NEW ISSUE — BOOK-ENTRY-ONLY **See "RATINGS" herein**

OFFICIAL STATEMENT DATED MAY 18, 2011

In the opinion of Squire, Sanders & Dempsey (US) L.L.P., Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Tax-Exempt Bonds (defined below) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (ii) interest on the Tax-Exempt Bonds is exempt from Arizona state income tax so long as that interest is excluded from gross income for federal income tax purposes. Interest on the Tax-Exempt Bonds may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. Bond Counsel will express no opinion with respect to the exclusion of interest on the Taxable Bonds (defined below) from gross income for federal or State of Arizona income tax purposes. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

\$27,530,000	**\$59,195,000**	**\$24,305,000**	**\$22,805,000**	**\$27,500,000**
Senior Lien Excise Tax Revenue Bonds, Series 2011A	**Senior Lien Excise Tax Revenue Bonds, Series 2011B (Taxable)**	**Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C**	**Senior Lien Excise Tax Revenue Refunding Bonds Series 2011D (Taxable)**	**Subordinated Excise Tax Revenue Refunding Bonds Series 2011 (Taxable)**

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

The Senior Lien Excise Tax Revenue Bonds, Series 2011A (the "Tax-Exempt Senior Lien New Money Bonds"), the Senior Lien Excise Tax Revenue Bonds, Series 2011B (Taxable) (the "Taxable Senior Lien New Money Bonds"), the Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C (the "Tax-Exempt Senior Lien Refunding Bonds") and the Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011D (Taxable) (the "Taxable Senior Lien Refunding Bonds") (collectively, the "Senior Lien Bonds"). The Subordinated Excise Tax Revenue Refunding Bonds, Series 2011 (Taxable) (the "Subordinated Refunding Bonds") and together with the Senior Lien Bonds (the "Bonds") are being issued by the City of Phoenix Civic Improvement Corporation (the "Corporation") only in fully registered form without coupons and, 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. Payment of the principal of and premium, if any, and interest on the Bonds will be paid by U.S. Bank National Association, Phoenix, Arizona, as trustee (the "Trustee," also referred to herein as the "Registrar" and "Paying Agent"). The Senior Lien Bonds and the Subordinated Refunding Bonds are being issued pursuant to two separate Trust Indentures, each dated as of June 1, 2011, (the "Indentures"), between the Corporation and the Trustee.

The Tax-Exempt Senior Lien New Money Bonds and the Tax-Exempt Senior Lien Refunding Bonds are collectively referred to herein as the "Tax-Exempt Bonds" and the Taxable Senior Lien New Money Bonds, the Taxable Senior Lien Refunding Bonds and the Subordinated Refunding Bonds are collectively referred to herein as the "Taxable Bonds."

Interest on the Bonds is payable semiannually on January 1 and July 1 of each year, commencing January 1, 2012.

The Bonds are subject to redemption prior to maturity as described herein.

The principal of and premium, if any, and interest on the Senior Lien Bonds are payable solely from payments to be made by the City of Phoenix, Arizona (the "City"), to the Corporation pursuant to a loan agreement, dated as of June 1, 2011 (the "Senior Loan Agreement"), between the City and the Corporation. The principal of and premium, if any, and interest on the Subordinated Refunding Bonds are payable solely from payments to be made by the City to the Corporation pursuant to a loan agreement, dated as of June 1, 2011 (the "Subordinated Loan Agreement"), between the City and the Corporation. The obligations of the City to make payments under the Senior Loan Agreement and the Subordinated Loan Agreement (collectively, the "Loan Agreements"), are absolute and unconditional but do not constitute a pledge of the full faith and credit or the ad valorem taxing power of the City. Except to the extent the City appropriates other lawfully available funds for such payments, the City's payments under the Loan Agreements are payable solely from Excise Taxes. The pledge of Excise Taxes to amounts due under the Senior Loan Agreement and other Senior Obligations (defined herein) of the City represents a first lien on such amounts. The pledge of Excise Taxes to amounts due under the Subordinated Loan Agreement and other Subordinated Junior Obligations (defined herein) of the City are junior and subordinate to amounts due under the Senior Loan Agreement, other Senior Obligations and Junior Obligations (defined herein). See "SECURITY AND SOURCE OF PAYMENT" herein.

This cover page contains only a brief description of the Bonds and the security therefor and is designed for quick reference only. This cover page is not a summary of all material information with respect to the Bonds, and investors are advised to read the entire Official Statement in order to obtain information essential to making an informed investment decision.

The Bonds are offered when, as and if issued and received by the Underwriters, and subject to the legal opinion of Squire, Sanders & Dempsey (US) L.L.P., Bond Counsel, as to validity and, with respect to the Tax-Exempt Bonds, tax exemption. Certain legal matters will be passed upon for the Underwriters by Greenberg Traurig, LLP, Counsel to the Underwriters. 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 7, 2011.

RBC Capital Markets

BofA Merrill Lynch **Robert W. Baird & Co.**
Piper Jaffray **Stone & Youngberg**
Edward Jones **Ramirez & Co., Inc.**
Loop Capital Markets LLC **Wells Fargo Securities**

MATURITY SCHEDULES

$27,530,000
Senior Lien Excise Tax Revenue Bonds, Series 2011A

Maturity July 1	Principal Amount	Interest Rate	Yield	Maturity July 1	Principal Amount	Interest Rate	Yield
2014	$3,895,000	2.000%	1.030%	2023	$360,000	3.600%	3.620%
2015	2,675,000	3.000	1.400	2024	375,000	3.750	3.790
2016	2,730,000	4.000	1.620	2025	390,000	3.900	3.960
2017	3,915,000	5.000	2.010	2026	405,000	4.000	4.090
2018	4,035,000	5.000	2.340	2027	420,000	4.125	4.190
2019	2,830,000	4.000	2.640	2028	440,000	4.250	4.290
2020	2,945,000	5.000	2.870	2029	455,000	4.350	4.370
2021	340,000	3.100	3.100	2030	475,000	4.400	4.450
2022	350,000	3.375	3.400	2031	495,000	4.500	4.530

$59,195,000
Senior Lien Excise Tax Revenue Bonds, Series 2011B (Taxable)

Maturity July 1	Principal Amount	Interest Rate	Price	Maturity July 1	Principal Amount	Interest Rate	Price
2015	$3,695,000	2.328%	100.00	2021	3,195,000	4.257%	100.00
2016	3,830,000	2.728	100.00	2022	3,325,000	4.507	100.00
2017	3,960,000	3.302	100.00	2023	1,545,000	4.757	100.00
2018	4,185,000	3.552	100.00	2024	1,495,000	4.907	100.00
2019	4,350,000	3.907	100.00	2025	1,570,000	4.957	100.00
2020	4,540,000	4.107	100.00	2026	1,655,000	5.007	100.00

$ 9,715,000 5.315% Term Bonds Due July 1, 2031, Price 100.00

$12,135,000 5.565% Term Bonds Due July 1, 2036, Price 100.00

$24,305,000
Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C

Maturity July 1	Principal Amount	Interest Rate	Yield	Maturity July 1	Principal Amount	Interest Rate	Yield
2021	$4,260,000	5.000%	3.070%	2025	$2,335,000	5.000%	3.760%*
2022	4,335,000	5.000	3.250*	2026	2,415,000	5.000	3.910*
2023	4,500,000	5.000	3.420*	2027	895,000	4.125	4.190
2024	4,630,000	5.000	3.590*	2028	935,000	4.250	4.290

$22,805,000
Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011D (Taxable)

Maturity July 1	Principal Amount	Interest Rate	Price	Maturity July 1	Principal Amount	Interest Rate	Price
2015	$ 810,000	2.328%	100.00	2019	$5,610,000	3.907%	100.00
2016	1,775,000	2.728	100.00	2020	4,480,000	4.107	100.00
2017	3,795,000	3.302	100.00	2021	2,255,000	4.257	100.00
2018	4,080,000	3.552	100.00				

$27,500,000
Subordinated Excise Tax Revenue Refunding Bonds, Series 2011 (Taxable)

Maturity July 1	Principal Amount	Interest Rate	Price	Maturity July 1	Principal Amount	Interest Rate	Price
2012	$ 795,000	1.416%	100.00	2016	$3,770,000	3.228%	100.00
2013	3,530,000	1.716	100.00	2017	3,900,000	3.702	100.00
2014	3,595,000	2.302	100.00	2018	4,040,000	4.002	100.00
2015	3,670,000	2.828	100.00	2019	4,200,000	4.407	100.00

* Yield to July 1, 2021, the first optional redemption date.

CITY OF PHOENIX, ARIZONA

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

Wallace Estfan
President and Director

Michael R. Davis
Vice President and Director

James H. Lundy
Secretary-Treasurer and Director

Barbara Barone
Director

Bruce Covill
Director

Karlene Keogh
Director

CITY OF PHOENIX, ARIZONA
CITY COUNCIL

Phil Gordon
Mayor

Thelda Williams, *Vice Mayor*
District 1

Sal DiCiccio, *Member*
District 6

Bill Gates, *Member*
District 3

Bryan Jeffries, *Member*
District 2

Michael Johnson, *Member*
District 8

Claude Mattox, *Member*
District 5

Michael Nowakowksi, *Member*
District 7

Tom Simplot, *Member*
District 4

ADMINISTRATIVE OFFICIALS

David Cavazos
City Manager

Ed Zuercher
Assistant City Manager

Jeff DeWitt
Finance Director

Gary Verburg
City Attorney

Cris Meyer
Acting City Clerk

SPECIAL SERVICES

SQUIRE, SANDERS & DEMPSEY (US) L.L.P.
Phoenix, Arizona
Bond Counsel

PUBLIC RESOURCES ADVISORY GROUP
New York, New York
Financial Advisor

U.S. BANK NATIONAL ASSOCIATION
Phoenix, Arizona
Trustee/Bond Registrar/
Paying Agent/Depository Trustee

GRANT THORNTON LLP
Minneapolis, Minnesota
Escrow Verification Consultant

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This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the Corporation identified on the cover page hereof. No person has been authorized by the Corporation, the City, the Financial Advisor or the Underwriters to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been given or authorized by the Corporation, the City, the Financial Advisor or the Underwriters. This Official Statement shall not constitute an offer to sell or the solicitation of any 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 to make such offer, solicitation or sale.

The information set forth herein has been obtained from the City and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and, except with respect to the information about the City, is not to be construed as a representation by the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Corporation or the City since the date hereof. There is no obligation on the part of the City or the Corporation to provide any continuing secondary market disclosure other than as described herein under the heading "CONTINUING DISCLOSURE."

Upon issuance, the Bonds will not be registered by the Corporation, the City or the Underwriters 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 UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TABLE OF CONTENTS

Official Statement

Relating to

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

$27,530,000	$59,195,000	$24,305,000	$22,805,000	$27,500,000
Senior Lien Excise Tax Revenue Bonds, Series 2011A	**Senior Lien Excise Tax Revenue Bonds, Series 2011B (Taxable)**	**Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C**	**Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011D (Taxable)**	**Subordinated Excise Tax Revenue Refunding Bonds Series 2011 (Taxable)**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the Appendices attached hereto, is to set forth certain information concerning the Corporation, the City and the captioned Bonds (the term "Bonds" where used herein referring collectively to all five series of Bonds set forth above). The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. Accordingly, prospective purchasers of the Bonds should read this entire Official Statement before making an investment decision.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The Corporation and the City warrant that this Official Statement contains no untrue statements of a material fact and does not omit any material fact necessary to make such statements, in light of the circumstances under which this Official Statement is made, not misleading. The presentation of financial and other information, including tables of receipts from taxes and other sources, is intended to show recent historical information and, except as expressly stated otherwise, 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 (A.R.S.) or uncodified, or to the Arizona Constitution, are references to current provisions. Those provisions may be amended, repealed or supplemented.

For a summary of certain provisions of the Indentures and the Loan Agreements (each as defined below), see "APPENDIX G — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES AND THE LOAN AGREEMENTS." For the definition of certain capitalized terms used in this Official Statement, see "Definitions" which appears in "APPENDIX G — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES AND THE LOAN AGREEMENTS."

THE BONDS

Authorization and Purpose

The Senior Lien Excise Tax Revenue Bonds, Series 2011A (the "Tax-Exempt Senior Lien New Money Bonds"), the Senior Lien Excise Tax Revenue Bonds, Series 2011B (Taxable) (the "Taxable Senior Lien New Money Bonds"), the Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C (the "Tax-Exempt Senior Lien Refunding Bonds") and the Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011D (Taxable) (the "Taxable Senior Lien Refunding Bonds") (collectively, the "Senior Lien Bonds"), are being issued by the Corporation pursuant to the terms of an Indenture, dated as of June 1, 2011 (the "Senior Indenture"), between the Corporation and U.S. Bank National Association, as trustee (together with any successor, referred to herein as "Trustee," "Registrar" and "Paying Agent"). The Subordinated Excise Tax Revenue Refunding Bonds, Series 2011 (Taxable) (the "Subordinated Refunding Bonds"), are being issued by the Corporation pursuant to the terms of a Trust Indenture, dated as of June 1, 2011 (the "Subordinated Indenture" and, together with the Senior Indenture, the "Indentures"), between the Corporation and the Trustee.

The Tax-Exempt Senior Lien New Money Bonds and the Taxable Senior Lien New Money Bonds (together, the “New Money Bonds”) are being issued for the purpose of funding, or reimbursing the City for the costs of, certain projects, property and equipment and for acquiring, constructing, equipping and improving real and personal property for the City. For a more detailed description of the Projects (as defined herein), see “PLAN OF FINANCE — The Projects.” The Tax-Exempt Senior Lien Refunding Bonds, the Taxable Senior Lien Refunding Bonds (together, the “Senior Refunding Bonds”) and the Subordinated Refunding Bonds (together with the Senior Refunding Bonds, the “Refunding Bonds”) are being issued for the purpose of refunding and refinancing all or a portion of certain issues of the Corporation’s outstanding excise tax revenue bonds. See “PLAN OF FINANCE — Plan of Refunding.” Allocable costs of issuance of the Bonds will be paid from each series of the Bonds.

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 MATTERS”) 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 CORPORATION AND THE CITY WITH RESPECT TO, AND TO THE EXTENT OF, THE AMOUNTS SO PAID.

The Bonds will be dated the date of initial delivery thereof, will bear interest payable semiannually on January 1 and July 1 of each year (each an “Interest Payment Date”), commencing January 1, 2012. 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 may be issued in fully registered form in the denomination of $5,000 each or any whole multiple thereof (but no Bond may represent installments of principal maturing on more than one date).

Subject to the provisions contained under the heading “Book-Entry-Only System” below, principal of and premium, if any, will be payable upon presentation and surrender of such Bond at the designated corporate trust office of the Registrar. Interest on each Bond will be paid on each Interest Payment Date by check or draft of said Registrar, mailed to the person shown on the bond register of the Corporation maintained by the Registrar as being the registered owner of such Bond (the “Owner”) as of the 15th 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 Trustee in writing by such Owner before the 15th day of the month prior to such Interest Payment Date.

The Indentures also provide that, with the approval of the Corporation, the Trustee may enter into an agreement with any Owner of $1,000,000 or more in aggregate principal amount of Bonds providing for making all payments to that Owner of principal of and interest and any premium on that Bond or any part thereof (other than any payment of the entire unpaid principal amount thereof) at a place and in a manner other than as described above, without presentation or surrender of the Bond, upon any conditions which shall be satisfactory to the Trustee and the Corporation; provided that without a special agreement or consent of the Corporation, payment of interest on the Bonds may be made by wire transfer to any Owner of $1,000,000 aggregate principal of Bonds upon two day prior written notice to the Trustee specifying a wire transfer address of a bank or trust company in the United States.

If the Corporation 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”) preceding payment which Special Record Date 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 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 Corporation, the City, the Trustee, the Financial Advisor or the Underwriters makes any representations, warranties or guarantees with respect to its accuracy or completeness.

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, 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 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 Direct Participants, "Participants"). DTC has Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the securities on DTC's records. The ownership interest of each actual purchaser of each 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 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 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 do not effect any 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 the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. 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 Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity 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 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 Corporation 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Bonds will be made 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 Corporation or the Trustee, on 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 nor its nominee, the Corporation or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

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

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

SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE SOLE REGISTERED OWNER, THE CORPORATION AND THE TRUSTEE WILL TREAT CEDE & CO. AS THE ONLY OWNER OF THE BONDS FOR ALL PURPOSES UNDER THE INDENTURES, INCLUDING RECEIPT OF ALL PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE CORPORATION AND THE TRUSTEE TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER SUCH INDENTURES. THE CORPORATION AND THE TRUSTEE 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 INDENTURES 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; (E) CONSENTS OR OTHER ACTION TAKEN BY DTC OR CEDE & CO., AS REGISTERED OWNER OR (F) ANY OTHER MATTER.

Redemption Provisions

Optional Redemption. Bonds maturing on or prior to July 1, 2021 are not subject to optional redemption prior to maturity. Bonds maturing on and after July 1, 2022 are subject to redemption at the option of the Corporation, as directed by the City, on July 1, 2021 and thereafter, in whole or in part at any time, in increments of $5,000, in any order of maturity within a series of bonds, as directed by the City, and by lot within a maturity, by payment of the redemption price of each Bond called for redemption (expressed as a percentage of the principal amount thereof) plus accrued interest to the date fixed for redemption, but without premium.

Mandatory Sinking Fund Redemption. The Taxable Senior Lien New Money Bonds maturing on July 1, 2031 and July 1, 2036 (collectively, the "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:

Taxable Senior Lien New Money Bonds Maturing July 1, 2031

Sinking Fund Retirement Date (July 1)	Sinking Fund Requirement
2027	$1,725,000
2028	1,815,000
2029	1,960,000
2030	2,055,000
2031*	2,160,000

* Maturity

Taxable Senior Lien New Money Bonds Maturing July 1, 2036

Sinking Fund Retirement Date (July 1)	Sinking Fund Requirement
2032	$2,170,000
2033	2,295,000
2034	2,420,000
2035	2,555,000
2036*	2,695,000

* Maturity

At the option of the Corporation, as directed by the City, whenever Term Bonds are purchased, redeemed (other than pursuant to the foregoing scheduled Sinking Fund Requirement) or delivered by the City or the Corporation to the Paying Agent for cancellation, the principal amount of such Term Bonds so retired will satisfy and be credited against the Sinking Fund Requirement (and the corresponding redemption requirements) relating to such Term Bonds in such manner as the City determines; provided, however, that following such reduction each Sinking Fund Requirement is an integral multiple of $5,000. Upon such direction, the City shall furnish the Paying Agent a certificate setting forth the extent of the credit to be applied with respect to the then current Sinking Fund Requirement on or before the 45th day preceding the applicable mandatory Sinking Fund Retirement Date. If the certificate is not timely furnished, the Sinking Fund Requirement (and the corresponding redemption requirement) will not be reduced.

Notice of Redemption. When redemption is authorized or required, the Trustee will give the Owners of the Bonds to be redeemed notice of the redemption of the Bonds. Such notice will specify (a) by letters, numbers or other distinguishing marks, the Bonds or portions thereof to be redeemed; (b) the redemption price to be paid; (c) the date fixed for redemption; and (d) the place or places where the amounts due upon redemption are payable. Any redemption of Bonds in part will be from such maturities as directed by the City and by lot within a maturity in any manner the Paying Agent deems fair.

Notice of such redemption will be given by mailing a copy of the redemption notice not more than 60 days nor less than 30 days prior to such redemption date, to the Owner of each Bond subject to redemption in whole or in part at the Owner's address shown on the Register on the 15th day preceding that mailing. Neither failure to receive any such notice nor any defect therein will affect the sufficiency of the proceedings for the redemption of the Bonds with respect to which there is no such defect.

Notice having been given in the manner provided above, the Bonds or portions thereof called for redemption will become due and payable on the redemption date and if an amount of money sufficient to redeem all the Bonds and portions thereof called for redemption is held by the Trustee or any paying agent on the redemption date, then the Bonds or portions thereof to be redeemed will not be considered outstanding under the Indenture and will cease to bear interest from and after such redemption date.

PLAN OF FINANCE

The Projects

The proceeds of the New Money Bonds, together with other available monies, will be used to fund, or to reimburse the City for, the costs of acquisition of vehicles and equipment identified for lease-purchase in the current and prior fiscal years; the completion of the fourth and fifth floors of the five-story ASU School of Nursing building located between 2nd and 3rd Streets and Fillmore and Taylor Streets; and the purchase of the CityScape Parking Garage, which includes 2,500 below-grade parking spaces and 500 above-ground parking spaces, as described in the Senior Loan Agreement (collectively, the "Projects"). The City may substitute or acquire alternative equipment or real property in accordance with the provisions set forth in the Senior Loan Agreement.

Plan of Refunding

The proceeds of the sale of the Refunding Bonds remaining after deduction of allocable issuance costs, except for proceeds of the Taxable Senior Lien Refunding Bonds being used to pay Interest Being Refinanced (as defined below), will be placed in irrevocable trust accounts (the "Trust Accounts") with U.S. Bank National Association, as depository trustee (the "Depository Trustee"), to be applied (a) to retire and redeem on July 7, 2011, the outstanding principal amount of the Corporation's Municipal Multipurpose Arena Subordinated Excise Tax Revenue Refunding Bonds, Taxable Series 1998 (the "1998 Taxable Bonds Being Refunded"), (b) to pay a portion of the principal and interest due on July 1, 2011, August 1, 2011, January 1, 2012, February 1, 2012, July 1, 2012 and August 1, 2012 on certain outstanding Senior Obligations identified below (the "Senior Bonds Being Refunded") and Subordinated Junior Obligations identified below (the "Subordinated Bonds Being Refunded" and, together with the Senior Bonds Being Refunded, the "Bonds Being Refunded"), as described below, and (c) to pay a portion of the interest due on July 1, 2011, August 1, 2011, January 1, 2012, February 1, 2012, July 1, 2012 and August 1, 2012 on other outstanding Senior Obligations and Subordinated Junior Obligations (collectively, the "Interest Being Refunded"). A portion of the proceeds from the Taxable Senior Lien Refunding Bonds will be paid to the City to reimburse the City for, and refinance, a portion of the interest paid on January 1, 2011 on the Bonds Being Refunded and certain other outstanding Senior Obligations and Subordinated Junior Obligations (the "Interest Being Refinanced").

