) business days of the award of the Bonds, provided that the successful bidder cooperates in providing the information required to complete the final Official Statement.

CITY OF PHOENIX, ARIZONA

By: /s/ Denise Olson
Chief Financial Officer

Dated: May 25, 2017