SCHEDULE OF MATURITIES AND PRINCIPAL AMOUNTS OF SENIOR BONDS BEING REFUNDED BY THE SENIOR REFUNDING BONDS

Issue Date	Maturity	Principal Amount Outstanding	Principal Amount Refunded	Coupon	Call Date	Call Premium (as a Percentage of Principal)
Series 1999B						
06/01/99	07/01/11	$ 410,000	$ 410,000	5.000%	N/A	N/A
Series 2003						
05/01/03	07/01/11	1,390,000	1,390,000	5.000	N/A	N/A
05/01/03	07/01/12	1,460,000	1,460,000	5.000	N/A	N/A
Series 2007						
06/01/07	07/01/11	2,425,000	1,805,000	4.000	N/A	N/A
06/01/07	07/01/12	1,100,000	1,100,000	5.000	N/A	N/A
06/01/07	07/01/12	1,855,000	1,855,000	4.000	N/A	N/A

SCHEDULE OF MATURITIES AND PRINCIPAL AMOUNTS OF SUBORDINATED BONDS BEING REFUNDED BY THE SENIOR REFUNDING BONDS

Issue Date	Maturity	Principal Amount Outstanding	Principal Amount Refunded	Coupon	Call Date	Call Premium (as a Percentage of Principal)
Series 2000						
08/01/00	07/01/11	$2,435,000	$2,162,000	5.750%	N/A	N/A
Series 2003B						
05/01/03	07/01/11	1,395,000	1,395,000	5.000	N/A	N/A
05/01/03	07/01/12	1,465,000	1,465,000	5.000	N/A	N/A
Series 2004						
06/01/04	07/01/11	1,770,000	1,770,000	5.500	N/A	N/A
06/01/04	07/01/12	1,870,000	1,870,000	5.625	N/A	N/A
Series 18 (Certificates of Participation)						
07/01/04	08/01/11	1,230,000	1,205,000	4.000	N/A	N/A
07/01/04	08/01/12	1,275,000	1,250,000	4.000	N/A	N/A
Series 2006B						
06/01/06	07/01/11	5,325,000	5,325,000	5.000	N/A	N/A
06/01/06	07/01/12	2,150,000	2,150,000	4.000	N/A	N/A
Series 2007B						
06/01/07	07/01/11	945,000	530,000	4.000	N/A	N/A
06/01/07	07/01/12	805,000	495,000	5.000	N/A	N/A
06/01/07	07/01/12	2,800,000	2,390,000	4.000	N/A	N/A

SCHEDULE OF MATURITIES AND PRINCIPAL AMOUNTS OF 1998 TAXABLE BONDS BEING REFUNDED BY THE SUBORDINATED REFUNDING BONDS

Issue Date	Maturity	Principal Amount Outstanding	Principal Amount Refunded	Coupon	Call Date	Call Premuim (as a Percentage of Principal)
Series 1998						
01/15/98	07/01/12	$2,735,000	$2,735,000	6.400%	07/07/11	0.00%
01/15/98	07/01/13	2,910,000	2,910,000	6.400	07/07/11	0.00
01/15/98(1)	07/01/14	3,100,000	3,100,000	6.000	07/07/11	0.00
01/15/98(1)	07/01/15	3,280,000	3,280,000	6.000	07/07/11	0.00
01/15/98(1)	07/01/16	3,475,000	3,475,000	6.000	07/07/11	0.00
01/15/98(1)	07/01/17	3,690,000	3,690,000	6.000	07/07/11	0.00
01/15/98(1)	07/01/18	3,905,000	3,905,000	6.000	07/07/11	0.00
01/15/98(1)	07/01/19	4,140,000	4,140,000	6.000	07/07/11	0.00

(1) Represents mandatory sinking fund payment of a term bond maturing in 2019.

The trust funds held by the Depository Trustee in the Trust Accounts will be used to acquire obligations issued by the United States government, or one of its agencies or obligations fully guaranteed by the United States government as to principal and interest (collectively, the "Government Obligations"), the principal of, premium, if any, and interest on which, when due, are calculated to be sufficient, together with any initial cash balance in the Trust Accounts to provide moneys to pay the principal, premium and interest to become due on the Senior Bonds Being Refunded, the Subordinated Bonds Being Refunded and the 1998 Taxable Bonds Being Refunded, as applicable. (See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.) Such Government Obligations will be held by the Depository Trustee irrevocably in trust for the payment of the principal of, premium and interest on the Senior Bonds Being Refunded pursuant to the terms of the Senior Tax-Exempt Depository Trust Agreement and the Senior Taxable Depository Trust Agreement, each, dated as of June 1, 2011, between the Corporation and the Depository Trustee (collectively, the "Senior Depository Trust Agreements"). Such Government Obligations will be held by the Depository Trustee irrevocably in trust for the payment of the principal of and interest on the 1998 Taxable Bonds

Being Refunded pursuant to the terms of a Depository Trust Agreement, dated as of June 1, 2011 (the "Subordinated Depository Trust Agreement"), between the Corporation and the Depository Trustee.

SECURITY AND SOURCE OF PAYMENT

General

The Bonds are special revenue obligations of the Corporation. The Senior Lien Bonds are payable as to both principal and interest solely from payments required under a loan agreement, dated as of June 1, 2011 (the "Senior Loan Agreement"), between the City and the Corporation. The Subordinated Refunding Bonds are payable as to both principal and interest solely from payments required under a loan agreement, dated as of June 1, 2011 (the "Subordinated Loan Agreement" and, together with the Senior Loan Agreement, the "Loan Agreements"), between the City and the Corporation. Payments under the Loan Agreements with respect to the Bonds are to be paid by the City to the Trustee for the account of the Corporation. Under the terms of the Loan Agreements, the City is required to make semiannual payments ("Loan Payments") which will be sufficient to pay the principal of, premium, if any, and interest on the Senior Lien Bonds or the Subordinated Refunding Bonds, as applicable. See "APPENDIX G — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES AND THE LOAN AGREEMENTS."

The City pledges for these Loan Payments all excise, transaction, privilege, business and franchise taxes, state-shared sales and income taxes, and receipts from licenses and permits, which the City presently or in the future imposes or receives from other entities and which are not earmarked by the contributor for a contrary or inconsistent purpose (all such taxes and receipts are herein referred to as "Excise Taxes").

The pledge of Excise Taxes to pay Loan Payments due under the Senior Loan Agreement represents a first lien on such amounts and will be on a parity with the first priority pledge of the Excise Taxes that the City has made or will make to support certain other obligations of the City to the Corporation and to other entities (collectively, the "Senior Obligations"). See "Outstanding Senior Obligations."

The pledge of Excise Taxes to pay Loan Payments due under the Subordinated Loan Agreement will be subordinate and junior to the first priority pledge of the Excise Taxes to payment of the Senior Obligations, including the Senior Lien Bonds, and to the second priority pledge of the Excise Taxes that the City has made or will make to support certain other obligations of the City to the Corporation and to other entities (the "Junior Obligations"). See "Outstanding Senior Obligations" and "Outstanding Junior Obligations." The pledge of Excise Taxes to pay Loan Payments due under the Subordinated Loan Agreement will be on a parity with the subordinated junior pledge of the Excise Taxes that the City has made or will make to support certain other obligations of the City to the Corporation and to other entities (collectively with the Subordinated Loan Agreement, the "Subordinated Junior Obligations"). See "Outstanding Subordinated Junior Obligations."

The obligations of the City to make payments under the Senior Loan Agreement and the Subordinated Loan Agreement are absolute and unconditional but do not constitute a pledge of the full faith and credit of the City and do not constitute an indebtedness of the City, the State of Arizona or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction, nor shall the City be liable for such payments from ad valorem taxes. The Corporation has no taxing power.

Outstanding Senior Obligations

As of March 1, 2011, there are presently outstanding $123,885,000 principal amount of Senior Obligations. The debt service requirements on $620,000 of the Senior Obligations are supported by airport revenues. The Phoenix Aviation Department has been a self-supporting enterprise since 1967, with debt service requirements on airport revenue bonds, airport general obligation bonds and airport lease purchase obligations paid from airport revenues.

The following issues of Senior Obligations are outstanding:

Issue Date	Original Issuance	Purpose	Obligations Outstanding As of 3-1-11(1)
06-01-99	$ 15,000,000	Adams Street Garage	$ 410,000
05-01-03	47,600,000	New City Hall Refunding	20,410,000
06-01-07	103,605,000	Municipal Facilities Refunding(2)	103,065,000
Total	$166,205,000		$123,885,000

(1) Represents bonds, a portion of which are being refunded by the Senior Refunding Bonds offered herein.
(2) Debt service requirements on $620,000 of these obligations are supported by airport revenues.

Additional obligations may be issued under the documents securing the Senior Obligations, including the Senior Loan Agreement. So long as any of the Senior Bonds remain outstanding and the principal and interest thereon shall be unpaid or unprovided for, the City has agreed not to issue additional Senior Obligations unless the Excise Taxes collected by the City during the preceding fiscal year (the "Prior Excise Taxes") are at least four times the highest combined interest and principal requirements for any succeeding fiscal year for all outstanding Senior Obligations, including the Senior Bonds, and for the Senior Obligations proposed to be issued. Additionally, in agreements related to certain outstanding, junior lien and subordinated junior lien exise tax obligations of the City, the City has agreed not to issue additional Senior Obligations unless the Prior Excise Taxes are at least two times the highest combined interest and principal requirements for any succeeding fiscal year for all outstanding Senior Obligations, Junior Obligations and Subordinated Junior Obligations, including the Subordinated Refunding Bonds, and any obligations on a parity therewith.

Outstanding Junior Obligations

In December 2005, the Downtown Phoenix Hotel Corporation issued $193,290,000 of subordinate hotel revenue bonds to finance the planning, design, engineering, development, construction, equipping, furnishing and opening of a hotel located in downtown Phoenix. The bonds are special revenue obligations of the Downtown Phoenix Hotel Corporation, payable solely, except as further described below, from gross operating revenues derived from the operation of the hotel, subject only to the payment of certain operation and maintenance expenses, and from certain funds and accounts created under an indenture.

In connection with the issuance of the subordinate hotel revenue bonds, the City entered into a room block leaseback agreement pursuant to which the City pledged a portion of Excise Taxes with respect to hotel and rental car activity ("Sports Facilities Taxes") in the event hotel revenues are insufficient to make debt service payments on the subordinate hotel revenue bonds.

Under the room block leaseback agreement, the City pledges all right, title, and interest of the City, whether now owned or hereafter acquired, in and to the Sports Facilities Taxes on deposit in or credited to the sports facilities fund for the payment of lease payments and the performance of the obligations under the room block leaseback agreement.

Sports Facilities Taxes are one component of Excise Taxes and include (1) an incremental one percent tax levied on the gross income from the business activity of any hotel or motel engaging within the City in the business of charging for lodging and/or lodging space furnished to any person who, for a period of not more than thirty consecutive days, obtains lodging or lodging space in any hotel or motel, and (2) an incremental two percent tax levied on the gross income from the business activity of any person engaging in the business of leasing, licensing for use, or renting any motor vehicle with a gross vehicle weight of less than twelve thousand pounds for a term of not more than thirty-one calendar days.

The City has covenanted in the room block leaseback agreement to first apply Excise Taxes (other than Sports Facilities Taxes) to the payment of Senior Obligations before applying Sports Facilities Taxes. The City's pledge of Sports Facilities Taxes under the room block leaseback agreement is a second priority pledge of the Sports Facilities Taxes and therefore the amounts due under the room block leaseback agreement constitute Junior Obligations which are subordinate and junior to the City's first priority pledge of Excise Taxes (which includes Sports Facilities Taxes) with respect to the City's Senior Obligations.

So long as any Subordinated Bonds remain outstanding and the principal and interest thereon shall be unpaid or unprovided for, the City has agreed not to issue additional Junior Obligations unless the Prior Excise Taxes are at least two times the highest combined interest and principal requirements for any succeeding fiscal year for all outstanding Senior Obligations, including the Senior Lien Bonds, Junior Obligations, and Subordinated Junior Obligations, including the Subordinated Refunding Bonds, and any obligations on a parity therewith.

Outstanding Subordinated Junior Obligations

As of March 1, 2011, there are presently outstanding $683,430,000 principal amount of Subordinated Junior Obligations. The debt service requirements on $134,590,000 of the Subordinated Junior Obligations are supported by solid waste revenues.

The following issues of Subordinated Junior Obligations are outstanding:

Issue Date	Original Issuance	Purpose	Obligations Outstanding As of 3-1-11
01-15-98	$ 48,740,000	Municipal Multipurpose Arena Refunding (Taxable)	$ 29,805,000(3)
08-01-00	65,000,000	Municipal Facilities	2,435,000(4)
05-01-03	80,000,000	Solid Waste Improvements(1)	14,670,000
05-01-03	25,000,000	Municipal Facilities	17,865,000(4)
05-01-03	25,000,000	Municipal Facilities (Taxable)	23,940,000
05-01-03	10,000,000	Municipal Facilities (Taxable)	9,580,000
06-01-04	22,000,000	Municipal Facilities	12,235,000(4)
07-01-04	35,465,000	Municipal Facilities Refunding	29,450,000(4)
09-13-05	300,000,000	Convention Center Expansion	300,000,000
06-01-06	84,265,000	Solid Waste Improvements(1)	74,095,000
06-01-06	28,230,000	Municipal Facilities	9,745,000(4)
06-01-06	41,920,000	Municipal Facilities (Taxable)	40,465,000
06-01-07	21,115,000	Municipal Facilities	19,045,000
06-01-07	71,820,000	Municipal Facilities Refunding(2)	68,915,000(4)
06-01-07	35,670,000	Convention Center East Garage Refunding (Taxable)	31,185,000
Total	$894,225,000		$683,430,000

(1) Debt service requirements on these obligations are supported by solid waste enterprise revenues.

(2) Debt service requirements on $45,825,000 of these obligations are supported by solid waste enterprise revenues.

(3) Represents bonds, a portion of which are being refunded by the Subordinated Refunding Bonds offered herein.

(4) Represents bonds, a portion of which are being refunded by the Senior Refunding Bonds offered herein.

The City has agreed not to further encumber the Excise Taxes on a parity with the outstanding Subordinated Junior Obligations unless the Prior Excise Taxes are at least equal to the highest combined total of the following for any succeeding 12 months: (i) principal and interest requirements on the Senior Obligations and the Junior Obligations during such period, plus (ii) two times the principal and interest requirements for all Subordinated Junior Obligations including the Subordinated Refunding Bonds and parity obligations then outstanding and proposed to be issued during such period. In computing the interest requirements on obligations which bear or are to bear interest at a variable interest rate, such interest requirements shall be assumed to be a fixed interest rate equal to the greater of: (1) 9.2% or (2) (a) if any variable rate obligations secured by a pledge of Excise Taxes are outstanding, the highest variable rate actually borne by such obligations over the previous 24 months, or (b) if no such variable rate obligations are outstanding, then the highest rate borne by variable rate obligations over the previous 24 months for which the interest rate is computed by reference to an index, or based on factors, comparable to that to be utilized for the proposed obligations.

SCHEDULE OF ANNUAL PAYMENTS UNDER THE SENIOR LOAN AGREEMENT WITH RESPECT TO THE SENIOR LIEN BONDS

The Senior Loan Agreement requires semiannual payments by the City to the Corporation which Loan Payments have been assigned to the Trustee. The Loan Payments are due in immediately available funds on December 31 and June 30, commencing December 31, 2011 and ending June 30, 2036. The Senior Indenture requires that the Trustee deposit the Loan Payments with respect to the Senior Lien Bonds in the Revenue Fund established in the Senior Indenture and use such amounts to pay interest on and principal of the Senior Lien Bonds due on the following day. The annual Loan Payments required under the Senior Loan Agreement with respect to the Senior Lien Bonds are as follows:

Fiscal Year	Tax-Exempt Senior Lien New Money Bonds			Taxable Senior Lien New Money Bonds			Tax-Exempt Senior Lien Refunding Bonds			Taxable Senior Lien Refunding Bonds			Total Senior Lien Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	$ —	$1,178,749	$ 1,178,749	$ —	$ 2,785,498	$ 2,785,498	$ —	$ 1,280,433	$ 1,280,433	$ —	$ 892,462	$ 892,462	$ —	$ 6,137,142	$ 6,137,142
2013	—	1,105,077	1,105,077	—	2,611,405	2,611,405	—	1,200,406	1,200,406	—	836,683	836,683	—	5,753,571	5,753,571
2014	3,895,000	1,105,077	5,000,077	—	2,611,405	2,611,405	—	1,200,406	1,200,406	—	836,683	836,683	3,895,000	5,753,571	9,648,571
2015	2,675,000	1,027,177	3,702,177	3,695,000	2,611,405	6,306,405	—	1,200,406	1,200,406	810,000	836,683	1,646,683	7,180,000	5,675,671	12,855,671
2016	2,730,000	946,927	3,676,927	3,830,000	2,525,385	6,355,385	—	1,200,406	1,200,406	1,775,000	817,826	2,592,826	8,335,000	5,490,544	13,825,544
2017	3,915,000	837,727	4,752,727	3,960,000	2,420,903	6,380,903	—	1,200,406	1,200,406	3,795,000	769,404	4,564,404	11,670,000	5,228,440	16,898,440
2018	4,035,000	641,977	4,676,977	4,185,000	2,290,143	6,475,143	—	1,200,406	1,200,406	4,080,000	644,093	4,724,093	12,300,000	4,776,619	17,076,619
2019	2,830,000	440,227	3,270,227	4,350,000	2,141,492	6,491,492	—	1,200,406	1,200,406	5,610,000	499,172	6,109,172	12,790,000	4,281,297	17,071,297
2020	2,945,000	327,028	3,272,028	4,540,000	1,971,538	6,511,538	—	1,200,406	1,200,406	4,480,000	279,989	4,759,989	11,965,000	3,778,961	15,743,961
2021	340,000	179,778	519,778	3,195,000	1,785,080	4,980,080	4,260,000	1,200,406	5,460,406	2,255,000	95,995	2,350,995	10,050,000	3,261,259	13,311,259
2022	350,000	169,238	519,238	3,325,000	1,649,069	4,974,069	4,335,000	987,406	5,322,406	—	—	—	8,010,000	2,805,713	10,815,713
2023	360,000	157,425	517,425	1,545,000	1,499,211	3,044,211	4,500,000	770,656	5,270,656	—	—	—	6,405,000	2,427,292	8,832,292
2024	375,000	144,465	519,465	1,495,000	1,425,715	2,920,715	4,630,000	545,657	5,175,657	—	—	—	6,500,000	2,115,837	8,615,837
2025	390,000	130,403	520,403	1,570,000	1,352,356	2,922,356	2,335,000	314,157	2,649,157	—	—	—	4,295,000	1,796,916	6,091,916
2026	405,000	115,193	520,193	1,655,000	1,274,531	2,929,531	2,415,000	197,407	2,612,407	—	—	—	4,475,000	1,587,131	6,062,131
2027	420,000	98,993	518,993	1,725,000	1,191,665	2,916,665	895,000	76,657	971,657	—	—	—	3,040,000	1,367,315	4,407,315
2028	440,000	81,668	521,668	1,815,000	1,099,981	2,914,981	935,000	39,738	974,738	—	—	—	3,190,000	1,221,387	4,411,387
2029	455,000	62,968	517,968	1,960,000	1,003,514	2,963,514	—	—	—	—	—	—	2,415,000	1,066,482	3,481,482
2030	475,000	43,175	518,175	2,055,000	899,340	2,954,340	—	—	—	—	—	—	2,530,000	942,515	3,472,515
2031	495,000	22,275	517,275	2,160,000	790,117	2,950,117	—	—	—	—	—	—	2,655,000	812,392	3,467,392
2032	—	—	—	2,170,000	675,313	2,845,313	—	—	—	—	—	—	2,170,000	675,313	2,845,313
2033	—	—	—	2,295,000	554,552	2,849,552	—	—	—	—	—	—	2,295,000	554,552	2,849,552
2034	—	—	—	2,420,000	426,835	2,846,835	—	—	—	—	—	—	2,420,000	426,835	2,846,835
2035	—	—	—	2,555,000	292,162	2,847,162	—	—	—	—	—	—	2,555,000	292,162	2,847,162
2036	—	—	—	2,695,000	149,977	2,844,977	—	—	—	—	—	—	2,695,000	149,977	2,844,977
	$27,530,000	$8,815,547	$36,345,547	$59,195,000	$38,038,592	$97,233,592	$24,305,000	$15,015,765	$39,320,765	$22,805,000	$6,508,990	$29,313,990	$133,835,000	$68,378,894	$202,213,894

SCHEDULE OF ANNUAL PAYMENTS UNDER THE SUBORDINATED LOAN AGREEMENT WITH RESPECT TO THE SUBORDINATED REFUNDING BONDS

The Subordinated Loan Agreement requires semiannual payments by the City to the Corporation which Loan Payments have been assigned to the Trustee. The Loan Payments are due in immediately available funds on December 31 and June 30, commencing December 31, 2011 and ending June 30, 2019. The Subordinated Indenture requires that the Trustee deposit the Loan Payments with respect to the Subordinated Refunding Bonds in the Revenue Fund established in the Subordinated Indenture and use such amounts to pay interest on and principal of the Subordinated Refunding Bonds due on the following day. The annual Loan Payments required under the Subordinated Loan Agreement with respect to the Subordinated Refunding Bonds are as follows:

Fiscal Year	Principal	Interest	Total
2012	$ 795,000	$ 929,306	$ 1,724,306
2013	3,530,000	859,968	4,389,968
2014	3,595,000	799,393	4,394,393
2015	3,670,000	716,636	4,386,636
2016	3,770,000	612,848	4,382,848
2017	3,900,000	491,153	4,391,153
2018	4,040,000	346,775	4,386,775
2019	4,200,000	185,094	4,385,094
	$27,500,000	$4,941,173	$32,441,173

EXCISE TAXES AND COVERAGE

Excise Taxes in General

The Excise Taxes pledged to the payment of Loan Payments include the City's unrestricted revenues from transaction privilege (sales) taxes, use taxes, State-Shared Sales Taxes (as defined herein), State-Shared Income Taxes, franchise taxes, permits and fees and fines and forfeitures. The major categories of such revenues are discussed more fully below. State-Shared Sales Taxes and State-Shared Income Taxes are collectively referred to herein as "State-Shared Revenues."

Potential for Reduction in State-Shared Revenues

As shown in the tables under the caption "Excise Taxes and Coverage," State-Shared Income Taxes and State-Shared Sales Taxes constitute large components of Excise Taxes. The State could reduce or alter the existing formulas for determining State-Shared Revenues in connection with balancing the current year's or future State budgets. The State has also enacted legislation in the past providing conditions under which State-Shared Sales Taxes could be withheld. According to the State's Joint Legislative Budget Committee, the State faces a combined projected shortfall of $1.7 billion for its fiscal year 2010-11 and 2011-12 budgets. On April 6, 2011, Arizona Governor Jan Brewer signed a budget package to address the $1.7 billion state budget deficit. While the state budget impacts the City through new fees to fund the Arizona Department of Water Resources and reductions of $12 million in Highway User Revenue Funds, State-Shared Revenues and vehicle license taxes are not affected. The City cannot predict the likelihood or estimate the potential fiscal impact of any potential reductions by the State in the amount of State-Shared Revenues distributed to the City in the future.

City Transaction Privilege (Sales) Taxes

The City's transaction privilege (sales) tax is levied by the City upon persons on account of their business activities within the City. The amount of taxes due is calculated by applying the tax rate against the gross proceeds of sales or gross income derived from the business activities. Transaction privilege (sales) taxes are collected by the City on a monthly basis.

State-Shared Sales Taxes

Pursuant to statutory formula, cities and towns in Arizona receive a portion of the State-levied transaction privilege (sales) tax. The State transaction privilege (sales) tax is levied against most of the categories of business activity as the City's transaction privilege (sales) tax. The rate of taxation varies among the different types of business activities taxed, with the most common rate being 6.6% of the amount or volume of business transacted.

On May 18, 2010, Arizona voters approved a 1.0% temporary increase in the State's transaction privilege and use (sales) tax rate. The revenues produced by the temporary increase are not subject to distribution to counties, municipalities or other governmental entities. Two-thirds of the revenues produced by the temporary increase will be appropriated for public primary and secondary education and the remaining one-third will be appropriated for health and human services and public safety purposes. The increase affects all transaction privilege tax categories except mining, rental occupancy, jet fuel and timbering and became effective June 1, 2010. The temporary increase will continue for thirty-six consecutive calendar months after which the temporary tax increase will be repealed from and after May 31, 2013.

Under current State law, the aggregate amount distributed to all Arizona cities and towns is equal to 25% of the "distribution share" of revenues attributable to each category of taxable activity. The allocation to each city and town of the revenues available to all cities and towns is based on their population relative to the aggregate population of all cities and towns as shown by the latest census. State-levied transaction privilege (sales) taxes are collected by the State and are distributed monthly to cities and towns ("State-Shared Sales Taxes").

State-Shared Income Taxes

Under current State law, Arizona cities and towns are preempted by the State from imposing a local income tax. Cities and towns are, however, entitled by statutory formula to typically receive 15% of State personal and corporate income tax collections ("State-Shared Income Taxes") collected by the State two years earlier. Distribution of such funds is made monthly based on the proportion of each city's and town's population to the total population of all incorporated cities and towns in the State as determined by the latest census.

Other Excise Tax Revenues

Cities and towns in the State have exclusive control over public rights-of-way dedicated to the municipality and may grant franchise agreements to and impose franchise taxes on utilities using those rights-of-way. A franchise may be granted only with voter approval and the term of franchises is limited to 25 years. The City has granted franchises to and imposed franchise taxes on utility and cable television providers.

The City also imposes and collects fees for licenses and permits to engage in certain activities within the City and for the right to utilize certain City property.

Excise Tax Collections and Coverage

The City has provided actual Excise Tax receipts for fiscal years 2006 through 2010, and has provided a forecast of revenue to be generated over the next five fiscal years from the Excise Taxes. These figures are reflected on the following schedules. The schedule on page 17 shows the calculations of the estimated available coverage against the annual debt service requirements for all Senior Obligations and Subordinated Junior Obligations, including the Bonds, all of which are secured by the pledge of Excise Tax receipts. The schedule on page 18 reflects the estimated available coverage after debt service supported by airport revenues and solid waste revenues is subtracted from the annual requirements.

ACTUAL EXCISE TAX RECEIPTS
FOR THE FISCAL YEARS ENDED JUNE 30

Revenue Source	2006	2007	2008	2009	2010
Privilege License Tax & Fees(1)	$396,489,000	$417,448,000	$396,923,000	$355,066,000	$302,064,000
Utility & Franchise(2)	122,920,000	135,376,000	141,686,000	145,716,000	142,220,000
Licenses & Permits	2,486,000	2,531,000	2,723,000	2,684,000	2,869,000
State-Shared Sales Taxes(3)	141,194,000	141,466,000	135,134,000	122,593,000	106,916,000
State-Shared Income Taxes(4)	138,313,000	167,560,000	207,694,000	220,806,000	190,546,000
Total	$801,402,000	$864,381,000	$884,160,000	$846,865,000	$744,615,000

PROJECTED EXCISE TAX RECEIPTS
FOR THE FISCAL YEARS ENDED JUNE 30

Revenue Source	2011	2012	2013	2014	2015
Privilege License Tax & Fees(1)	$343,268,000	$361,500,000	$391,166,000	$423,296,000	$451,483,000
Utility & Franchise(2)	147,641,000	151,714,000	157,119,000	164,032,000	170,945,000
Licenses & Permits	2,833,000	2,833,000	2,938,000	3,049,000	3,168,000
State-Shared Sales Taxes(3)	109,919,000	110,170,000	118,467,000	127,528,000	137,507,000
State-Shared Income Taxes(4)	143,647,000	121,853,000	126,998,000	135,478,000	145,208,000
Total	$747,308,000	$748,070,000	$796,688,000	$853,383,000	$908,311,000

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(1) Does not include revenues from the 0.1% increase in the City's privilege license (sales) tax rate approved by City of Phoenix voters on October 5, 1993. 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 privilege license tax categories except advertising, utilities, cable television, jet fuel, telecommunications and mining and became effective December 1, 1993. The revenues resulting from this increase totaled $29.6 million in 2005-06, $31.1 million in 2006-07, $29.0 million in 2007-08, $24.3 million in 2008-09 and $21.6 million in 2009-10.

Does not include revenues from the 0.1% increase in the City's privilege license (sales) tax rate approved by City of Phoenix voters on September 7, 1999 and to be levied for a 10-year period beginning 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. On May 20, 2008, City of Phoenix voters approved a 30-year extension of this tax. This extension also increases 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. The extension became effective July 1, 2008. The increase affects all privilege license tax categories except advertising, utilities, cable television, jet fuel, telecommunications, and mining. The revenues resulting from the increase totaled $29.6 million in 2005-06, $31.1 million in 2006-07, $29.0 million in 2007-08, $24.3 million in 2008-09 and $21.6 million in 2009-10.

Does not include revenues from the 0.4% increase in the City's privilege license (sales) tax rate approved by City of Phoenix voters on March 14, 2000 and to be levied for a 20-year period. The revenues produced by the increase will be used for expanded bus service, the construction of a light rail system and other transportation improvements. The increase affects all privilege license tax categories except advertising, utilities, cable television, jet fuel, telecommunications, and mining and became effective June 1, 2000. The revenues resulting from the increase totaled $118.5 million in 2005-06, $124.4 million in 2006-07, $115.9 million in 2007-08, $97.3 million in 2008-09 and $86.5 million in 2009-10.

Does not include revenues from the 0.2% increase in the City's privilege license (sales) tax rate approved by City of Phoenix voters on September 11, 2007. 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 license tax categories except advertising, utilities, cable television, jet fuel, telecommunications and mining and became effective December 1, 2007. The revenues resulting from this increase totaled $32.2 million in 2007-08, $46.6 million in 2008-09 and $43.1 million in 2009-10.

Includes estimated revenues from a 2.0% privilege license (sales) tax rate approved by the City Council on February 2, 2010 on the sale of food for home consumption. The tax became effective April 1, 2010 to be levied for a period of five years. The revenues resulting from this tax totaled $7.0 million in 2009-10.

(2) On March 8, 2005, Phoenix voters approved new franchise agreements between the City and certain utilities. Effective May 1, 2005, the 2% privilege (sales) tax credit offset from franchise fees paid to the City by persons engaged in or continuing in the business of producing, providing, or furnishing utility services was eliminated. The effect of the elimination of the tax credit was an increase in utility & franchise fee collections of $20.3 million in 2005-06, $23.7 million in 2006-07, $24.7 million in 2007-08, $24.4 million in 2008-09 and $24.0 million in 2009-10.

(3) The City entered into a loan agreement with the 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"). The 2003 Legislation requires the State Auditor General to conduct or contract for an economic impact analysis of the Phoenix Convention Center expansion on State revenues beginning in its fifth year of operation after completion in January 2009. Under a recent 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. For calendar years 2006, 2007 and 2008, the average number of delegates attending the Phoenix Convention Center was almost 98,000. For calendar years 2009 and 2010, the first two years following the completion of the expansion, the average number of delegates attending the Phoenix Convention Center was almost 274,000. A debt service schedule for the State Distribution Bonds is set forth on page B-25. The City is unable to predict at this time whether the State may have paid more in cumulative distributions than received in incremental revenue as a result of the Convention Center Project and if and to what extent State-Shared Revenues may be withheld. The projected State-Shared Sales Taxes set forth above do not assume any withholding by the State.

(4) Due to a statewide citizens' initiative in 1972, the State shares a portion of income taxes received two years earlier with Arizona cities and towns. In 2009-10, the City of Phoenix's share of State-Shared Income Taxes was based on State income tax receipts during the 2007-08 severe economic downturn. As a result of the economic downturn, the City's share of State-Shared Income Taxes decreased in 2009-10. The City expects the State-Shared Income Taxes to further decrease in 2010-11 and 2011-12, reflecting the economic downturn that continued into 2008-09 and part of 2009-10. For additional information on state-shared income taxes, see "EXCISE TAXES AND COVERAGE — State-Shared Income Taxes."

SCHEDULE OF PROJECTED EXCISE TAX REVENUES, DEBT SERVICE REQUIREMENTS AND DEBT SERVICE COVERAGE(1)

Fiscal Year	Projected Excise Taxes Pledged	Total Outstanding Senior Lien Debt Service Requirements(2)	Debt Service Requirements on the Senior Lien Bonds	Total Senior Lien Debt Service Requirements	Projected Revenues Available for Subordinated Junior Lien Obligations	Total Outstanding Subordinated Junior Lien Debt Service Requirements(3)	Debt Service Requirements on the Subordinated Refunding Bonds	Total Subordinated Junior Lien Debt Service Requirements	Coverage of Senior Lien Debt Service Requirements	Coverage of Subordinated Junior Lien Debt Service Requirements
2011	$747,308,000	$ 644,800	$ —	$ 644,800	$746,663,200	$ 43,548,900	$ —	$ 43,548,900	1,158.98	17.15
2012	748,070,000	—	6,137,142	6,137,142	741,932,858	40,029,920	1,724,306	41,754,226	121.89	17.77
2013	796,688,000	10,158,625	5,753,571	15,912,196	780,775,804	53,141,708	4,389,968	57,531,676	50.07	13.57
2014	853,383,000	10,168,375	9,648,571	19,816,946	833,566,054	50,319,070	4,394,393	54,713,463	43.06	15.24
2015	908,311,000	10,164,225	12,855,671	23,019,896	885,291,104	49,581,000	4,386,636	53,967,636	39.46	16.40
2016		10,164,550	13,825,544	23,990,094		48,236,704	4,382,848	52,619,552		
2017		10,169,800	16,898,440	27,068,240		51,250,479	4,391,153	55,641,632		
2018		10,166,550	17,076,619	27,243,169		51,153,150	4,386,775	55,539,925		
2019		10,169,550	17,071,297	27,240,847		51,172,358	4,385,094	55,557,452		
2020		10,162,800	15,743,961	25,906,761		52,424,425	—	52,424,425		
2021		10,166,050	13,311,259	23,477,309		51,321,038	—	51,321,038		
2022		10,163,050	10,815,713	20,978,763		51,113,710	—	51,113,710		
2023		10,168,300	8,832,292	19,000,592		47,489,060	—	47,489,060		
2024		10,170,313	8,615,837	18,786,150		41,093,535	—	41,093,535		
2025		10,169,575	6,091,916	16,261,491		35,803,038	—	35,803,038		
2026		10,166,263	6,062,131	16,228,394		35,593,600	—	35,593,600		
2027		10,174,663	4,407,315	14,581,978		28,589,275	—	28,589,275		
2028		10,165,762	4,411,387	14,577,149		26,932,725	—	26,932,725		
2029		7,592,712	3,481,482	11,074,194		26,939,138	—	26,939,138		
2030		—	3,472,515	3,472,515		26,941,025	—	26,941,025		
2031		—	3,467,392	3,467,392		26,931,600	—	26,931,600		
2032		—	2,845,313	2,845,313		26,940,512	—	26,940,512		
2033		—	2,849,552	2,849,552		26,937,312	—	26,937,312		
2034		—	2,846,835	2,846,835		24,300,150	—	24,300,150		
2035		—	2,847,162	2,847,162		24,302,900	—	24,302,900		
2036		—	2,844,977	2,844,977		21,239,750	—	21,239,750		
2037		—	—	—		21,237,250	—	21,237,250		
2038		—	—	—		21,235,250	—	21,235,250		
2039		—	—	—		21,236,750	—	21,236,750		
2040		—	—	—		21,239,500	—	21,239,500		
2041		—	—	—		21,236,250	—	21,236,250		
		$170,905,963	$202,213,894	$373,119,857		$1,119,511,082	$32,441,173	$1,151,952,255		

(1) Schedule does not include debt service on subordinate hotel revenue bonds, the debt service on which could potentially be paid from a portion of Excise Taxes with respect to hotel and rental car activity (Sports Facilities Taxes), on a junior lien basis. For additional information on these bonds, see "Outstanding Junior Obligations" and "Outstanding Subordinated Junior Obligations" herein.

(2) Net of the Senior Bonds Being Refunded and includes debt service on $620,000 principal amount of senior obligations supported by airport revenues.

(3) Net of the Subordinated Bonds Being Refunded and the 1998 Taxable Bonds Being Refunded and includes debt service on $134,590,000 principal amount of subordinated obligations supported by solid waste revenues.

SCHEDULE OF PROJECTED EXCISE TAX REVENUES, DEBT SERVICE REQUIREMENTS AND DEBT SERVICE COVERAGE NET OF REQUIREMENTS PAID FROM AIRPORT AND SOLID WASTE REVENUES(1)

Fiscal Year	Projected Excise Taxes Pledged	Total Outstanding Senior Lien Debt Service Net of Requirements Paid From Airport Revenues(2)	Debt Service Requirements on the Senior Lien Bonds	Total Senior Lien Debt Service Net of Requirements Paid From Airport Revenues	Projected Revenues Available for Subordinated Junior Lien Obligations	Total Outstanding Subordinated Junior Lien Debt Service Net of Requirements Paid From Solid Waste Revenues(3)	Debt Service Requirements on the Subordinated Refunding Bonds	Total Subordinated Junior Lien Debt Service Net of Requirements Paid From Solid Waste Revenues	Coverage of Senior Lien Debt Service Requirements Net of Requirements Paid From Airport Revenues	Coverage of Subordinated Junior Lien Debt Service Requirements Net of Requirements Paid From Solid Waste Revenues
2011	$747,308,000	$ —	$ —	$ —	$747,308,000	$ 30,718,650	$ —	$ 30,718,650	N/A	24.33
2012	748,070,000	—	6,137,142	6,137,142	741,932,858	27,155,920	1,724,306	28,880,226	121.89	25.69
2013	796,688,000	10,158,625	5,753,571	15,912,196	780,775,804	40,224,258	4,389,968	44,614,226	50.07	17.50
2014	853,383,000	10,168,375	9,648,571	19,816,946	833,566,054	37,348,920	4,394,393	41,743,313	43.06	19.97
2015	908,311,000	10,164,225	12,855,671	23,019,896	885,291,104	36,555,050	4,386,636	40,941,686	39.46	21.62
2016		10,164,550	13,825,544	23,990,094		35,153,779	4,382,848	39,536,627		
2017		10,169,800	16,898,440	27,068,240		38,108,016	4,391,153	42,499,169		
2018		10,166,550	17,076,619	27,243,169		37,949,562	4,386,775	42,336,337		
2019		10,169,550	17,071,297	27,240,847		37,947,520	4,385,094	42,332,614		
2020		10,162,800	15,743,961	25,906,761		39,177,337	—	39,177,337		
2021		10,166,050	13,311,259	23,477,309		38,046,950	—	38,046,950		
2022		10,163,050	10,815,713	20,978,763		37,819,373	—	37,819,373		
2023		10,168,300	8,832,292	19,000,592		34,172,223	—	34,172,223		
2024		10,170,313	8,615,837	18,786,150		34,153,148	—	34,153,148		
2025		10,169,575	6,091,916	16,261,491		28,834,401	—	28,834,401		
2026		10,166,263	6,062,131	16,228,394		28,593,213	—	28,593,213		
2027		10,174,663	4,407,315	14,581,978		28,589,275	—	28,589,275		
2028		10,165,762	4,411,387	14,577,149		26,932,725	—	26,932,725		
2029		7,592,712	3,481,482	11,074,194		26,939,138	—	26,939,138		
2030		—	3,472,515	3,472,515		26,941,025	—	26,941,025		
2031		—	3,467,392	3,467,392		26,931,600	—	26,931,600		
2032		—	2,845,313	2,845,313		26,940,512	—	26,940,512		
2033		—	2,849,552	2,849,552		26,937,312	—	26,937,312		
2034		—	2,846,835	2,846,835		24,300,150	—	24,300,150		
2035		—	2,847,162	2,847,162		24,302,900	—	24,302,900		
2036		—	2,844,977	2,844,977		21,239,750	—	21,239,750		
2037		—	—	—		21,237,250	—	21,237,250		
2038		—	—	—		21,235,250	—	21,235,250		
2039		—	—	—		21,236,750	—	21,236,750		
2040		—	—	—		21,239,500	—	21,239,500		
2041		—	—	—		21,236,250	—	21,236,250		
		$170,261,163	$202,213,894	$372,475,057		$928,197,707	$32,441,173	$960,638,880		

(1) Schedule does not include debt service on subordinate hotel revenue bonds, the debt service on which could potentially be paid from a portion of Excise Taxes with respect to hotel and rental car activity (Sports Facilities Taxes), on a junior lien basis. For additional information on these bonds, see "Outstanding Junior Obligations' and "Outstanding Subordinated Junior Obligations' herein.

(2) Net of the Senior Bonds Being Refunded and does not include debt service on $620,000 principal amount of senior obligations supported by airport revenues.

(3) Net of the Subordinated Bonds Being Refunded and the 1998 Taxable Bonds Being Refunded, and does not include debt service on $134,590,000 principal amount of subordinated obligations supported by solid waste revenues.

SOURCES AND APPLICATIONS OF FUNDS

	Senior Lien Excise Tax Revenue Bonds Series 2011A	Senior Lien Excise Tax Revenue Bonds Series 2011B (Taxable)	Senior Lien Excise Tax Revenue Refunding Bonds Series 2011C	Senior Lien Excise Tax Revenue Refunding Bonds Series 2011D (Taxable)	Subordinated Excise Tax Revenue Refunding Bonds Series 2011 (Taxable)
Sources:					
Par Amount of the Bonds	$27,530,000.00	$59,195,000.00	$24,305,000.00	$22,805,000.00	$27,500,000.00
Original Issue Premium	2,712,109.35	—	2,949,117.50	—	—
City Contribution	—	—	—	—	828,340.00
Total	$30,242,109.35	$59,195,000.00	$27,254,117.50	$22,805,000.00	$28,328,340.00
Applications:					
Transfer to the City to Pay Project Costs	$30,000,000.00	$58,800,000.00	$ —	$ —	$ —
Transfer to the City for Interest Being Refinanced	—	—	—	5,102,897.50	—
Purchase Price of Government Obligations and Beginning Cash Balance in Trust Accounts	—	—	27,024,946.30	17,479,170.84	28,095,553.22
Costs of Issuance	111,598.01	113,554.66	112,503.71	113,603.92	110,252.83
Underwriters' Compensation	130,511.34	281,445.34	116,667.49	109,327.74	122,533.95
Total	$30,242,109.35	$59,195,000.00	$27,254,117.50	$22,805,000.00	$28,328,340.00

CITY BUDGET PROCESS AND RECENT BUDGET ACTIONS

City Budget Process

The City's budget process and policies are governed by Arizona state law, the City Charter and 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 Council provides input to the City Manager for the preparation of the "Trial Budget," which is reviewed with the City Council early each spring. The purpose of the Trial Budget is to enable the community and the City Council to comment on the Trial Budget well before the City Manager is required to submit his recommended budget to the City Council in mid-May. The City Council makes final budget recommendations and adopts a final budget by June 30 of each year.

Recent Budget Actions

On March 2, 2010, due to continuing 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. The original general fund budget shortfall of $277.3 million was eliminated 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 budget reductions became effective April 5, 2010.

In response to lower revenues and budgetary constraints, the Phoenix City Manager created an Innovation and Efficiency Task Force comprised of City staff and public members to explore, develop and implement innovative processes that would result in a more efficient delivery of City services and maximize the use of taxpayer dollars.

The Innovation and Efficiency Task Force's suggestions will produce approximately $25.2 million in savings for fiscal year 2010-11 (approximately $10.7 million in general fund savings and approximately $14.5 million in non-general fund savings). The recent budget reductions and efficiency savings have resulted in the smallest per capita workforce the City has had in nearly 40 years. Additional savings have been achieved through consolidation of certain departments and functions, flattening organizational hierarchies and broadening the span of control within departments, operational efficiencies and reductions in contractual services fees, to name a few. Estimated savings over the five-year period from fiscal year 2010-11 through 2014-15 are currently estimated at $112.5 million (approximately $44.7 million in General Fund savings and $67.8 million in non-General Fund savings).

The table below presents the General Fund revenues by major source for fiscal year 2009-10 and estimated General Fund revenues for fiscal year 2010-11 based on seven months of actual data.

GENERAL FUND REVENUES BY MAJOR SOURCE
(in thousands)

Revenue Source	2009-10	Estimated 2010-11
Local Taxes:		
Sales Tax	$338,533	$378,765
Privilege License Fees	2,008	2,100
Other General Fund Excise Taxes	15,048	18,700
State-Shared Revenues:		
Sales Tax	106,916	109,919
State Income Tax	190,546	143,647
Vehicle License Tax	49,500	49,500
Primary Property Tax	121,366	131,100
User Fees/Other Revenues	122,598	123,626
Total General Fund	$946,515	$957,357

The table below presents the General Fund balance for fiscal year 2009-10 and estimated ending General Fund balance for fiscal year 2010-11 based on seven months of actual data.

GENERAL FUND BALANCE
(in thousands)

	2009-10	Estimated 2010-11
Resources:		
Beginning Balance	$ 45,580	$ 46,752
Revenue	946,515	957,357
Recoveries	1,161	1,500
Transfers	47,818	14,337
Total Resources	$1,041,074	$1,019,946
Expenditures:		
Operating Expenditures	$ 993,626	$ 966,115
Capital	696	1,522
Total Expenditures	$ 994,322	$ 967,637
Ending Fund Balance	$ 46,752	$ 52,309

Preliminary budget estimates indicated that the City would face a General Fund deficit of $58.8 million in fiscal year 2011-12 primarily due to further declines in State-Shared Revenues. Under the leadership of the Mayor and City Council, management identified measures that make it possible to overcome this relatively small budget deficit. On March 29, 2011, a fiscal year 2011-12 balanced budget proposal was presented to the Mayor and City Council.

The City Manager's proposed budget for 2011-12 balances the budget through a continued hiring freeze, further organizational reviews, efficiency studies, enhanced revenue collection, lease purchase financing of less than $5 million and approximately $30 million in excise tax debt restructuring in fiscal years 2010-11 and 2011-12. Approximately $4 million in budget reductions that do not impact direct services to the community are also proposed.

Certain information regarding the City's Budget Plans for Fiscal Years 2010-11 and 2011-12, including proposed changes to those plans, may be viewed or downloaded from the City's website at www.phoenix.gov/budget/index.html.

Combined Financial Schedules

The schedules summarized on pages B-41 through B-51 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 2007-08, 2008-09 and 2009-10. 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.

THE CITY

The City is a municipal corporation organized and existing under the laws of the State of Arizona. Pursuant to the Loan Agreements, the City will agree to make payments sufficient to pay amounts due on the Bonds. Detailed information on the City is set forth in Appendices A through F.

THE CORPORATION

The Corporation is a nonprofit corporation organized under the laws of the State of Arizona for the purpose of assisting the City in the acquisition and financing of municipal property and equipment.

The Corporation will enter into the Loan Agreements and the Indentures to facilitate the acquisition, construction and equipping of the Projects, the refunding of the Bonds Being Refunded and Interest Being Refunded and to reimburse the City for, and refinance, the Interest Being Refinanced. The Corporation is not financially liable for the payment of principal of or premium, if any, or interest on the Bonds, and the Owners will have no right to look to the Corporation for payment of the Bonds except to the extent of the Loan Payments received from the City under the Loan Agreements.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the arithmetical computations of the adequacy of the maturing principal of and interest on the Government Obligations, together with any initial cash, held under the Depository Trust Agreements, to pay when due, the principal of, premium, if any, and interest on the Bonds Being Refunded at their respective maturities or redemption dates will be verified by Grant Thornton LLP, Independent Certified Public Accountants, as a condition to delivery of the Bonds. Such verification will be based upon information supplied to Grant Thornton LLP by the Underwriters on behalf of the City.

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 comply with the requirements of the Loan Agreements.

To the knowledge of the City Attorney, no litigation or administrative action or proceeding has (i) restrained or enjoined, or seeks to restrain or enjoin, the issuance and delivery of the Bonds or the execution of the Loan Agreements by the City, 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.

TAX MATTERS

General

Tax-Exempt Bonds. In the opinion of Squire, Sanders & Dempsey (US) LLP, Bond Counsel, under existing law: (i) interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) interest on the Tax-Exempt Bonds is exempt from Arizona state income tax so long as that interest is excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion as to any other tax consequences regarding the Tax-Exempt 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 contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Tax-Exempt Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the City's certifications and representations or the continuing compliance with the City's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the City may cause loss of such status and result in the interest on the Tax-Exempt Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Tax-Exempt Bonds. The City has covenanted to take the actions required of it for the interest on the Tax-Exempt Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Tax-Exempt Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds or the market value of the Tax-Exempt Bonds.

A portion of the interest on the Tax-Exempt Bonds earned by certain corporations may be subject to a federal corporate alternative minimum tax. In addition, interest on the Tax-Exempt Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Tax-Exempt Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Tax-Exempt Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Tax-Exempt Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed the outcome of which could modify the tax treatment of obligations such as the Tax-Exempt Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Tax-Exempt Bonds will not have an adverse effect on the tax status of interest.

Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Tax-Exempt Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Tax-Exempt Bonds ends with the issuance of the Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the owners of the Tax-Exempt Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Tax-Exempt Bonds, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Tax-Exempt Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Tax-Exempt Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Tax-Exempt Bonds.

Taxable Bonds. NO ATTEMPT HAS BEEN OR WILL BE MADE TO PROVIDE THAT INTEREST ON THE TAXABLE BONDS IS EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. NO OPINION IS RENDERED WITH RESPECT TO THE FEDERAL OR STATE OF ARIZONA TAX CONSEQUENCES OF OWNERSHIP OF THE TAXABLE BONDS AND EACH PURCHASER SHOULD CONSULT ITS OWN TAX ADVISOR TO DETERMINE THE FEDERAL TAX CONSEQUENCES OF OWNING THE TAXABLE BONDS.

Original Issue Discount and Original Issue Premium on Tax-Exempt Bonds

Certain of the Tax-Exempt Bonds (for purposes of this section, "Discount Bonds") as indicated on the inside front cover of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID 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 is sold pursuant to that offering. For federal income tax purposes, OID 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 OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, 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 Tax-Exempt Bonds (for purposes of this section, "Premium Bonds") as indicated on the inside front cover of this Official Statement were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. 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 is amortized 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 (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of Discount and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences and the treatment of OID 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 Tax-Exempt Bonds (see "TAX MATTERS — General — Tax-Exempt Bonds") are subject to the legal opinion of Squire, Sanders & Dempsey (US) L.L.P., Bond Counsel, who has been retained by, and acts as Bond Counsel to, the Corporation and the City. Signed copies of the opinion, dated and speaking only as of the date of delivery of the Bonds, will be delivered to the Underwriters. Certain legal matters will be passed upon for the Underwriters by Greenberg Traurig, LLP, as Counsel to the Underwriters.

The text of the proposed legal opinion is set forth in Appendix H. The actual legal opinion 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.

RATINGS

Standard & Poor's Ratings Group, a division of the McGraw-Hill Companies, Inc. ("S&P") has assigned a rating of "AAA" to the Senior Lien Bonds and "AA" to the Subordinated Refunding Bonds. Moody's Investors Service ("Moody's") has assigned a rating of "Aa2" to the Senior Lien Bonds and "Aa3" to the Subordinated Refunding Bonds. No application was made to any other rating service for the purpose of obtaining ratings on the Bonds. The ratings reflect only the view of S&P and Moody's, respectively. An explanation of the significance of such ratings may be obtained from S&P at 55 Water Street, New York, New York 10041, and from Moody's at 7 World Trade Center at 250 Greenwich Street, 23rd Floor, New York, New York 10007. Generally, a rating agency bases its ratings on the information and material furnished to it and on investigations, studies and assumptions of its own. 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 or Moody's if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased for reoffering by RBC Capital Markets, LLC and the other underwriting firms shown on the front cover of this Official Statement (the "Underwriters"). The Underwriters have agreed to purchase the Bonds, subject to certain conditions, at an aggregate purchase price of $166,235,740.99. If the Bonds are sold to produce the yields shown on the inside front cover hereof, the Underwriters' compensation will be $760,485.86.

The Underwriters are committed to purchase all of the Bonds if any are purchased. The Bonds are offered for sale initially at the approximate yields set forth on the inside front cover of this Official Statement, which yields may be changed, from time to time, by the Underwriters. The Bonds may be offered and sold to certain dealers (including underwriters and dealers depositing the Bonds into investment trusts) at prices lower than the public offering price.

Loop Capital Markets LLC, an underwriter of the Bonds, has entered into an agreement (the “Loop Distribution Agreement”) with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings at the original issue prices. Pursuant to the Loop Distribution Agreement (if applicable for this transaction), Loop Capital Markets LLC will share a portion of its underwriting compensation with respect to the Bonds with UBS Financial Services Inc.

Wells Fargo Securities, one of the Underwriters, is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association (“WFBNA”). WFBNA has entered into an agreement (the “WFBNA Distribution Agreement”) with Wells Fargo Advisors, LLC (“WFA”) for the retail distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFBNA Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the Bonds with WFA. WFBNA and WFA are both subsidiaries of Wells Fargo & Company.

CONTINUING DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the “Undertaking”) with respect to the Bonds for the benefit of the beneficial owners of such Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board through the 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 I — FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

The City has represented that it is in compliance 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 Loan Agreements or the Indentures and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See “APPENDIX I — 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, 2010 for its fiscal year then ended have been audited by Clifton Gunderson 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 Reports and Planning-Comprehensive Annual Financial Report. The CAFR so filed with EMMA 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 Corporation, 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 Corporation and the City.

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

By /s/ WALLACE ESTFAN
President

CITY OF PHOENIX, ARIZONA

By /s/ JEFF DEWITT
Finance Director

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, Glendale, Tempe, Scottsdale, Chandler, Peoria, Goodyear, Tolleson, El Mirage, Surprise, Litchfield Park and Avondale; the towns of Buckeye and Gilbert as well as 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 8.30 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 1990 census recorded Phoenix's population at 983,403 and the 2010 census recorded Phoenix's population at 1,445,632. As of February 1, 2011 the City encompasses 519.12 square miles.

Population Statistics
Phoenix, Maricopa County and Arizona

								Percent Change	
Area	**1950**	**1960**	**1970**	**1980**	**1990**	**2000**	**2010**	**1950-10**	**1990-10**
Phoenix	106,818	439,170	584,303	789,704	983,403	1,321,045	1,445,632	1,253.4%	47.0%
Maricopa County	331,770	663,510	971,228	1,509,175	2,122,101	3,072,149	3,817,117	1,050.5	79.9
State of Arizona	749,587	1,301,161	1,775,399	2,716,546	3,665,228	5,130,632	6,392,017	752.7	74.4

Source: Population figures are from the U.S. Department of Commerce, Census Bureau.

Phoenix is served by main lines of the Union Pacific and Burlington Northern Santa Fe Railroads, a transcontinental 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: Aeromexico, Air Canada, AirTran, Alaska, American, British Airways, Continental, Delta, ExpressJet (dba Continental Express), Frontier, Great Lakes, Hawaiian, JetBlue, Mesa (dba US Airways Express), Mesaba (dba Delta Connection), Midwest, SkyWest (dba Delta Connection and United Express), Southwest, Sun Country, United, US Airways and WestJet. Interstate 10, Interstate 17, U.S. Highways 60, 70, 80, 89, State Highways 51, 85, 93 and State Routes 101, 202, and 303 all traverse the City.

The metropolitan area is presently served by 33 elementary school districts, 6 high school districts, 17 unified school districts and 2 technical institutes, operating over 700 schools. Education is also provided by private and parochial schools located throughout the metropolitan area. Maricopa County Community College District serves the educational needs of the Phoenix area through ten institutions. Arizona State University (ASU) houses 20 colleges, schools and institutes and has a total enrollment of more than 73,000 undergraduate, graduate, and professional students on four campuses in Metro Phoenix. 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 nearly 12,000 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 9,700 students. The Arizona State University Downtown Phoenix campus opened August 21, 2006 and has an enrollment of more than 13,000 students. The City also contains a private graduate school and a number of private universities, colleges, and technical institutions. The 2000 Census indicated that 59% of the adult residents of Maricopa County are college educated.

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. In the Phoenix Community Alliance's 2011-2016 Action Plan, they have identified three goals including, facilitating quality land development in Downtown Phoenix, attracting investment to Downtown Phoenix, and sharpening Downtown Phoenix's competitive advantage.

In December 2004, the Phoenix 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 plan was developed by the combined efforts of the City, Phoenix Community Alliance, Downtown Phoenix Partnership, and Arizona State University. The plan serves 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") is a collaborative planning process to shape future growth and to help realize the Downtown Strategic Plan of a livelier, more integrated and sustainable downtown. The City has embarked on this project due to heightened development interest.

General Plan

In 1985, the Phoenix 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 Planning Commission, 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.

As required by the State of Arizona Growing Smarter Legislation passed in 1998, and the Growing Smarter Plus Legislation passed in 2000, the City undertook a rewrite of the existing 11 elements in the General Plan and preparation of 5 new elements as required by the two new laws. The updated 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 legislation provides processes and tools that can contribute to better planned, coordinated and balanced future development.

As required by State law, the General Plan must be updated at least every ten years. On July 1, 2009, the Phoenix City Council approved plans to implement a public participation process in developing the Phoenix General Plan 2020. The updated General Plan will focus on promoting a healthy, sustainable future and providing clear direction for that future and is expected to be presented to voters in 2013.

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 Phoenix 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 current 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 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 20 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 Phoenix Convention Center surpassed its projected goals for 2009, hosting 69 conventions with 309,729 delegates, which equates to an economic impact of approximately $449 million in direct spending. In 2010, the convention center hosted a total of 62 conventions with an estimated 237,974 delegates equating to approximately $345 million in direct spending.

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 2010-11 regional economic development model, "Back to Basics", includes 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.

Since 2000, CEDD has directly assisted in the attraction of 191 new employers to the City of Phoenix by working with GPEC and many other economic development partners. These companies represent more than 37,500 new jobs and approximately $2.6 billion in new capital investment.

Arts, Cultural and Sports Facilities

The City purchased the Orpheum Theatre building in 1984. In 1985, the building was placed on the National Register of Historic Places. Citizens approved partial funding of a $14 million renovation in 1988. The Orpheum Theatre Foundation provided the balance of the funding. The theatre has been returned to its original splendor and was reopened on January 28, 1997.

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 Iwerks 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.

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 US Airways Center) opened in June 1992.

A multi-phased renovation of US Airways Center 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 wrap around 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.

Commercial Development

In the 1970's, 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 1970's also saw the development of two downtown high-rise hotels. The Hyatt and Wyndham properties combine to provide 1,242 hotel rooms in downtown Phoenix. As an outgrowth of the many downtown development and redevelopment projects, 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 Phoenix Downtown Hotel opened September 2008 to support the additional hotel demand generated by the recently completed 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, 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 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.

CityScape is an approximately 5-acre, mixed-use development that blends urban living with work, shopping and entertainment and will include restaurants, a grocery store, hotel, offices and outdoor event space. The project encompasses two blocks in downtown Phoenix and is one block from the US Airways Center 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. The next phase includes construction of the 242 room Palomar Hotel that commenced construction in February 2011 and is expected to be completed February 2012. The final phases of the project will be built out over several years based on market demand.

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. The Phoenix Biomedical Center is expected to employ approximately 350 employees earning average salaries of $70,000 annually. Build-out of the 28-acre biotechnology campus is expected to provide approximately six million square feet of research and academic space.

In August 2004, the Arizona Board of Regents, the University of Arizona (U of A) and Arizona State University (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 will focus 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. The next phase of development on the PBC is underway as the Health Sciences Education Building (HSEB) is currently under construction. This approximately $140 million, 260,000 square foot, six-story academic facility allows for the expansion of the U of A College of Medicine and will house the U of A College of Pharmacy and Northern Arizona University's Allied Healthcare Programs. Completion of HSEB is scheduled for summer 2012. The U of A is also the recipient of a $15 million American Recovery and Reinvestment Act stimulus grant for the development of a below-grade research core. Construction of this facility is anticipated to begin spring 2012, with completion scheduled for summer 2013. At build-out, the 28-acre PBC is expected to include more than six million square feet of research, academic and clinical development.

In 2004, ASU announced plans to expand its downtown Phoenix campus. Development of the ASU Downtown Phoenix campus is expected to occur over the next 10-12 years and include three million square feet of development.

The first phase of the ASU Downtown Phoenix campus expansion, which opened in August 2006, offers a wide range of undergraduate and graduate programs from the College of Public Programs and the University College. The second phase, which remains ongoing, currently offers 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.

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 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.

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.

The ASU Downtown Phoenix campus began its fifth year of operation on August 19, 2010. For fall 2010, approximately 11,000 students were enrolled downtown and more than 1,000 students lived on the campus, which employs approximately 1,250 people. The campus also includes two restored historic structures, the adaptive reuse of two former office buildings and two new academic LEED facilities, as well as significant public art projects and the densest concentration of residential development in downtown Phoenix.

Campus build-out projections call for 15,000 students, 4,000 student housing beds, 1.5 million square feet of academic and support space, 900,000 square feet of private development, at least 1,800 faculty and staff and 100,000 visitors annually.

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

Neighborhood Revitalization and Downtown Housing

The City's downtown redevelopment program is complemented by the Neighborhood Services Department's (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 supports 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 designated Neighborhood Renewal Task Force Areas.

Through initiatives and partnerships, NSD is developing new homes, selling and rehabbing foreclosed properties, building several commercial projects, completing a neighborhood learning center, has boarded up or cleared more than 150 blighted properties and constructed neighborhood sidewalks, street improvements and lighting, trails and safe paths, loop streets and other critical projects that sustain neighborhood health and vitality.

Construction of The Metropolitan Apartments, a project sponsored by the City and the Phoenix Community Alliance constituting the first new market rate rental housing in downtown Phoenix in nearly a decade, was completed in January 1997. The complex has 140 units with a pool and a clubhouse, all set in a contemporary urban design. The complex is located northwest of the Arizona Center between Fillmore and McKinley Streets and Second and Third Streets.

In November 1997, the City reached an agreement with Post Properties, Inc. (formerly Columbus Realty Trust) for the construction of 400 urban residential rental units in downtown Phoenix. The project was built on an approximately seven-acre site bounded by First Avenue, Third Avenue, Portland Street and Roosevelt Street. Total project cost was $68 million. The development is characterized by a high-density urban design with extensive streetscape treatments, street level retail, private courtyards, structured parking and extensive landscape improvements to historic Portland Parkway. The project included $1.6 million in direct City financial assistance plus property tax abatement and the inclusion of 45,000 square feet of City-owned land.

In 1999, Camden Property Trust began construction of a 332 unit multi-family, urban-gated community featuring three-story residential buildings, a two-story clubhouse, landscaped interior courtyards and structured parking. The project is located in downtown Phoenix on Van Buren Street east of Seventh Street and began leasing in November 1999.

In July 2000, the City Council approved the selection of The Tom Hom Group to build Campaige Place, a 300-unit workforce housing project located at Jackson Street and Second Avenue. Construction on the $12 million project began in January 2002 and was ready for occupancy in March 2003.

In October 2000, the City Council approved the selection of Artisan Homes to build approximately 35 condominium units on 69,000 square feet of City-owned property located on the northeast corner of Seventh Street and Washington Street. The units vary in size from 1,000 to 1,750 square feet with original prices ranging from $135,000 to $235,000. Construction began in summer of 2002 and was completed in November 2003.

In an effort to assist ownership housing projects in the downtown area, in June 2001 the City approved reimbursing Artisan Homes, Inc. up to $100,000 for public infrastructure and offsite improvements in connection with a 75-unit loft style condominium project called Artisan on Central, located on Central Avenue and Willetta Street. Construction began in early 2002 and the condominiums were available for occupancy in the winter of 2003.

In November 2001, the City entered into an agreement for the development of 31 loft-style homes ranging in size from 1,300 to 1,900 square feet with sale prices starting at $285,000. The Stadium Lofts at Copper Square are located at the northwest corner of Second and Buchanan Streets. Construction began in December 2001 and the homes were ready for occupancy in October 2004.

On July 3, 2002, the City Council approved a disposition and development agreement with TASB, L.L.C. to provide for the restoration of 114 West Adams Street, the historic Title and Trust Building, for the development of Orpheum Lofts, including 90 luxury lofts, associated parking and ancillary commercial space. The City assisted with the historic rehabilitation of the building and upgrades to the public infrastructure and off-site improvements. The renovations began in 2002, and the work was completed in the spring of 2005.

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 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.

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. The project is valued at approximately $32 million. 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 has converted the condos into rental units due to the soft real estate market.

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.

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 is currently constructing a new courthouse in downtown Phoenix at First Avenue and Madison Street. Once completed, the new 16-story courthouse will provide 683,000 square feet of space and will include 32 criminal courtrooms. Construction of the $340 million courthouse is expected to be completed in late 2011 with move-in scheduled for early 2012.

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, US Airways Center, 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 Fillmore Street has been improved with lighting, shade and landscaping.

Transit/Light Rail

Central Station, the City's downtown transit center located on the northeast 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 15 bus routes, Dial-a-Ride and DASH (Downtown Area Shuttle). 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 is currently undergoing a $3.7 million renovation to modernize the facility, improve security, and incorporate sustainable elements. The transit center is one of five major transit capital projects funded by the American Recovery and Reinvestment Act (ARRA) and is expected to be completed in summer 2011. The other four projects include a $1.4 million expansion of the 40th Street and Pecos Road park-and-ride, the construction of a new $3.4 million park-and-ride at the southwest corner of Interstate 17 and Happy Valley Road, the construction of a new $2.7 million park-and-ride at the southwest corner of 27th Avenue and Baseline Road, and a $4.0 million project to make Americans with Disabilities Act (ADA) related improvements to 400 bus stops in Phoenix.

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 starter segment connecting north central Phoenix (19th Avenue and Bethany Home Road) with Tempe and Mesa (Main 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 and City sales tax revenues.

In March 2008, the City entered into an intergovernmental agreement with Valley Metro Rail, Inc. (METRO) to design, build, operate and maintain a 3.2-mile extension to the initial light rail system. The Northwest Extension as initially planned would extend the original light rail system 4.6 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. Phase I will extend the light rail system 3.2 miles from 19th Avenue and Montebello to 19th Avenue and Dunlap. Phase II will extend the light rail system another 1.4 miles from 19th Avenue and Dunlap to 25th Avenue and Mountain View Road. Design, land acquisition and neighborhood mitigation projects for 3.2-miles of the extension are scheduled to be completed by spring 2011. Construction of the 3.2-mile extension as well as the 1.4-mile extension will occur as funding becomes available.

In the last few years, the City has also made major renovations to two of its bus transit centers. Renovations to the Sunnyslope Transit Center were completed in June 2007, and the Paradise Valley Mall Transit Center renovations were completed in June 2009. The renovations provided much needed improvements to the facilities, including security upgrades.

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.

Major renovation projects are also in the initial stages for the City's other two bus operating and maintenance facilities, the North Transit Facility and the South Transit Facility. Upgrades to these facilities will focus on improvements to life safety, security, building code upgrades, roofing replacements, HVAC equipment replacement, and fueling system upgrades. The North Transit Facility renovation is scheduled for completion in late 2012, while work at the South Transit Facility is slated for completion in late 2013.

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 located immediately to the west of Phoenix Sky Harbor International Airport into a business/commerce park. The acquisition phase and the second phase of infrastructure development was completed in 1993. Sky Chefs Inc. (formerly Cater Air International) occupies over 120,000 square feet on the site. In the third quarter of 1990, Honeywell Inc. (formerly AlliedSignal, Inc.) began development of a 545,000 square-foot facility on a 28-acre site with the project completed in July 1991.

Bank of America 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 completed construction of an additional 150,000 square-foot structure for credit card operations, which employs approximately 1,100 employees. The leasehold interest in the property was acquired by First States Investors LLC on June 30, 2003.

Miller Brands of Phoenix, a beverage distributor, developed a 300,000 square-foot facility on 22 acres in Sky Harbor Center. The facility consists of 172,000 square feet of distribution space and 128,000 square feet of office and building space.

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 November 1995, construction was completed on Arrow Electronics' (formerly Wyle Laboratories) 200,000 square-foot facility on 12 acres. The facility employs approximately 250 individuals.

In April 2002, America West Airlines (now US Airways) 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. As of September 2008, the facility accommodates 2,874 employees. JP Morgan Chase added a fourth level (330 parking spaces) to the existing parking garage on the facility to accommodate the hiring of additional employees. The leasehold interest was acquired by Brookfield Asset Management in late 2008.

Other sizeable tenants at Phoenix Sky Harbor Center include Greyhound Lines, Community Tire (formerly Knudson Tire), Level 3 Communications, Lincoln Sky Harbor LLC, the City of Phoenix, Horseheads Industrial Capital II, LLC and Walton CWAZ Phoenix, LLC.

In July 2001, the Phoenix 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) on all car 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 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 US Airways) 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 US Airways, and additional parking facilities at Terminal 4. All of these projects have been completed.

In April 2000, the City Council approved a $640 million airport expansion program funded by airport revenue bonds. This program included funds to design a new terminal complex at the west end of the airport and to construct the infrastructure necessary to support the terminal. Also included were funds for land acquisition, a residential sound assistance program, an airport automated train system, additional public parking garages, and improvements for the reliever airports. Many of the projects in this program were postponed due to the reduction of airline travel after the events of September 11, 2001, but moved forward as passenger traffic at Phoenix Sky Harbor International Airport began to recover to pre-September 2001 levels.

In February 2007, the City Council approved a $2.9 billion, ten-year Airport Development Program (ADP), which updated and replaced the 2000 airport expansion program. The ADP includes the design and construction of the PHX SkyTrain at Phoenix Sky Harbor International Airport, development of additional gates at Phoenix Sky Harbor International Airport and facility rehabilitation and maintenance. The most recent national economic recession negatively impacted the airline industry and resulted in reductions to passenger traffic at Phoenix Sky Harbor International Airport. As a result of traffic and revenue declines, Phoenix Sky Harbor International 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 SkyTrain project and other vital facility projects at Phoenix Sky Harbor International Airport. More recently, air passenger traffic at Sky Harbor International Airport has begun to recover following the downturn in passenger traffic that occurred as a result of the most recent national economic recession.

The PHX SkyTrain is an automated people mover designed to carry over 35 million riders annually through seven stations at Sky Harbor along a guide way spanning approximately 5 miles. Stage one of the PHX SkyTrain will connect Phoenix's light rail system, Sky Harbor's east economy parking garages and Terminal 4. Future stages will run from Terminal 4 to Terminal 3 and the rental car center. Stage one has a budget of approximately $644 million and is expected to be completed in early 2013.

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.

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 CITY GOVERNMENT

Phoenix operates under a Council-Manager form of government as provided by its Charter which was adopted in 1913. The Phoenix 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, two Executive Assistants to the City Manager, the City Auditor, the Finance Director, the Human Resources Director, the Government Relations Director, the City Attorney and three Deputy City Managers, each responsible for directing a set of City departments and functions.

The City government is responsible for furnishing basic municipal services. Primary services delivered by the City's 24 departments, 14 functions and 15,090 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 2010-11 through an adopted operating budget of $3,526.0 million. Of this, the general purpose funds budget totals $1,013.8 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

PHIL GORDON, MAYOR

Mayor Gordon began his second term as Mayor in January 2008. Prior to being elected mayor, Mr. Gordon served since 1998 as the Councilmember representing District 4. Mr. Gordon has served as a member of the Madison School Board and chairman of the Phoenix Planning Commission, Neighborhood Block Watch Committee and Downtown Village Planning Committee. Mr. Gordon holds a bachelor's degree in education from the University of Arizona and a law degree from Arizona State University.

THELDA WILLIAMS, VICE MAYOR, DISTRICT 1

Vice Mayor Williams rejoined the City Council in January 2008, 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.

SAL DICICCIO, COUNCILMEMBER, DISTRICT 6

Councilmember DiCiccio began his most recent term on the City Council in January 2010. 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 is also a member of the Fiesta Bowl Committee, the South East Valley Regional Association of Realtors, the National Association of Realtors and the Board of Directors for the Arizona Center for the Blind. Mr. DiCiccio is a small business professional and holds a bachelor's degree in business from Arizona State University.

BILL GATES, COUNCILMEMBER, DISTRICT 3

Councilmember Gates began his first term on the City Council in January 2010. Mr. Gates has served in a variety of capacities with several nonprofit and community organizations, including the Wounded Warriors Project, Valley Leadership, INROADS, American Legion Boys State and the Young Lawyers Division of the State Bar. Mr. Gates was appointed to the Board of Trustees for the Christopher Columbus Fellowship Foundation in 2006, and he was awarded the Mark J. Santana Award by the Arizona Foundation for Legal Services and Education for exceptional service in law-related education. Mr. Gates is a lawyer for PING, a local golf equipment manufacturer. Mr. Gates received his bachelor's degree in Political Science and Economics from Drake University and earned his law degree from Harvard Law School.

BRYAN JEFFRIES, COUNCILMEMBER, DISTRICT 2

Councilmember Jeffries began his term on the City Council in May 2011 to fill the District 2 position left vacant by Peggy Neely. Prior to joining the City Council, Mr. Jeffries served on several boards and committees, including the Phoenix Planning Commission, Phoenix Neighborhood Block Watch Grant Oversight Committee, Paradise Valley Village Planning Committee. He has also served as a Community Advisory Board Member for Arizona Regional Hospital and is a past Community Advisory Board member for Banner Hospital. Mr. Jeffries is a firefighter and paramedic with over 18 years of experience with the city of Mesa. Mr. Jeffries is also a fourth generation Phoenician. He holds a Bachelors of Science degree in Emergency Health Services from George Washington University and a Masters of Arts in Legal and Ethical Studies from the University of Baltimore.

MICHAEL JOHNSON, COUNCILMEMBER, DISTRICT 8

Councilmember Johnson began his third consecutive term on the City Council in January 2010. Mr. Johnson has served on the South Mountain Village Planning Committee and the Rio Salado Advisory Committee. Mr. Johnson is president and CEO of Nkosi Inc., a security service. Mr. Johnson retired from the Police Department in 1995 after serving 21 years as a police officer, community relations officer and detective.

CLAUDE MATTOX, COUNCILMEMBER, DISTRICT 5

Councilmember Mattox began his third consecutive term on the City Council in January 2008. Mr. Mattox has been active in the community for many years and has served as chairman of the Maryvale Village Planning Committee, Desert West Park Planning Committee, West Phoenix Cactus League Spring Baseball Coalition, Phoenix Surface Transportation Advisory Committee and Maricopa Neighbors Airport Noise and Safety Committee. Mr. Mattox is vice president and associate broker for National Western Real Estate.

MICHAEL NOWAKOWSKI, COUNCILMEMBER, DISTRICT 7

Councilmember Nowakowski began his first term on the City Council in January 2008. 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.

TOM SIMPLOT, COUNCILMEMBER, DISTRICT 4

Councilmember Simplot began his second consecutive term on the City Council in January 2010. Mr. Simplot has been active in the community for many years, serving as the past-president of the Maricopa County Board of Health, former chairman of the Phoenix Historic Preservation Commission, and former vice chairman of the Phoenix Encanto Village Planning Committee. Mr. Simplot is also the founding president of the Arizona State University Dean's Board of Excellence; is a former member of the Phoenix Housing Commission, and has served on the Maricopa County Downtown Advisory Committee and is a past president of the Maricopa County Industrial Development Authority. Additionally, Mr. Simplot has been an active member of the state and county bar associations and served on the board of directors of the Arizona Bar Foundation. Mr. Simplot holds a bachelor's degree in political science from Arizona State University and a law degree from the University of Iowa College of Law.

Administrative Staff

DAVID CAVAZOS
City Manager

Mr. Cavazos was appointed City Manager in November 2009. Prior to his appointment as City Manager, Mr. Cavazos served as a Deputy City Manager since January 2005. Before working in the City Manager's Office, Mr. Cavazos served as the Acting Aviation Director at Phoenix Sky Harbor International Airport and the Economic Development Administrator with the City's Community and Economic Development Department. Originally from Chicago, he relocated to Phoenix in 1987 to participate in the nationally recognized City of Phoenix Management Intern Program. He has earned four City Manager Excellence Awards and received numerous business development advocacy awards, including Arizona SBA Minority and Small Business Advocate of the Year. Mr. Cavazos currently serves on the board of directors for the Downtown Phoenix Partnership, Phoenix Children's Hospital and the Executive Board of the Arizona-Mexico Commission. He has a master's degree in Management and Public Policy from Carnegie Mellon University.

ED ZUERCHER
Assistant City Manager

Mr. Zuercher was appointed Assistant City Manager in November 2009. Prior to his appointment as Assistant City Manager, Mr. Zuercher 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, Public Transit Director and Assistant to the City Manager 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's degree from the University of Kansas.

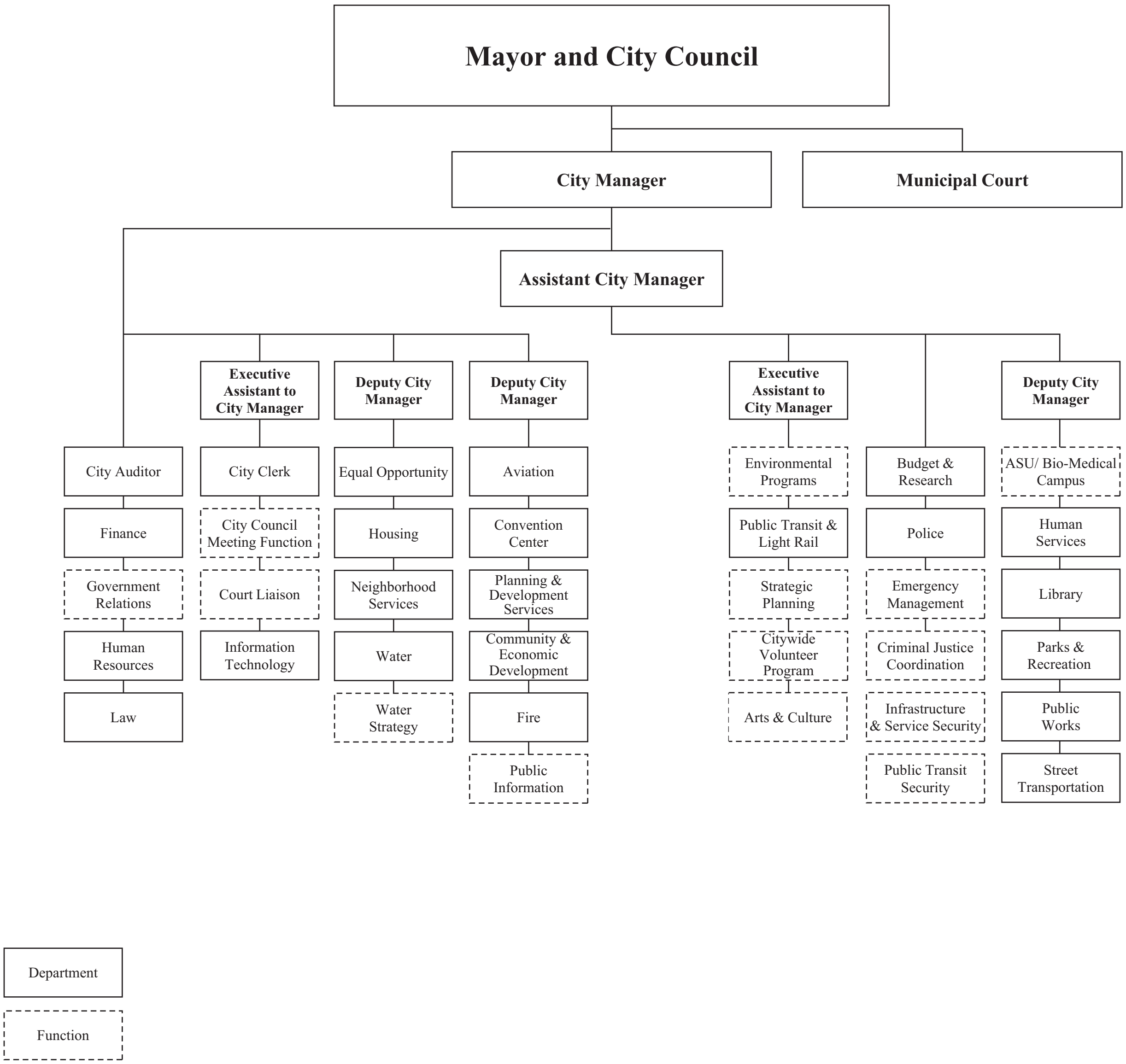
GARY VERBURG
City Attorney

Mr. Verburg was appointed City Attorney in August 2005. Previously he worked nearly twenty years in private practice specializing in negotiations, litigation and prosecutions for Tribal Governments and municipalities. From 1997 to 2000, he was Deputy City Attorney, Assistant City Attorney, and City Attorney for the city of Glendale, Arizona. He began working for the City of Phoenix as the Chief Assistant City Attorney in 2000. He received his bachelor's degree in political science and economics from the University of Utah and his law degree from the Antioch School of Law in Washington, D.C.

JEFF DEWITT
Finance Director

Mr. DeWitt was appointed Finance Director in February 2010 after having served as Interim Finance Director since March 2009. He is responsible for the management of over $7 billion in assets. Mr. DeWitt served as Assistant Finance Director since 2002 where he was responsible for the oversight of several areas including debt management, investments and cash management, water and wastewater financial planning and rate development, financial systems applications and support and financial accounting and reporting. Throughout his career in the Finance Department, Mr. DeWitt has been involved in the planning and issuance of more than $4 billion of debt to fund capital expenditures. Mr. DeWitt holds a bachelor's degree from Eastern Illinois University and a master's degree from Southern Illinois University at Carbondale. He is a member of the Government Finance Officers Association and has served on the American Water Works Association Rates and Charges Committee for eight years where he has taught national seminars on financial planning and water rate development.

CITY OF PHOENIX



Effective April 15, 2011

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.

- **ASPA National Public Service Award**

In April 2005, then City Manager Frank Fairbanks was awarded the National Public Service Award, the highest public service award given by the American Society for Public Administration and the National Public Academy of Public Administration for distinction in public service. Mr. Fairbanks was recognized for his work in developing e-government, achieving a "AAA" excise tax revenue bond rating from Standard & Poor's and his membership on local business and community boards.

- **2003 Presidential Citation of Merit**

In May 2003, then City Manager Frank Fairbanks was awarded the Presidential Citation of Merit from the Arizona Chapter of the American Society for Public Administration at its 33rd Annual Superior Service Award ceremony. Part of the award citation noted that his achievements as city manager "are nothing short of remarkable, and they have been realized by focusing on the belief that excellence is not an end, but a dynamic process in which both citizens and employees have vital roles."

- **Government Performance Project**

In January 2000, the Maxwell School of Citizenship and Public Affairs at Syracuse University announced the results of a year long, in-depth study of management efficiency among the nations 35 largest urban centers. The City of Phoenix earned the highest grade with an overall grade of "A". The study looked at five key areas of municipal management: capital management, financial management, information technology management, human resource management and managing for results.

- **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.

- **2007-2008 Technology Achievement Awards**

The City of Phoenix was the recipient of two Public Technology, Inc. awards. The Aviation Department received an achievement award for its disaster recovery system to maintain uninterrupted airport operations. The project used site server clustering and disk mirroring technology to consolidate many diverse airport systems. The Neighborhood Services Department received an achievement award for its mobile data access system. This system allows field staff to access permitting, utility and property information systems by using laptops, docking ports and wireless printers. This use of mobile technology allows field staff to work more efficiently and effectively to improve conditions of existing housing stock.

- **2006-2007 Technology Achievement Awards**

The City of Phoenix was the recipient of four Public Technology, Inc. awards. The Neighborhood Services Department received an achievement award for its use of an on-line system to track graffiti occurrences and to collect restitution from perpetrators. This system works with a mobile technology system that the Neighborhood Services Department established to fight graffiti, which also received an award in 2005. The Fire Department received an achievement award for implementing an interface between the City Fire Department's CAD system and the State Department of Transportation traffic management center. The Information Technology Department received an achievement award for implementing a standards-based, site-wide text resizing tool that makes the City website more accessible to users with impaired vision. The City also received an achievement award for implementing a wireless system that facilitates scalehouse transactions for residential collection commercial vehicles.

- **2005-2006 Technology Achievement Awards**

The City of Phoenix was the recipient of three Public Technology, Inc. awards. The Neighborhood Services Department received an achievement award for its use of a mobile technology system that allows code enforcement inspectors to use laptops to access databases via wireless connection from anywhere in the City of Phoenix. Implementation of the mobile technology improves customer service and increases employee efficiency. An achievement award was also received by the Aviation Department for implementing a "Stage 'n Go" Waiting Lot. A software-driven system combines airline flight arrival information from twenty-four airlines serving three terminals into a single data stream. The data is transferred via the airport's new gigabit fiber-optic data communications system to a parking lot established near the airport entrance, where flight information is presented on a large electronic display board. An honorable mention was received by the Water Services Department for using a web-based system for monitoring, tracking and reporting Joint Exercise of Powers Agreement (JEPA) regulations.

- **2004 Technology Achievement Awards**

The City of Phoenix was the recipient of four Public Technology, Inc. awards. The Police Department received an achievement award for its use of a programmable, motion or voice activated camera as a graffiti deterrent and an honorable mention for the internet posting of calibration records for the City's Intoxylizer breath testing instruments. An honorable mention was received for the use of Personal Digital Assistants (PDA) in a housing conditions study partnership with Arizona State University. Use of PDAs increase data collection accuracy, productivity and efficiency. An achievement award was also received for "Master Plan Park/Cross-Country Track" which demonstrated the collaborative process between city agencies in the creation of a 688 acre park.

- **NBC-LEO 2002 City Cultural Diversity Award**

In April 2002, 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 Minority, Woman and Small Business Enterprise Participation Program.

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

In July 2007, the City received three Awards of Merit for its efforts at removing neighborhood blight, building infill housing and removing health and safety hazards from homes in the community. The award represents community development efforts that addressed more than 1,200 blighted properties in central Phoenix, built

17 affordable infill homes, rehabilitated more than 100 homes, created approximately 200 jobs for low-and moderate-income residents, designed and created a Neighborhood Resource Center and remedied child health and safety hazards in 120 housing units.

In October 2005, the City received an Award of Excellence for the Housing Department's "Bringing Information/Technology to Seniors" program to help residents learn basic to advanced computer and internet skills. In order to provide accessibility, computer labs were installed in most of the City's senior and disabled-designated housing communities, complete with classroom instruction on using the internet, employment assistance, printshop training, photo restoration, resume writing and general computer assistance.

In July 2004, the City received the Award of Merit for its redevelopment accomplishments achieved in the North Village Center Neighborhood Initiative Area. The award represents the culmination of numerous projects including the Sunnyslope Village Shopping Center, three in-fill developments, two revitalization projects, public art and comprehensive streetscape improvements.

- **2002 EPA Clean Water Act Recognition Award**

The City of Phoenix and the Subregional Operating Group (SROG) were awarded the Environmental Protection Agency's (EPA) 2002 Clean Water Act Recognition Award in the Pretreatment Category, signifying outstanding industrial pretreatment programs and a commitment to protecting and improving waters of our nation.

- **AMWA Gold Award for Competitiveness**

Awarded in March 2001 to the City of Phoenix Water Services Department by the Association of Metropolitan Water Agencies for its internationally hailed re-engineering program. The program resulted in a reduction of annual operating costs, improved customer service, water quality, and environmental protection as well as water and sewer service charges that are among the lowest in the country.

- **Sister Cities Innovation Award for Education**

In July 2004, the Phoenix Sister Cities Commission received an award from Sister Cities International in recognition for its long-term and comprehensive efforts and programs in the area of education. Specifically cited were the Commission's annual youth ambassador exchange program, short and long-term teacher exchanges, the Global Connections World Technology Conference and the Chengdu management training program.

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

In July 2008, 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 seventh time in the past 13 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.

- **CIO Magazine Awards**

In August 2005, the City of Phoenix was one of 100 organizations worldwide awarded the CIO-100 award. The award recognizes companies and organizations around the world that exemplify the highest level of operational and strategic excellence in the use of technology. The 2005 award theme was the Bold 100, which recognized those executives and organizations that embrace risk for the sake of reward. The City was recognized for its leadership in developing the Phoenix Regional Wireless Network, a wide-area digital radio network that will be used primarily by public safety personnel. The system is designed to allow communication between emergency personnel both within the City of Phoenix as well as among the seventeen surrounding cities and towns.

In August 2003, the City of Phoenix was selected as one of 100 organizations worldwide to receive the 2003 CIO-100 award. The 2003 award focused on proven excellence in the resourceful use of IT Systems, staff and budgets in a tough economic climate.

In October 2002, then Phoenix City Manager Frank Fairbanks was awarded *CIO Magazine's* 2002 CIO 20/20 Vision award. The 20/20 Vision award honors leaders whose vision and execution of technology have made important changes for business and society. Mr. Fairbanks joins business leaders such as Bill Gates, Microsoft Corp., Jeff Bezos, Amazon.com Inc. and Michael Dell, Dell Computer Corp. in earning this award.

In August 2002, Phoenix was selected as one of 100 organizations worldwide to receive the 2002 CIO-100 award. This prestigious award was presented to the City for demonstrating excellence in integrated technologies and procedures to improve customer services.

- **ASA Award of Excellence**

In November 2006, the City of Phoenix Parks and Recreation Department received an award from the Amateur Softball Association (ASA) for conducting two of the highest-rated national championships in 2006. The City of Phoenix hosted the 2006 ASA Coed Major National Championship and the 18 and under 2006 Girls Western National Championship.

- **Air Carrier Airport Safety Award**

In July 2006, the City of Phoenix Aviation Department received an award from the Federal Aviation Administration Western Pacific Airports District Office for its innovative solutions and partnerships that have resulted in enhanced airport safety.

- **2007 Top Ten Digital Cities Award**

The City of Phoenix was the recipient of a Center for Digital Government award for excellence in information technology policies and best practices in state and local government.

- **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.

- **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

Since the end of World War II, one of the major economic and demographic trends in the United States has been the sustained growth of population and employment in the Sunbelt in excess of national levels. Phoenix has been a consistent example of this trend as the Phoenix area has been one of the most rapidly growing metropolitan statistical areas (MSA)[2] in the country in recent decades in terms of population, employment and personal income growth.

There are numerous reasons why one area of the country outperforms others. Some reasons why Greater Phoenix grows are subjective. Greater Phoenix is a desirable place to work, live, and raise a family. The southwestern lifestyle is attractive with low-density population and a climate conducive to outdoor recreation.

There are also objective reasons why Greater Phoenix grows. The median housing price of an existing single-family home in the Greater Phoenix area increased significantly between 2003 and mid-2005; however, prices plateaued in mid-2005 and 2006 and declined by 5.1% in 2007 and 26.3% in 2008. According to data released by Arizona State University, from the peak in second quarter 2006 to the trough in second quarter 2009, median housing prices for both new and resale homes had declined 50.4%. From the trough in second quarter 2009 to third quarter 2010, median housing prices for both new and resale homes had increased 3.6% but decreased again in fourth quarter 2010. From fourth quarter 2009 to fourth quarter 2010, median housing prices for both new and resale decreased 7.1%. While the decrease in home values has negative repercussions, the decline increased affordability of housing and again made the median housing price in Greater Phoenix low relative to most major western cities such as Los Angeles, San Diego, Denver, Albuquerque and Seattle. According to the National Association of Realtors, as of the third quarter of 2010, the U.S. median sales price for an existing (resale) single-family home increased slightly to $177,900 and the median sales price for a similar home in Greater Phoenix decreased slightly to $138,000. The Greater Phoenix labor force is relatively young and well-educated. The median age in Maricopa County is 33.6 years compared to 36.8 years for the U.S. as a whole.

As of year-end 2009, the Phoenix-Mesa-Glendale MSA accounts for approximately 65.5% of Arizona's population, 70.9% of Arizona's employment and 68.8% of Arizona's personal income. Over the last five years from 2004 through 2009, the Phoenix-Mesa-Glendale MSA has accounted for approximately 74.5% of the increase in Arizona's population. From 2005 through 2009, the Phoenix-Mesa-Glendale MSA has accounted for approximately 78.3% of the state's employment decline. From 1950 to 2009, U.S. population grew 101.6% while Greater Phoenix grew 1,068.0% from 374,961 in 1950 to approximately 4,379,634[3] people in 2009. From 1999 to 2009, population growth was 39.4% in Greater Phoenix compared to 10.0% for the U.S. as a whole. According to the U.S. Census Bureau, as of 2009 the Greater Phoenix area was the 12th largest metropolitan statistical area in the nation. According to the University of Arizona, the population of Greater Phoenix is expected to grow to 5.1 million by 2015 and 5.8 million by 2020. The table on the following page shows historical population and growth information for Greater Phoenix in comparison to peer MSAs.

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(1) The economic information contained herein has been taken from a report prepared for the City of Phoenix by Elliott D. Pollack & Company.

(2) In 1994, the U.S. Office of Management and Budget (OMB) redefined the Phoenix Metropolitan Statistical Area (MSA) to include both Maricopa and Pinal Counties. The Arizona Department of Economic Security released historical employment data on this redefined Phoenix-Mesa-Scottsdale MSA from 1990 through November 2009. Prior to 1990, detailed industry sub-sector employment data is not available for the Phoenix-Mesa-Scottsdale MSA. In December 2009, the OMB renamed the Phoenix-Mesa-Scottsdale MSA to the Phoenix-Mesa-Glendale MSA. When historical data for the Phoenix-Mesa-Glendale MSA is not available, Maricopa County data is used, and all references to "Maricopa County only" data are so noted. Maricopa County accounts for 97% of the Phoenix-Mesa-Glendale MSA employment and 95% of the MSA's population. "Greater Phoenix" refers to the Phoenix-Mesa-Glendale MSA, unless otherwise noted.

(3) This 2009 number is from the Arizona Department of Commerce, Research Administration released in December 2009. The population numbers on the following page differ slightly and were published by the U.S. Census Bureau.

POPULATION
Metropolitan Statistical Areas
(in thousands)

	1980	1990	2000	2009(3)	Percent Growth 1980-90	1990-00	2000-09
Phoenix-Mesa-Glendale, AZ(1)	1,600.1	2,238.5	3,251.9	4,364.1	39.9%	45.3%	34.2%
Albuquerque, NM	485.4	589.1	729.6	857.9	21.4	23.8	17.6
Atlanta, GA	2,233.2	2,960.0	4,248.0	5,475.2	32.5	43.5	28.9
Austin — San Marcos, TX	585.1	846.2	1,249.8	1,705.1	44.6	47.7	36.4
Dallas, TX	2,055.3	2,676.3	3,451.2	4,326.4	30.2	29.0	25.4
Denver — Boulder, CO	1,618.5	1,848.3	2,179.2	2,552.2	14.2	17.9	17.1
El Paso, TX	479.9	591.6	679.6	751.3	23.3	14.9	10.6
Fort Worth — Arlington, TX	990.9	1,361.0	1,710.3	2,121.2	37.3	25.7	24.0
Houston, TX	2,753.2	3,322.0	4,715.4	5,867.5	20.7	41.9	24.4
Jacksonville, FL	737.5	906.7	1,122.8	1,328.1	22.9	23.8	18.3
Las Vegas, NV	528.0	852.7	1,375.8	1,902.8	61.5	61.3	38.3
Los Angeles — Long Beach, CA	7,477.2	8,863.2	9,519.3	9,848.0	18.5	7.4	3.5
Oakland, CA	1,761.7	2,082.9	2,392.6	2,532.8	18.2	14.9	5.9
Orange County, CA	1,932.9	2,410.6	2,846.3	3,026.8	24.7	18.1	6.3
Orlando, FL	700.1	1,224.8	1,644.6	2,082.4	74.9	34.3	26.6
Riverside — San Bernardino, CA	1,558.2	2,588.8	3,254.8	4,143.1	66.1	25.7	27.3
Sacramento, CA	986.4	1,340.0	1,796.9	2,127.4	35.8	34.1	18.4
Salt Lake City — Ogden, UT(2)	910.2	1,072.2	972.5	1,130.3	17.8	−9.3	16.2
San Antonio, TX	1,088.9	1,324.7	1,711.7	2,072.1	21.7	29.2	21.1
San Diego, CA	1,861.8	2,498.0	2,813.8	3,053.8	34.2	12.6	8.5
San Francisco, CA	1,488.9	1,603.7	1,731.2	1,785.1	7.7	8.0	3.1
San Jose, CA	1,295.1	1,497.6	1,735.8	1,839.7	15.6	15.9	6.0
Seattle — Bellevue — Everett, WA	1,651.7	2,033.2	2,343.1	2,611.0	23.1	15.2	11.4
Tampa, FL	1,569.1	2,067.9	2,396.0	2,742.3	31.8	15.9	14.5
Tucson, AZ	531.4	666.9	843.7	1,020.2	25.5	26.5	20.9

(1) In 1994, the U.S. Office of Management and Budget (OMB) redefined the Phoenix Metropolitan Statistical Area (MSA) to include both Maricopa and Pinal counties.

(2) In 2006, the U.S. Office of Management and Budget redefined the Salt Lake City — Ogden Metropolitan Statistical Area (MSA) into two separate areas, the Salt Lake City MSA and the Ogden — Clearfield MSA. Data prior to 2000 reflects the Salt Lake City — Ogden MSA. Data for 2000 and later reflects the Salt Lake City MSA only.

(3) The 2009 numbers are July 1 estimates, as opposed to the Census date of April 1 in each of the other columns.

Source: U.S. Department of Commerce, Census Bureau.

The rapid population growth has been accompanied by even greater employment growth. Non-agriculture wage and salary employment from 1950 through December 2010 in the Phoenix-Mesa-Glendale MSA was up 2,241.0% to 1,741,700 jobs, while the U.S. as a whole grew 190.0%.

Employment growth has also yielded gains in personal income. In 1999, personal income increased by 7.0%, while in 2000, 2001, 2002, 2003, 2004, 2005, 2006 and 2007, personal income increased 10.9%, 4.5%, 4.4%, 5.5%, 9.1%, 10.8%, 10.6% and 5.2%, respectively. However, due to continued decreases in employment, increases in personal income slowed to 1.2% in 2008. According to advanced estimates by the Bureau of Economic Analysis, personal income is projected to decrease 3.5% in 2009. The Greater Phoenix Blue Chip Economic Forecast, a consensus forecast of a number of local economists, estimates personal income to increase by 1.9% in 2010 and 3.5% in 2011.

Business Climate

The Greater Phoenix area enjoys a very positive business climate as evidenced by statistics from the U.S. Census Bureau on the number of business establishments in Maricopa County. From 1982 to 2008, the latest available data, total business establishments increased 160.4%. Growth was strong in all categories: firms with employees of 100 to 499 increased 230.1% over the twenty-six year period; while employers with 500 or more employees increased 309.1% and employers with fewer than 100 employees increased 158.6%.

Employment

Historically, during periods of national economic expansion, Phoenix-Mesa-Glendale MSA employment has grown much more rapidly than the United States as a whole. During periods of slowing in the U.S. economy, the Phoenix-Mesa-Glendale MSA has usually continued to grow, albeit slowly. It has taken a national recession for the Phoenix-Mesa-Glendale MSA to experience employment declines. The National Bureau of Economic Research (NBER) maintains the chronology of the national business cycles and identifies the dates of expansion and recession. On December 1, 2008, the NBER declared that the nation was in a recession and that the recession began in December 2007. In September 2010, the NBER declared that the most recent recession ended in June 2009. This recent recession lasted 18 months and was the longest recession since the end of World War II.

Over the last several decades, Greater Phoenix has become economically healthier and more diversified. During the March 1975 to January 1980 expansion, Phoenix-Mesa-Glendale MSA employment increased 47.1% versus an increase of 18.2% nationally. This exceeded the expansion in other growth areas such as San Diego, Denver and Houston. During the expansion period that began in November 1982, Phoenix-Mesa-Glendale MSA employment growth again outpaced that of comparable fast growth areas. During the November 1982 to July 1990 expansion, Phoenix-Mesa-Glendale MSA employment increased 49.4% versus an increase of 22.4% nationally. During the March 1991 to March 2001 expansion, Phoenix-Mesa-Glendale MSA employment increased 58.4% versus an increase of 22.3% nationally. During the November 2001 to December 2007 expansion, employment in the Phoenix-Mesa-Glendale MSA increased 21.3% versus an increase of 5.3% nationally. Since the most recent expansion began in June 2009 through December 2010, Phoenix-Mesa-Glendale MSA employment increased 3.1% versus a decrease of 0.3% nationally. During the 1980 to 1982 recession, Phoenix-Mesa-Glendale MSA employment increased 6.0% versus a decrease of 0.2% nationally. During the July 1990 to March 1991 recession, Phoenix-Mesa-Glendale MSA employment increased 3.0% versus a decrease of 1.7% nationally. During the March 2001 through November 2001 recession, Phoenix-Mesa-Glendale MSA employment declined 1.0% versus an increase of 0.1% nationally. During the most recent recession from December 2007 to June 2009, Phoenix-Mesa-Glendale MSA employment decreased 13.1% versus a decrease of 5.3% nationally. The underperformance of Greater Phoenix employment during the last recession compared to most peer cities can be attributed to the fact that each of Greater Phoenix's major employment sectors were the most negatively impacted by the national recession all at the same time. These sectors include construction, tourism, financial services, and high-tech manufacturing. See the table on the following page for historical percentage changes in wage and salary growth for Greater Phoenix and other peer MSAs during recessionary and expansion periods.

The 1987 through 1992 period in Maricopa County was a period of modest growth by historic standards. This was due to a number of factors including a slowdown in the national economy, cutbacks in national defense spending and a severe downturn in the commercial real estate market in the metropolitan area. This situation began turning around in 1992 due to a series of events that were quite positive. These included reasonably strong growth in the national economy, an increase in international trade, strength in Greater Phoenix's manufacturing sector, especially the high-tech manufacturing sector, a sustained expansion in single-family housing within Greater Phoenix, strong retail sales within Greater Phoenix, and an end to defense cutbacks by the Federal government.

The years 1993 through early 2001 were strong growth years for the Greater Phoenix economy. Employment in 2001 increased 1.2% following increases of 3.5%, 4.6%, 5.4%, 5.4% and 7.2% in 2000, 1999, 1998, 1997 and 1996, respectively. Several of the economic sectors that usually hold Greater Phoenix in good stead in an economic slowdown were especially hard hit by the events of September 11, 2001, including semiconductor and aerospace manufacturing and tourism. In addition, although an end to the national recession was declared in November 2001, many national economists have suggested that this date ignores that employment levels were especially slow to recover and as a lagging indicator may more accurately describe the state of the economy. In October 2001, employment growth in Greater Phoenix turned negative for the first time since the 1991 recession and remained negative until July 2002. Overall, employment decreased 0.1% in 2002. The Phoenix economy began to rebound in 2003 and employment grew 1.5%, once again exceeding growth in the U.S. as a whole. Greater Phoenix employment was up 3.9% in 2004, 6.2% in 2005 and 6.0% in 2006. In response to the slowing economy related to problems in the subprime mortgage market and tight credit, Greater Phoenix employment began to slow in 2007. In 2007, employment increased only 1.6%. In 2008 and 2009, as the national and Greater Phoenix economies were impacted by the deep recession, employment in Greater Phoenix decreased 2.5% and 7.9% while the U.S. as a whole decreased 0.6% and 4.3%, respectively. During 2010, employment began to grow again in Greater Phoenix, but not enough to turn the average for the year positive. In 2010, employment decreased only 0.8% in Greater Phoenix and in the U.S. as a whole. Employment in Greater Phoenix will continue to be under severe pressure until a trough is reached in the local housing and commercial real estate markets, credit markets stabilize and the national economic recovery strengthens.

NON-AGRICULTURAL WAGE & SALARY EMPLOYMENT
Metropolitan Statistical Areas
Not Seasonally Adjusted

	RECESSION PERIODS					EXPANSION PERIODS				
	Nov. 1973 to Mar. 1975	Jan. 1980 to Nov. 1982	July 1990 to Mar. 1991	Mar. 2001 to Nov. 2001	Dec. 2007 to June 2009	Mar. 1975 to Jan. 1980	Nov. 1982 to July 1990	Mar. 1991 to Mar. 2001	Nov. 2001 to Dec. 2007	June 2009 to Dec. 2010
U.S. Average	(3.7)%	(0.2)%	(1.7)%	0.1%	(5.3)%	18.2%	22.4%	22.3%	5.3%	(0.3)%
Phoenix, AZ(1)	(5.6)	6.0	3.0	(1.0)	(13.1)	47.1	49.4	58.4	21.3	3.1
Tucson, AZ	0.7	6.4	8.0	(0.7)	(9.9)	27.1	24.3	35.3	11.8	3.1
Albuquerque, NM(2)	(3.0)	4.6	(1.1)	0.2	(5.5)	30.2	43.7	34.9	10.0	(0.6)
Atlanta, GA(2)	(7.3)	7.7	(2.7)	(0.1)	(7.5)	35.3	52.7	46.5	7.7	(1.2)
Austin, TX	6.1	18.3	4.4	(2.0)	(1.3)	31.9	37.8	70.4	15.3	1.7
Dallas, TX(2)	N/A	9.6	(1.0)	(2.1)	(4.9)	32.7	28.1	43.1	8.4	1.8
Denver-Boulder, CO(2)	(2.7)	8.9	0.7	(1.5)	(4.3)	30.6	11.5	44.6	5.3	(0.9)
El Paso, TX	1.2	3.7	(0.9)	(1.1)	(3.2)	21.9	27.5	23.9	10.4	0.9
Houston, TX	3.7	10.3	0.6	0.7	(2.4)	39.7	19.7	28.1	13.0	(0.1)
Los Angeles-Long Beach, CA	(3.1)	(2.6)	(2.5)	(1.4)	(8.0)	20.5	17.4	2.8	2.9	(1.2)
Oakland, CA	(1.5)	0.7	0.0	(1.7)	(8.3)	16.9	29.6	21.2	1.2	(3.4)
Portland, OR(2)	(2.0)	(5.6)	(0.9)	(1.4)	(7.3)	27.6	39.6	35.2	10.0	(1.4)
Salt Lake City, UT	1.6	3.4	2.0	(0.8)	(7.0)	23.2	(6.1)	51.1	14.4	0.4
San Antonio, TX(2)	0.1	8.9	1.3	(0.3)	(1.2)	25.6	26.3	38.3	13.5	(0.4)
San Diego, CA	1.7	2.8	0.3	1.4	(6.4)	37.0	44.9	25.7	7.4	(1.0)
San Francisco, CA(3)	0.5	1.5	(1.4)	(6.1)	(6.4)	17.0	8.8	16.2	(1.3)	(2.7)
San Jose, CA(2)	(0.7)	7.4	(1.5)	(8.8)	(7.1)	44.3	17.6	30.0	(4.5)	(0.4)
Seattle, WA(2)	2.6	(1.1)	(1.2)	(1.6)	(3.5)	37.1	45.6	26.9	8.4	(2.5)

— = Data not available.

(1) In 1994, the U.S. Office of Management and Budget (OMB) redefined the Phoenix Metropolitan Statistical Area (MSA) to include both Maricopa and Pinal counties. Data prior to 1974 reflects Maricopa County data only.

(2) In 2003, the U.S. Office of Management and Budget redefined these areas to reflect data from the 2000 Census. Data for the redefined areas has been recalculated to reflect the change back to 1990 only.

(3) Prior to 1982, the San Francisco MSA included Oakland, CA.

Source: Labor Market Information from various states.

NON-FARM WAGE & SALARY EMPLOYMENT
Percent Distribution
Annual Averages through December 2010

Sector	Phoenix-Mesa-Glendale MSA	United States
Manufacturing	6.4%	8.9%
Natural Resources & Mining	0.2	0.5
Construction	5.1	4.3
Total Goods Producing	11.7	13.7
Transportation, Warehousing, Utilities	3.6	3.6
Trade	17.5	15.3
Information	1.6	2.1
Financial Activities	7.9	5.9
Services	44.0	42.1
Government	13.7	17.3
Total Service Producing	88.3	86.3
Non-Farm Wage & Salary	100.0%	100.0%

Note: Annual averages may not add due to rounding.

Source: Arizona Department of Economic Security, U.S. Department of Labor.

The diversity of the employment mix is the primary reason why one sector alone has typically not caused the Phoenix metropolitan area economy as a whole to deteriorate as rapidly as other areas of the U.S. during recessionary periods. The employment mix of the Phoenix-Mesa-Glendale MSA is well diversified and mirrors that of the United States in many respects. However, it is somewhat over-represented in construction and financial employment when compared to the U.S. as a whole, due to the rapid population and employment growth. It is under-represented in manufacturing, but its manufacturing mix is much more concentrated in high technology than that of the United States. As of December 2010, high technology manufacturing represents 44.2% of the manufacturing jobs in Greater Phoenix versus 13.7% nationally. This is a significant, positive factor in the long run because these high-technology manufacturing sectors are likely to grow at rates greater than that of non-high-tech manufacturing. However, these industries tend to be cyclical in nature and therefore, during periods of slower national economic growth, Greater Phoenix manufacturing will likely be negatively affected. In addition, manufacturing employment in the U.S. has been affected by the movement of manufacturing jobs to less expensive labor markets abroad.

Arizona's manufacturing industry is concentrated in the Phoenix-Mesa-Glendale MSA. According to the Arizona Department of Commerce, Research Administration, the Phoenix-Mesa-Glendale MSA has approximately 3,368 manufacturing firms employing approximately 109,307 workers as of the first quarter of 2010 (latest available data). This represents 74.1% of the State's total manufacturing employment. Major manufacturers located in Greater Phoenix include Honeywell, Intel, On Semiconductor, Freeport-McMoRan Copper & Gold, Boeing, General Dynamics, IBM, Freescale, Avnet, Sonora Quest Laboratories and Shamrock Foods. As of December 2010, employment in manufacturing accounted for 6.4% of total non-agricultural wage and salary employment in the Phoenix-Mesa-Glendale MSA. In 2006, manufacturing employment in Greater Phoenix grew 2.4% compared to a 0.5% decrease nationally. In 2007, manufacturing employment in Greater Phoenix declined 1.9%, compared to a 2.0% decrease nationally. In 2008, manufacturing employment in Greater Phoenix declined 5.5% compared to a 3.4% decrease nationally. In 2009, manufacturing employment in Greater Phoenix declined 12.1%, compared to an 11.4% decrease nationally. In 2010, manufacturing employment in Greater Phoenix declined 3.9%, compared to a 2.7% decrease nationally. The Greater Phoenix Blue Chip Economic Forecast estimates that total manufacturing employment in Greater Phoenix will increase 2.2% in 2011.

NON-FARM WAGE AND SALARY EMPLOYMENT
Phoenix-Mesa-Glendale
Metropolitan Statistical Area

(Yearly Average in thousands)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
National Resources and Mining	2.4	2.2	2.0	2.1	2.2	2.7	3.2	3.8	3.0	2.9
Construction	128.3	126.1	129.3	141.6	163.9	180.1	169.4	139.4	96.1	87.0
Manufacturing	153.2	137.5	130.9	131.9	136.5	139.9	137.2	129.7	114.0	109.6
Trade, Transportation, and Utilities										
Wholesale Trade	79.6	78.4	77.5	79.2	82.9	87.1	89.8	89.3	84.2	86.4
Retail Trade	186.2	188.0	192.1	201.0	216.5	227.5	234.5	227.4	209.0	212.6
Transp., Warehousing, and Utilities	58.6	59.1	59.3	60.5	62.6	65.0	67.5	67.0	62.5	61.8
Information	41.6	39.4	37.4	34.6	33.3	32.4	31.2	31.2	29.3	27.2
Financial Activities	129.6	131.2	134.5	138.7	147.0	153.4	153.6	147.3	139.3	134.0
Professional and Business Services	259.4	253.5	258.6	273.8	296.8	319.1	325.3	309.5	275.7	276.7
Education and Health Services	143.7	153.0	163.3	173.6	184.1	196.3	206.2	217.9	224.1	231.8
Leisure and Hospitality	152.5	153.5	156.0	161.9	170.4	180.5	186.2	184.6	174.6	174.7
Other Services	59.3	61.6	62.5	64.2	66.0	71.0	72.1	73.4	68.6	66.7
Government	203.4	212.7	216.5	220.8	225.5	229.2	238.7	246.0	239.1	234.4
Total	1,597.7	1,596.1	1,619.8	1,683.8	1,787.8	1,884.1	1,914.8	1,866.3	1,719.6	1,705.9

Note: Annual averages may not add due to rounding.

Source: U.S. Department of Labor, Bureau of Labor Statistics; Arizona Department of Commerce, Research Administration.

Greater Phoenix trade employment was up 5.1% in 2006 and 3.1% in 2007. Greater Phoenix trade employment declined 2.3% in 2008 and 7.4% in 2009, but increased 2.0% in 2010. Employment in trade, accounting for 17.5% of total non-agricultural wage and salary employment in the Phoenix-Mesa-Glendale MSA, is affected by retail sales. Trade employment increases as retail sales rise, and trade employment decreases as retail sales fall. According to the Arizona Department of Revenue, retail sales were up 7.9% in 2006 and 0.1% in 2007, but declined 10.3% in 2008 and 10.6% in 2009. For the first eleven months of 2010, retail sales were flat (0.0% growth) over the similar period in 2009. The Greater Phoenix Blue Chip Economic Forecast estimates an increase in retail sales of 6.0% in 2011.

The expansion of the Greater Phoenix economy in the past has generated employment in the financial activities category. This sector includes finance, insurance and real estate employment and rental and leasing employment. Employment in financial activities accounts for 7.9% of total non-agricultural wage and salary employment in the Phoenix-Mesa-Glendale MSA. Employment in this sector increased 4.4% in 2006 and 0.1% in 2007, but declined 4.1% in 2008, 5.4% in 2009 and 3.8% in 2010. The slowdown of the Greater Phoenix economy has caused the slowdown in finance and insurance employment. Similarly, the slowdown in housing has contributed to the decline in real estate employment.

The services industry, particularly business services, has also contributed to the sustained historical growth in Greater Phoenix. The services employment category has four sub-categories including professional and business, educational & health, leisure & hospitality and other services. In total, services account for 44.0% of total non-agricultural wage and salary employment in the Phoenix-Mesa-Glendale MSA. Employment in this sector increased 6.9% in 2006 and 3.0% in 2007, but declined 0.6% in 2008 and 5.4% in 2009. In 2010, Greater Phoenix services employment increased 0.9%.

Professional and business services employment, 37.4% of total services industry employment, is a strong contributor to services growth. Employment in this service industry sub-category increased 7.5% in 2006 and 1.9% in 2007. The slowdown in the national economy since the current recession began has affected professional and business services in the Phoenix-Mesa-Glendale MSA. Employment in this service industry sub-category decreased 4.9% in 2008 and 10.9% in 2009, but increased 0.4% in 2010.

A significant portion of services industry employment is related to tourism. Leisure and hospitality employment, 22.9% of total services employment, has slowed due to the slowdown in the national economy. Construction of three resorts within Greater Phoenix was completed in 2002. The Westin Kierland Resort, Marriott Desert Ridge and the Sheraton Wild Horse Pass added a total of 2,200 hotel rooms. A number of hotels within Greater Phoenix were completed in 2007 and early 2008. The Marriott Renaissance at Westgate, Marriott Residence Inn, Hampton Inn at Westgate, Spring Hill Suites, Holiday Inn Express and the Comfort Inn all opened in Glendale adding a total of 917 hotel rooms. Three notable hotels within Greater Phoenix were completed in the second half of 2008. The Phoenix Downtown Sheraton Hotel (1,000 rooms), The W Hotel Scottsdale (224 rooms), and the Intercontinental Montelucia Resort and Spa in Paradise Valley (293 rooms) opened adding a total of 1,517 hotel rooms. In addition, 13 select-service hotels opened throughout Greater Phoenix totaling approximately 1,500 rooms. Overall market conditions and the continued pressure on the capital markets have dramatically slowed hotel development throughout Greater Phoenix. The Hilton Phoenix Chandler and the aloft Hotel Tempe opened in the first half of 2009 adding 333 hotel rooms. In addition to a limited number of select-service hotels, the most notable hotel that opened in the second half of 2009 was Gila River Casino Hotel (260 rooms). The Talking Stick Resort at Casino Arizona (500 rooms) and a few limited service hotels such as Holiday Inn Phoenix, Legado Inn in Gilbert and Residence Inn in Surprise opened in 2010. The Westin Phoenix downtown (242 rooms) opened in March 2011 and the Radisson Hotel Glendale (120 rooms), along with four other limited service hotels in Phoenix, Maricopa and Tempe, are expected to open later in 2011. With the exception of the these few hotels, new hotel openings in Greater Phoenix will be limited to a moderate number of select-service properties, with no other notable hotels likely to open until the 2013-2014 timeframe. Employment in this services industry sub-category increased 5.9% in 2006 and 3.2% in 2007, but declined 0.9% in 2008 and 5.4% in 2009. In 2010, Greater Phoenix leisure and hospitality services employment increased 0.1%. Employment in this sub-sector is expected to remain slow as the national economy slowly recovers.

Educational and health services employment is related to population flows and the aging of the population and should continue to grow in Greater Phoenix. Employment in this services industry sub-category increased 6.6% in 2006, 5.0% in 2007 and 5.7% in 2008. Educational and health services employment began to slow in 2009 due to the slowing economy, the slowing population flows and reduced school district budgets. Employment growth in this services industry sub-category slowed to 2.8% in 2009 and 3.4% in 2010.

The government sector includes employment in federal, state and local governments. Employment in government accounts for 13.7% of total non-agricultural wage and salary employment in the Phoenix-Mesa-Glendale MSA. Total government sector employment advanced 1.6% in 2006 and 4.1% in 2007. In 2008, total government sector employment advanced 3.1%, but decreased 2.8% in 2009 and 2.0% in 2010.

The table on the following page lists the major private-sector employers in Arizona within each main employment sector.

2010 GREATER PHOENIX MAJOR EMPLOYERS

SERVICES
(Excluding Resorts and Health Services)

Diversified Human Resources Inc.	42,600
National PEO, LLC	27,000
AmCheck Payroll HR Benefits	26,400
US Airways (formerly America West Airlines)	9,300
Wells Fargo & Company	9,200*
ADP TotalSource	8,000
Consolidated Personnel Services Inc.	7,800
Apollo Group Inc.	7,500*
Bank of America	6,500*
Creative Business Resources	6,500
JPMorgan Chase & Co.	6,100*
ManageStaff Inc.	5,000
Salt River Project	4,800
American Express	4,400

HEALTH SERVICES

Banner Health (Merged with Sun Health)	20,200
Catholic Healthcare West	7,400
Scottsdale Health Care	6,700
St. Joseph's Hospital	4,400
Vanguard Health System	3,800
Mayo Clinic	3,800
Maricopa Integrated Health Systems	3,800
Caremark	3,700*
John C. Lincoln Health Network	3,500

RESORTS

Pointe Hilton	1,600
JW Marriott Desert Ridge Resort	1,300
The Phoenician	1,200
Arizona Biltmore Resort	1,200
Fairmount Scottsdale Princess	1,200

RETAIL TRADE

Wal-Mart Stores Inc.	20,700*
Target	6,300*
Basha's	6,000*
Safeway, Inc.	5,300*
Home Depot	5,000*
Walgreens	4,100*
Fry's Food and Drug Stores	3,100*
Sprouts Farmers Market	2,500
PetSmart Inc.	1,800

MANUFACTURING

Honeywell	10,000
Intel Corporation	10,000
Freeport-McMoRan Copper & Gold, Inc. (Formerly Phelps Dodge)	6,100
Boeing	4,700
General Dynamics	3,500
IBM	3,000
Freescale	3,000

GOVERNMENT/SCHOOLS

State of Arizona	34,400*
City of Phoenix	15,090
Maricopa County	13,000
Arizona State University	12,000
Mesa Public Schools	9,200
Luke Air Force Base	8,000
U. S. Postal Service	5,700*
Maricopa County Community College District	4,800
City of Mesa	3,500

* Estimate based on total employees in the State of Arizona.

Source: Elliott D. Pollack & Co.

Unemployment

The Phoenix-Mesa-Glendale MSA average unemployment rate has generally been consistently below the State and national average. In 2006, the average unemployment rate in the Phoenix-Mesa-Glendale MSA was 3.5% compared to 4.1% for Arizona and 4.6% for the U.S. In 2007, the average unemployment rate in the Phoenix-Mesa-Glendale MSA was 3.3% compared to 3.8% for Arizona and 4.6% for the U.S. In 2008, the average unemployment rate in the Phoenix-Mesa-Glendale MSA was 4.9% compared to 5.9% for Arizona and 5.8% for the U.S. The unemployment rates began to increase rapidly in mid-2008. In 2009, the average unemployment rate for the Phoenix-Mesa-Glendale MSA was 8.5% compared to 9.0% for Arizona and 9.3% for the U.S. In 2010, the average unemployment rate for the Phoenix-Mesa-Glendale MSA was 8.8% compared to 9.5% for Arizona and 9.6% for the U.S. The table below shows unemployment statistics for Greater Phoenix in comparison to Arizona and the nation.

COMPARATIVE UNEMPLOYMENT STATISTICS
Phoenix-Mesa-Glendale
Metropolitan Statistical Area
(Annual Average, Seasonally Adjusted)

Year	Employed Phoenix-Mesa-Glendale MSA	Unemployed Phoenix-Mesa-Glendale MSA	Unemployment Rate: Phoenix-Mesa-Glendale MSA	Unemployment Rate: Arizona	Unemployment Rate: U.S.
2010	1,938,200	187,400	8.8%	9.5%	9.6%
2009	1,925,300	178,100	8.5%	9.0%	9.3%
2008	2,011,000	103,700	4.9	5.9	5.8
2007	1,984,600	67,600	3.3	3.8	4.6
2006	1,937,800	70,900	3.5	4.1	4.6
2005	1,853,100	78,900	4.1	4.6	5.1
2004	1,783,600	82,600	4.4	4.9	5.5
2003	1,727,300	95,600	5.2	5.7	6.0
2002	1,686,600	100,650	5.6	6.0	5.8
2001	1,648,600	72,300	4.2	4.7	4.8
2000	1,609,100	55,700	3.3	4.0	4.0
1999	1,591,100	51,200	3.1	4.5	4.2
1998	1,534,500	45,100	2.9	4.3	4.5
1997	1,465,800	45,500	3.0	4.6	4.9

Source: U.S. Department of Labor, Bureau of Labor Statistics

Construction/Real Estate Market

During the 1990s, the construction/real estate market in Maricopa County fully recovered from the recession of the late 1980s, when the State faced a national recession, a severe real estate recession and defense cutbacks. Using Arizona State University data, which includes Maricopa County and part of Pinal County (the Apache Junction area), single-family permits declined annually from 1986 through 1990; however, single-family permit activity was up 27% in 1991, 36% in 1992, 19% in 1993, 22% in 1994, 0.7% in 1995, 5.0% in 1996, 3.4% in 1997 and 16.1% in 1998. There were 26,824 single-family permits issued in Maricopa County in 1995, 28,157 issued in 1996, 29,109 issued in 1997 and a record 33,811 issued in 1998. Indeed, 1998 was the eighth consecutive year of increased single-family permit activity. In 1999 and 2000, the number of single-family permits issued declined modestly by 1.7% and 2.3%, respectively, to 33,252 permits in 1999 and 32,511 permits in 2000.

In addition to a decline in single-family permits, the City of Phoenix had also experienced a decline in market share for residential permits within the Greater Phoenix area in the late-1990s and early-2000s. This was a result of the final build-out of certain major master planned communities within the City of Phoenix and the opening or expansion of new planned communities outside of the City's boundary. However, this trend reversed itself in the mid-2000s with strong growth in a number of new communities within the City of Phoenix. Likewise, many communities outside the City's boundary had reached build-out. The City of Phoenix captured 23.5% of the market in 2003, 28.3% of the market in 2004, 27.0% of the market in 2005, 30.8% of the market in 2006, 37.4% of the market in 2007, 27.5% of the market in 2008 and 25.8% of the market in 2009. As of third quarter 2010, the City of Phoenix captured 24.5% of the market. The long term average capture rate for the City of Phoenix is 25.6%.

Similar to market share, single-family permits issued in Greater Phoenix increased 7.2% to 38,745 permits in 2002. Both 2003 and 2004 were record years for single-family construction with permit issuance up 19.7% and 28.6% to 46,382 and 59,731 permits, respectively. In 2005, single-family permits issued increased 3.0% to 61,447 permits. In an over response to high demand for single-family homes between 2003 and mid-2005 and increasing home prices, an excess number of single-family housing units were built during this period, even as demand began to slow by late 2005. This excess housing inventory resulted in a reduction in the number of single-family housing permits issued in Greater Phoenix of 36.9% to 38,764 permits in 2006. In 2006, the number of single-family units built was more consistent with the demographic demand and for the first time in several years, completions (closings) exceeded new permits. This indicated that builders were beginning to work off their existing inventory. Despite the reduction in the number of single-family housing permits, 2006 was still the fourth strongest housing year on record, which appears to indicate that 2004 and 2005 were extremely robust years and that the market began to return to a more sustainable level. As further evidence of the market's return to a more sustainable level, permits were down 22.5% to 30,029 permits in 2007, down 52.1% to 14,375 permits in 2008, down 41.0% to 8,487 permits in 2009 and down another 16.2% to 7,112 permits in 2010.

Single-family housing prices in Greater Phoenix increased significantly between mid-2004 and mid-2005. According to the Multiple Listing Service (MLS), housing listing prices jumped 96.8% to a median listed price of $359,900 in May 2005. This record increase in listing prices appears to have been the result of a transitory supply/demand imbalance caused by strong population flows, a large number of homes purchased for investment purposes, a jump in demand for second homes and vacation homes, the movement of people from apartments into single-family homes, easy credit, and excess liquidity in the financial markets. In addition, during that period from mid-2004 to mid-2005, there was a substantial decline in the number of units in the MLS and an increase in the delivery time of new homes by homebuilders due to factors such as the inability of cities to process entitlements in a timely manner due to high workloads and labor bottlenecks.

Housing price increases began to level in 2006 as a result of slowing demand, which increased the number of units listed in the MLS, and lessened investor activity. In fact, housing prices began declining in 2007 in Greater Phoenix as they did nationally. According to the S&P/Case-Shiller Home Price Index (a series that tracks changes in existing single-family home prices given a constant level of quality), Greater Phoenix housing prices increased only 0.3% in 2006, declined 15.3% in 2007, declined 18.4% in 2008 and were down another 9.2% in 2009. Downward pressure on prices continued through the first half of 2009, but prices appeared to have bottomed in May 2009. However, home prices once again started to decrease in late 2010 and Greater Phoenix housing prices ended 2010 down 4.3%. As of December 2010, existing single-family home prices were down 54.7% from their peak in June 2006. As a result of the sharp decline in single-family home prices over the last few years, Greater Phoenix is once again more affordable than many major metropolitan areas in the west. As of third quarter 2010, the median price of an existing single-family home in Greater Phoenix was $138,000, compared to $177,900 nationally.

As the economy remains weak both nationally and locally, the current excess supply of single-family houses along with the number of foreclosures has increased, thus adding additional inventory to an already oversupplied market. In addition, tighter credit standards, continued declines in employment and significant slowdowns in population growth have reduced the size of the buyer pool. These problems appear to be slowly abating. There has been a recent upturn in the sale of existing single-family homes due to dramatic increases in affordability. The considerable decrease in home prices has attracted buyers that normally would not be in the market and investors that want to take advantage of the low prices. A full recovery could be three to five years away.

In the past, multi-family housing has been hit harder by recession than single-family housing. Permits declined from 1984 through 1990, but a recovery in multi-family housing began in 1991. The number of permits issued increased each year from 1991 through 1996. In 1997 the number of permits issued declined 7.1% to 7,930 units and remained just under 8,000 per year for 1998 and 1999. In 2000, 2001, 2002, 2003, 2004, 2005 and 2006 there were

8,009, 7,201, 5,134, 4,682, 4,997, 3,250 and 3,922 units permitted, respectively. Multi-family housing construction was hit hard during those years by low interest rates that made single-family housing more affordable. As a result, demand for single-family homes increased while demand for multi-family homes subsided. Permits increased to 6,676 in 2007, decreased slightly to 6,365 in 2008, decreased to 637 in 2009 and decreased to 408 in 2010. The Greater Phoenix Blue Chip Economic Forecast projects multi-family permits to increase to 1,600 in 2011. Despite the fluctuation in demand, multi-family housing has enjoyed low levels of vacancy since 1993 due to modest levels of construction. More recently, vacancy rates were 5.0% in 2005 and 5.3% in 2006, but increased to 8.5% at year-end 2007, 10.8% at year-end 2008 and 14.2% at year-end 2009. The low vacancy rates, in 2005 and 2006, despite the fact that absorption was relatively modest in those years, was due to a decrease in the number of apartments in Greater Phoenix in 2005 and again in 2006. According to the Arizona State University Real Estate Center, more than 18,500 multi-family units were converted into condominiums in 2005 and 2006. Because of this tighter market, rents for apartments increased in 2005 and 2006 and continued to increase in 2007. This trend has reversed as condominiums are being converted back to apartments, apartments experience substantial competition from single-family rental homes and population inflows slow. In 2010, multi-family vacancy rates were 10.3%. The Greater Phoenix Blue Chip Economic Forecast projects multi-family vacancy rates to increase slightly to 11.0% in 2011.

The commercial real estate market is currently experiencing the same supply and demand imbalance that exerted downward pressure on single-family housing prices and new housing permits from 2007 through 2009. The imbalance in the commercial market has lagged the residential market due to the commercial market's long lead times between project conceptualization and project completion. Most of the commercial buildings that were completed in 2009 were conceptualized and started when the market was still strong. The decrease in demand is a result of declines in employment growth, the general economic downturn and the inability of investors to access the credit markets due to the severe credit crunch. Other factors affecting commercial real estate include increasing delinquency rates on outstanding commercial loans, an increasing number of balloon payments coming due at a time when the underlying commercial real estate collateral is worth substantially less than the amount of the outstanding loan amount and higher vacancy rates translating into poor cash flows deterring investors from buying the financially distressed properties.

The year 1996 was the first since 1991 that new office construction took place. Vacancy rates peaked in 1986 at just over 30%, but declined to 7.5% in 1997. In 2005, a total of 857,900 square feet of office space was added to the market, while 3.1 million square feet was absorbed. In addition, nearly 1.2 million square feet of office space was converted to office condominiums and residential condominiums. As a result, the office vacancy rate in 2005 declined to 12.6%. In 2006, a total of 2.2 million square feet of office space was added to the market, while 3.2 million square feet was absorbed. As of year-end 2006, the office vacancy rate declined to 11.1%. In 2007, a total of 4.9 million square feet of office space was added to the market, while 1.5 million square feet was absorbed. As of year-end 2007, the office vacancy rate increased to 13.9%. In 2008, 3.4 million square feet of office space was added to the market, while a net 603,000 square feet was vacated. As of year-end 2008, the office vacancy rate increased to 19.1%. In 2009, office vacancies began to approach levels not seen since the late-80s. In 2009, 1.8 million square feet of office space was added to the market, while absorption was a negative 2.4 million square feet. In 2009, the office vacancy rate increased to 24.5%. In 2010, 2.0 million square feet of office space was added to the market, while 849,955 square feet was absorbed. In 2010, the office vacancy rate increased to 26.2%. Due to the high vacancy rate, office construction has virtually halted. According to the Greater Phoenix Blue Chip Economic Forecast, office space absorption is expected to be approximately 700,000 square feet in 2011 and 1.5 million square feet in 2012. Greater Phoenix new office construction is expected to decline to 200,000 square feet in 2011 and 360,000 square feet in 2012. Due to the high level of vacancy rates, it is likely to be several years before any significant new office space is required.

Along with the rapid growth in single-family housing over the last decade, the corresponding demand for retail space was relatively strong. More recently, additional supply has slowed due to the slowdown in overall retail sales. Retail vacancy rates were 7.4% in 1997 but declined to 6.3%, 5.5% and 5.3% in 1998, 1999 and 2000, respectively. According to CB Richard Ellis, the retail vacancy rates rose to 6.6% in 2001, 7.3% in 2002 and 7.4% in 2003, but dropped to 6.1% in 2004, 5.3% in 2005 and 5.1% in 2006 in response to the strengthening economy. In 2007, 11.1 million square feet of inventory was added, while 9.4 million square feet was absorbed. Therefore, the retail vacancy rate increased in 2007 to 6.2%. In 2008, 6.2 million square feet of inventory was added, while 3.4 million square feet was absorbed, increasing the retail vacancy rate to 7.5%. In 2009, 4.4 million square feet of inventory was added, while absorption was a negative 1.0 million square feet, increasing the retail vacancy rate to 11.4%. In 2010, 902,380 square feet of inventory was added, while absorption was a negative 1.6 million square feet, increasing the vacancy rate to 12.2%. The significant slowdown in new residential construction suggests a negative outlook for the retail market. According to the Greater Phoenix Blue Chip Economic Forecast, retail vacancy rates are projected to be 12.4% at year-end 2011, the highest since 1991.

The industrial space market experienced healthy absorption from 1991 through 2000. Vacancy rates declined from a peak of 14.8% in 1991 to 7.4% by the end of 2000. New construction increased in response to the low vacancy rates. According to CB Richard Ellis, approximately 5.1 million square feet of new industrial space was built in 2002, while only 3.4 million square feet was absorbed. Therefore, the vacancy rate increased to 10.3% in 2002 compared to 9.8% in 2001. In 2003, 3.4 million square feet was added and 4.4 million square feet was absorbed, pushing the vacancy rate down to 9.7%. In 2004, 4.5 million square feet was added while 6.3 million square feet was absorbed, reducing the vacancy rate to 8.5%. In 2005, 6.3 million square feet of industrial space was built and 12.3 million square feet was absorbed, reducing the vacancy rate to 5.6%. In 2006, 7.0 million square feet of industrial space was built and 6.0 million square feet was absorbed, increasing the vacancy rate to 6.7%. In 2007, 13.9 million square feet of industrial space was built and 8.4 million square feet was absorbed, increasing the vacancy rate to 8.4%. In 2008, 13.5 million square feet of industrial space was built and 2.3 million square feet was absorbed, increasing the vacancy rate to 12.5%. In 2009, 4.8 million square feet of industrial space was built and absorption was a negative 12.8 million square feet, increasing the vacancy rate to 16.1%. In 2010, 2.5 million square feet of industrial space was built and 7.5 million square feet was absorbed, decreasing the vacancy rate to 14.7%. According to the Greater Phoenix Blue Chip Economic Forecast, industrial vacancy rates are projected to decrease to a 13.0% or 14.0% range in 2011.

The long-term demographics of Greater Phoenix suggest that the housing market will perform well over time and that the current slowdown is cyclical in nature. Nonetheless, the slowdown is a near-term problem and as construction continues to slow, the economy as a whole is affected. Commercial construction has weakened in response to employment declines, a slowdown in population growth and higher vacancy rates. After growing by 4.2% in 2000 and 4.1% in 2001, construction employment declined 1.7% in 2002, but increased 2.5% in 2003, 9.5% in 2004, 15.7% in 2005 and 9.9% in 2006. Construction employment declined 5.9% in 2007, declined 17.7% in 2008, declined 31.1% in 2009 and was down another 9.4% in 2010. According to the Greater Phoenix Blue Chip Economic Forecast, construction employment will increase 1.0% in 2011. The projected increase in 2011 is likely to be optimistic due to continued weakness in new residential construction combined with declines in commercial construction. The residential and commercial construction markets are not likely to return to normal until 2014 or 2015.

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

Year	Residential	Commercial	Industrial	Other	Total
2010*	$ 417,567	$ 127,948	$107,551	$1,321,999	$1,975,065
2009	608,734	189,887	114,331	1,083,857	1,996,809
2008	706,043	1,343,712	175,831	1,596,875	3,822,461
2007	1,376,263	1,226,910	150,945	1,356,322	4,110,440
2006	1,958,189	1,105,289	145,799	1,061,248	4,270,525
2005	2,613,500	841,115	151,348	740,718	4,346,681
2004	2,424,526	521,307	47,951	898,179	3,891,963
2003	1,633,586	401,306	41,803	692,690	2,769,385
2002	1,233,033	429,049	47,250	526,263	2,235,595
2001	931,463	1,105,088	50,292	946,859	3,033,702
2000	752,495	967,373	157,826	580,794	2,458,488

* Year-to-date through September 2010.

Source: Center for Real Estate Research and Practice, College of Business Administration, Arizona State University.

VALUE OF BUILDING PERMITS
MARICOPA COUNTY
($ in thousands)

Year	Residential	Commercial	Industrial	Other	Total
2010*	$1,473,533	$ 642,519	$131,944	$1,607,275	$ 3,855,271
2009	1,879,028	1,184,110	189,970	1,482,834	4,735,942
2008	2,648,031	3,877,594	315,845	2,408,825	9,250,295
2007	5,022,311	4,375,147	321,195	2,257,246	11,975,899
2006	6,512,139	3,397,828	286,877	2,085,842	12,282,686
2005	9,125,736	3,143,475	267,259	1,470,131	14,006,601
2004	9,165,871	2,057,732	139,029	1,622,472	12,985,104
2003	7,039,184	1,541,602	87,682	1,399,822	10,068,290
2002	5,750,850	1,620,722	86,044	1,231,003	8,688,619
2001	5,088,241	2,256,850	345,985	1,641,521	9,332,597
2000	4,774,188	2,144,767	253,472	1,493,186	8,665,613

* Year-to-date through September 2010.

Source: Center for Real Estate Research and Practice, College of Business Administration, Arizona State University.

NEW HOUSING STARTS (1)

Year	City of Phoenix	Maricopa County
2010*	1,300	5,311
2009	1,971	7,638
2008	5,046	18,366
2007	13,277	35,465
2006	12,413	40,294
2005	15,148	56,018
2004	16,664	58,822
2003	11,257	47,808
2002	9,154	43,737
2001	9,754	43,732
2000	8,052	43,908

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

* Year-to-date through September 2010.

Source: Center for Real Estate Research and Practice, College of Business Administration, Arizona State University.

Outlook/Conclusion

According to the National Bureau of Economic Research, the recession ended June 2009. Signs that the national economy is stabilizing are beginning to emerge and the economic stimulus programs by the federal government, though not expected to change the underlying dynamics of the national economy, are expected to continue to add an additional boost to the economy. The City has been awarded more than $429 million in federal stimulus funding with the majority of the funds earmarked for capital projects throughout the City. According to the National Blue Chip Economic Indicators panel, real Gross Domestic Product (GDP) growth is expected to increase by 3.2% in 2011 and 3.3% in 2012.

The economic downturn severely affected Greater Phoenix. The local economy is very dependent on growth and the recession has caused a significant decline in both population growth and jobs. In 2010, employment growth was down 0.8%. According to the Greater Phoenix Blue Chip Economic Indicators panel, the rate of employment growth is expected to increase 1.8% in 2011. According to the Greater Phoenix Blue Chip Economic Forecast, retail sales, which declined 10.6% in 2009 and are expected to be flat (0.0%) in 2010, are projected to increase by 6.0% in 2011. According to advanced estimates by the Bureau of Economic Analysis, personal income is expected to increase 1.2% in 2008, decrease 3.5% in 2009, increase 1.9% in 2010 and increase 3.5% in 2011.

Overall, the Greater Phoenix economy will take several years to recover. Nevertheless, Phoenix continues to be an attractive place to live and work and it is expected to continue to grow at a rate greater than the U.S. as a whole. The City of Phoenix along with the Greater Phoenix Economic Council are working together to attract wealth-generating companies from outside the region to Phoenix. These high-wage industries include aerospace and aviation, advanced business services, bioscience, high tech and sustainability. Employers that have recently relocated their headquarters or major operations to Phoenix include Dunn Edwards, First American Home Warranty, Amazon, Power One, Assa Abloy, Gap Incorporated Direct and Visiongate.

The recent drop in home prices has made Phoenix housing very affordable compared to most other western cities. Affordable housing is expected to be another key reason why Phoenix will emerge from the recent recession stronger than many other areas of the country.

MARICOPA COUNTY RETAIL SALES
($ in millions)

Year	Amount	Percentage Change
2010*	$31,312	0.0%
2009	35,028	−10.6
2008	39,199	−10.3
2007	43,712	0.1
2006	43,686	7.9
2005	40,500	14.2
2004	35,466	9.6
2003	32,371	5.5
2002	30,690	0.3
2001	30,606	1.5
2000	30,168	8.4
1999	27,825	10.4
1998	25,207	7.9
1997	23,360	7.8

* Year-to-date percentage change through November 2010 compared to the same period in 2009.

Source: Arizona Department of Revenue.

SCHEDULED AIRLINES SERVING PHOENIX SKY HARBOR INTERNATIONAL AIRPORT

Aeromexico
Air Canada
AirTran Airways(1)
Alaska Airlines
American Airlines
British Airways
Continental Airlines(2)
Delta Airlines
Frontier Airlines(3)
Great Lakes Airlines
Hawaiian Airlines
JetBlue Airways
Mesa Airlines (dba US Airways Express)
Mesaba (dba Delta Connection)
Midwest Airlines(3)
SkyWest Airlines (dba Delta Connection and United Express)
Southwest Airlines(1)
Sun Country
United Airlines(2)
US Airways
WestJet

(1) In September 2010, Southwest Airlines announced its intent to purchase AirTran Airways, subject to regulatory approval.

(2) In early May 2010, United Airlines and Continental Airlines announced their intent to merge.

(3) In April 2010, Republic Airways Holdings announced that Midwest Airlines and Frontier Airlines would merge under the Frontier brand.

Source: City of Phoenix Aviation Department.

PHOENIX SKY HARBOR INTERNATIONAL AIRPORT TRAFFIC

	2010	% Change Year Ago	2009	% Change Year Ago	2008	% Change Year Ago
AIR PASSENGER ARRIVALS						
January	1,534,535	1.5%	1,511,668	−10.4%	1,686,201	−1.8%
February	1,467,374	2.6	1,429,892	−14.4	1,670,456	0.8
March	1,813,268	3.5	1,751,706	−10.2	1,949,849	−1.5
April	1,610,533	−0.6	1,619,912	−8.3	1,766,118	−0.8
May	1,610,201	3.5	1,555,673	−9.8	1,724,492	−4.7
June	1,639,182	3.5	1,584,073	−7.3	1,708,692	−6.3
July	1,671,530	−0.8	1,684,927	−4.5	1,764,788	−6.8
August	1,591,477	−1.3	1,612,836	−3.9	1,677,806	−8.1
September	1,465,897	2.2	1,433,994	−1.1	1,449,305	−12.1
October	1,645,246	1.8	1,616,310	1.2	1,596,478	−9.8
November	1,595,950	3.9	1,535,721	3.1	1,489,505	−12.7
December	1,683,329	3.0	1,634,551	2.7	1,591,010	−2.3
Total	19,328,522	1.9%	18,971,263	−5.5%	20,074,700	−5.5%
AIR PASSENGER DEPARTURES						
January	1,530,672	2.9%	1,487,884	−8.9%	1,634,106	−1.4%
February	1,437,078	3.0	1,394,933	−14.4	1,629,214	0.6
March	1,771,135	1.4	1,746,691	−9.2	1,922,896	0.4
April	1,694,468	1.4	1,670,620	−4.4	1,746,996	−4.3
May	1,658,410	3.1	1,608,064	−8.7	1,761,520	−4.2
June	1,663,825	3.6	1,605,749	−6.8	1,723,285	−6.2
July	1,648,171	−0.7	1,659,848	−3.6	1,722,176	−6.0
August	1,541,016	−1.3	1,561,173	−4.7	1,638,304	−7.8
September	1,442,439	2.7	1,404,465	−0.5	1,412,132	−11.6
October	1,611,060	2.4	1,573,013	0.2	1,569,288	−9.4
November	1,579,913	2.8	1,537,113	4.2	1,475,675	−12.8
December	1,645,700	2.6	1,604,166	1.5	1,580,604	−2.3
Total	19,223,887	2.0%	18,853,719	−4.9%	19,816,196	−5.4%
TOTAL AIR TRAFFIC						
January	3,065,207	2.2%	2,999,552	−9.7%	3,320,307	−1.6%
February	2,904,452	2.8	2,824,825	−14.4	3,299,670	−2.2
March	3,584,403	2.5	3,498,397	−9.7	3,872,745	18.2
April	3,305,001	0.4	3,290,532	−6.3	3,513,114	−9.8
May	3,268,611	3.3	3,163,737	−9.2	3,486,012	−3.3
June	3,303,007	3.5	3,189,822	−7.1	3,431,977	−6.0
July	3,319,701	−0.7	3,344,775	−4.1	3,486,964	−4.7
August	3,132,493	−1.3	3,174,009	−4.3	3,316,110	−11.0
September	2,908,336	2.5	2,838,459	−0.8	2,861,437	−20.6
October	3,256,306	2.1	3,189,323	0.7	3,165,766	−2.5
November	3,175,863	3.4	3,072,834	3.6	2,965,180	−15.3
December	3,329,029	2.8	3,238,717	2.1	3,171,614	−6.7
Total	38,552,409	1.9%	37,824,982	−5.2%	39,890,896	−5.7%

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

FINANCIAL INSTITUTIONS SERVING METRO PHOENIX
TOTAL ASSETS OVER $20 MILLION

Banks
JPMorgan Chase, N.A.
Bank of America, N.A.
Wells Fargo Bank of Arizona, N.A.
Alliance Bank of Arizona
Meridian Bank, N.A.
BNC National Bank
The Harris Bank, N.A.
Sunrise Bank of Arizona
Bank of Arizona, N.A.
The Biltmore Bank of Arizona
Arizona Bank & Trust
Western National Bank
Goldwater Bank, N.A.
National Bank of Arizona
Country Bank
Heritage Bank, N.A.
First Bank of Arizona
UMB Bank Arizona, N.A.
Bank 1440
Summit Bank
Pinnacle Bank
SunBank, N.A.
Metro Phoenix Bank
Gateway Commercial Bank
First Western Trust Bank
Republic Bank AZ, N.A.
First National Bank of Scottsdale
Sonoran Bank
West Valley National Bank

Savings Institutions
Nordstrom FSB

Source: Federal Deposit Insurance Corporation.

APPENDIX B

CITY OF PHOENIX, ARIZONA — FINANCIAL DATA

VALUATIONS

2010-11 Fiscal Year

Secondary Assessed Valuation	$ 16,092,308,323(1)
Primary Assessed Valuation	15,102,603,682(2)
Full Cash Value	144,772,030,661(3)

(1) Secondary assessed valuation represents the amount used in determining property tax levies for the payment of principal and interest on certain bonds and the calculation of the maximum permissible bonded indebtedness.

(2) Primary assessed valuation represents the amount used in determining property tax levies for the payment of current operation and maintenance expenses.

(3) Full cash value represents total market value 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 2011-12 secondary assessed valuation is estimated at $12,343,773,343, a 23.3% decrease from fiscal year 2010-11. The City's preliminary fiscal year 2011-12 primary assessed valuation is estimated at $12,232,481,817, a 19.0% decrease from the fiscal year 2010-11 and the City's preliminary fiscal year 2011-12 estimated net full cash value is estimated at $116,576,023,469, a 19.5% decrease from fiscal year 2010-11. These valuations are subject to change until approved by the Maricopa County Board of Supervisors no later than August 15, 2011.

Arizona Property Tax System

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 Primary limited property value, the Secondary full cash value of property, the basis of assessment and the maximum annual tax levies on certain types of property and by certain taxing authorities.

Under the Primary system, the limited property value is the basis for determining primary property taxes of locally assessed real property (residential, commercial, industrial, agricultural and unimproved property) and may increase by more than 10% per year only under certain circumstances. This limitation does not apply to mines, utilities and railroads which are assessed by the State. Under the Secondary system, there is no limitation on annual increases in full cash value of any property.

The basis of assessment for all property classifications is shown in the following table. The percentage assessment factor for each property classification is applied to the Primary limited property value and Secondary full cash value of each property to determine Primary and Secondary assessed valuation for tax levy purposes.

Basis of Property Assessments (1)

Tax Years	Mines(2)(3)	Utilities(2)(3)	Railroads	Commercial and Industrial(3)(4)	Residential(5)	Agricultural(3)(4)
1980-82	52.0%	44.0%	34%	25.0%	10%	16%
1983	38.0	38.0	30	25.0	10	16
1984	36.0	36.0	23	25.0	10	16
1985	34.0	34.0	(6)	25.0	10	16
1986	32.0	32.0	(6)	25.0	10	16
1987-94	30.0	30.0	(6)	25.0	10	16
1995	29.0	29.0	(6)	25.0	10	16
1996	28.0	28.0	(6)	25.0	10	16
1997	27.0	27.0	(6)	25.0	10	16
1998	26.0	26.0	(6)	25.0	10	16
1999-05	25.0	25.0	(6)	25.0	10	16
2006	24.5	24.5	(6)	24.5	10	16
2007	24.0	24.0	(6)	24.0	10	16
2008	23.0	23.0	(6)	23.0	10	16
2009	22.0	22.0	(6)	22.0	10	16
2010	21.0	21.0	(6)	21.0	10	16
2011	20.0	20.0	(6)	20.0	10	16

(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) Legislation passed in 1994 reduced the assessment factor to 29% in 1995, 28% in 1996, 27% in 1997, 26% in 1998 and 25% in 1999 and each year thereafter. Legislation passed in 1999 consolidated mines, utilities and commercial and industrial property into the same class.

(3) Legislation passed in 2006 reduced the assessment factor for these properties by 0.5% in tax years 2006 and 2007. Subsequent legislation passed in 2007 reduces the assessment factor for these properties by 1.0% each year beginning in tax year 2008 through tax year 2011, with a 20% factor in effect for tax years 2011 and thereafter. Pursuant to legislation signed into law by the Governor on February 17, 2011 (unless a valid referendum petition is submitted on or before May 16, 2011), the assessment ratio for mines, utilities and commercial and industrial property will be 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. The assessment ratio for agricultural and vacant property will be reduced to 15% for tax year 2016 and thereafter.

(4) 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 of 1% on commercial and industrial and agricultural personal property for full cash values up to $3,000 in tax year 1995 and $50,000 in tax year 1996. Thereafter, the exemption amount shall be adjusted annually for inflation by the Arizona Department of Revenue. The maximum exempt amount for tax year 2010 was $67,268. Any portion of the full cash value in excess of those amounts will be assessed at the applicable assessment factor.

(5) Does not include residential properties leased or rented. The assessment factor for these properties was 18% in tax year 1984 and was to be reduced 1% per year until 1992. Legislation passed in 1988, however, froze the assessment factor for leased or rented residential properties for 1988 and 1989 at the 1987 level of 15%. Legislation passed in 1990 set the assessment ratio for these properties at 14% for 1990, 13% for 1991 and 12% for 1992. Legislation passed in 1993 set the assessment ratio at 11% for 1993, and 10% for 1994 and each year thereafter.

(6) For years after 1984, the percentage assessment factor for Primary tax purposes is to be determined annually equal to the ratio of the total assessed valuation for Primary tax purposes of mining, utilities, commercial and industrial properties to the total limited property value of such properties. The percentage assessment factor for

Secondary tax purposes is to equal the ratio of the total assessed valuation for Secondary tax purposes of such properties to the total full cash value of such properties.

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 full cash 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. On 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. Under the Secondary system, annual tax levies for bonded indebtedness and special district assessments are unlimited.

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 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.

Full Cash Value History

Fiscal Year	City of Phoenix	Maricopa County	State of Arizona
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
2006-07	100,948,090,933	301,474,323,450	452,456,989,697
2005-06	92,214,844,914	273,817,028,101	404,018,871,420
2004-05	83,439,807,440	245,835,671,707	346,671,753,858
2003-04	79,124,594,645	226,293,568,605	335,149,188,693
2002-03	67,638,014,420	194,235,322,146	294,684,679,137
2001-02	63,269,038,936	180,653,045,937	273,788,719,647

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

Secondary Assessed Valuation History

Fiscal Year	City of Phoenix	Maricopa County	State of Arizona
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
2006-07	12,261,133,763	36,294,693,601	54,436,547,031
2005-06	11,419,619,072	33,197,218,398	48,938,261,134
2004-05	10,489,921,645	30,066,986,670	44,480,893,202
2003-04	9,792,188,415	27,477,987,528	40,861,415,479
2002-03	8,802,883,478	24,457,047,282	36,825,660,973
2001-02	8,232,133,776	22,913,134,480	34,468,574,240

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

Net Secondary Assessed Valuation by Classification, City of Phoenix

Fiscal Year	Commercial/ Utilities/ Industrial	Residential	Rural & Other	Total
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
2006-07	5,902,715,308	5,770,797,928	587,620,527	12,261,133,763
2005-06	5,409,748,435	5,523,958,014	485,912,623	11,419,619,072
2004-05	5,279,810,811	4,768,483,562	441,627,272	10,489,921,645
2003-04	4,818,034,587	4,617,599,480	356,554,348	9,792,188,415
2002-03	4,604,780,196	3,817,331,864	380,771,418	8,802,883,478
2001-02	4,178,526,093	3,739,298,266	314,309,417	8,232,133,776

Source: Maricopa County Finance Department.

Primary Assessed Valuation History

Fiscal Year	City of Phoenix	Maricopa County	State of Arizona
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
2006-07	11,430,545,989	33,807,465,267	50,663,763,292
2005-06	10,637,360,762	31,010,284,705	46,046,096,197
2004-05	9,800,420,933	28,070,870,413	41,886,818,760
2003-04	9,048,850,849	25,447,850,971	38,311,495,654
2002-03	8,268,924,766	22,955,864,882	34,868,616,692
2001-02	7,689,379,400	21,355,326,477	32,518,431,391

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

City of Phoenix, Arizona
Major Taxpayers
2010-11

Taxpayer	2010-11 Secondary Assessed Valuation	As % of City Total Secondary Assessed Valuation
Arizona Public Service Company	$ 416,548,229	2.59%
Qwest Communications	125,642,210	0.78
Southwest Gas Corporation	94,142,826	0.59
Westcor Company LP	76,701,217	0.48
Host Kierland LLC	63,927,591	0.40
AT&T Corporation	51,657,530	0.32
LBA Realty Fund II WBP LLC	48,657,707	0.30
Metropolitan Life Insurance Company	47,910,762	0.30
Starwood Hotels and Resorts	47,578,085	0.30
Wells Fargo Bank	46,979,162	0.29
Cox Communications	42,561,325	0.26
Safeway Inc.	39,213,944	0.24
VHS Acquisition Subsidiary Number I Inc.	38,553,101	0.24
Target Corporation	37,113,801	0.23
Teachers Insurance & Annuity Association of America	36,291,201	0.23
Riverpoint Lots LLC	36,120,000	0.22
Honeywell International Inc.	35,711,228	0.22
Kroger Company	34,286,660	0.21
Verizon	32,683,627	0.20
Wal-mart Stores Inc.	32,324,748	0.20
Total	$1,384,604,954	8.60%

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

TAX DATA

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 for 2010-11 and for the past ten fiscal years, as well as the tax collection record of the City's levy for the 2010-11 fiscal year and for the previous ten 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
2010-11	$1.82	$284,142,419	$150,530,191	53.0%	$156,125,455	55.0%
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
2006-07	1.82	216,131,676	211,510,896	97.9	212,563,481	98.4
2005-06	1.82	201,122,162	195,836,381	97.4	197,761,387	98.3
2004-05	1.82	185,055,818	180,951,426	97.8	183,449,718	99.1
2003-04	1.82	171,899,460	167,281,374	97.3	170,593,456	99.2
2002-03	1.82	155,950,420	151,011,797	96.8	153,599,250	98.5
2001-02	1.82	145,395,416	140,187,238	96.4	142,896,627	98.3
2000-01	1.82	133,109,691	129,187,927	97.1	130,917,435	98.4

(1) Reflects amounts collected on each year's levy through June 30, the end of the fiscal year, and the current fiscal year through February 2011.

(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 2010-11

Overlapping Municipality	Total Tax Rate Inside City of Phoenix
Inside Agua Fria Union High School District No. 216	
Inside Litchfield Elementary School District No. 79(3)	$10.0247
Inside Glendale Union High School District No. 205	
Inside Washington Elementary School District No. 6(3)	10.7245
Inside Glendale Elementary School District No. 40(3)	12.1149
Inside Phoenix Union High School District No. 210	
Inside Phoenix Elementary School District No. 1	11.9000
Inside Riverside Elementary School District No. 2	9.6880
Inside Isaac Elementary School District No. 5	14.4338
Inside Wilson Elementary School District No. 7	14.1829
Inside Osborn Elementary School District No. 8	10.6872
Inside Creighton Elementary School District No. 14	10.8614
Inside Murphy Elementary School District No. 21	11.3481
Inside Balsz Elementary School District No. 31	10.4841
Inside Madison Elementary School District No. 38	10.6688
Inside Laveen Elementary School District No. 59	12.8177
Inside Roosevelt Elementary School District No. 66	12.6695
Inside Alhambra Elementary School District No. 68	11.0775
Inside Cartwright Elementary School District No. 83(3)	14.4184
Inside Tempe Union High School District No. 213	
Inside Tempe Elementary School District No. 3(2)	10.5591
Inside Kyrene Elementary School District No. 28(2)	10.1608
Inside Tolleson Union High School District No. 214	
Inside Tolleson Elementary School District No. 17	12.6261
Inside Fowler Elementary School District No. 45(3)	10.2042
Inside Union Elementary School District No. 62	10.2098
Inside Littleton Elementary School District No. 65	10.8024
Inside Pendergast Elementary School District No. 92(3)	13.1778
Inside Scottsdale Unified School District No. 48(2)	8.4135
Inside Paradise Valley Unified School District No. 69(3)	9.5592
Inside Cave Creek Unified School District No. 93	6.1907
Inside Deer Valley Unified School District No. 97(3)	9.9942

(1) Included in the computation for each of the overlapping municipalities is the City of Phoenix tax rate of $1.8200, the Maricopa County tax rate of $1.0508, the Education Equalization District tax rate of $0.3564, the Maricopa County Flood Control District tax rate of $0.1489, the Central Arizona Water Conservation District tax rate of $0.1000, the Maricopa County Library District tax rate of $0.0412, the Volunteer Fire District Assistance tax rate of $0.0066, the Maricopa Special Health Care District tax rate of $0.1122 and the Maricopa County Community College District tax rate of $0.9728.

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

(3) Includes the West Maricopa Education Center tax rate of $0.0500.

Source: Maricopa County Finance Department.

STATEMENT OF BONDED INDEBTEDNESS (1)

Purpose	General Obligation Bonds: Non-Enterprise General Obligation Bonds	Revenue Supported General Obligation Bonds	Total General Obligation Bonds	Revenue Bonds	Total Bonds
Various	$1,500,380,000	$ —	$1,500,380,000	$ —	$1,500,380,000
Airport	—	11,350,000	11,350,000	—	11,350,000
Sanitary Sewer	—	41,502,254	41,502,254	—	41,502,254
Solid Waste	—	18,385,000	18,385,000	—	18,385,000
Water	—	60,186,816	60,186,816	—	60,186,816
Street & Highway	—	—	—	41,880,920	41,880,920
Subtotal	1,500,380,000	131,424,070	1,631,804,070	41,880,920	1,673,684,990
Less: Restricted Funds	341,232,663	—	341,232,663	—	341,232,663
Direct Debt	1,159,147,337	131,424,070	1,290,571,407	41,880,920	1,332,452,327
Less: Revenue Supported	—	131,424,070	131,424,070	41,880,920	173,304,990
Net Debt	$1,159,147,337	$ —	$1,159,147,337	$ —	$1,159,147,337

(1) Represents general obligation bonds outstanding as of March 1, 2011. Such figures do not include the outstanding principal amounts of certain general obligation bonds and street and highway user revenue bonds which 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.

Annual Debt Service Requirements
General Obligation Bonded Debt Outstanding

Fiscal Year Ending June 30,	Total Debt Service Requirements(1)	Less: Enterprise Supported	Net Debt Service Requirements
2011	$ 161,099,072	$ 42,004,901	$ 119,094,171
2012	146,908,498	15,325,849	131,582,649
2013	136,284,338	15,194,686	121,089,652
2014	121,426,078	10,878,411	110,547,667
2015	142,723,308	14,555,058	128,168,250
2016	173,733,968	29,640,232	144,093,736
2017	148,474,905	9,315,520	139,159,385
2018	148,949,656	9,383,882	139,565,774
2019	140,432,116	3,463,820	136,968,296
2020	136,665,581	2,942,757	133,722,824
2021	122,970,639	1,550,908	121,419,731
2022	122,360,325	715,825	121,644,500
2023	116,316,737	—	116,316,737
2024	112,699,745	—	112,699,745
2025	112,733,623	—	112,733,623
2026	82,965,540	—	82,965,540
2027	82,935,307	—	82,935,307
2028	42,396,681	—	42,396,681
2029	26,876,583	—	26,876,583
2030	26,508,310	—	26,508,310
2031	26,128,944	—	26,128,944
2032	25,732,169	—	25,732,169
2033	25,326,929	—	25,326,929
2034	24,906,645	—	24,906,645
	$2,407,555,697	$154,971,849	$2,252,583,848

(1) Represents debt service requirements on general obligation bonds outstanding as of March 1, 2011. 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.

Direct General Obligation Bonded Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Bonds Outstanding As of 3-1-11
12-06-91	$ 30,000,000	Sanitary Sewer Improvements	7-1-95/11	$ 7,968,065
12-01-93	17,229,249	Various Improvements — Minibonds	7-1-04/14	2,251,816
07-01-95	85,000,000	Refunding	7-1-10/17	27,215,000
12-12-01	6,075,000	Sanitary Sewer Improvements	7-1-03/21	4,014,189
06-01-02	89,970,000	Various Improvements	7-1-15/27	41,465,000
06-01-02	144,495,000	Refunding	7-1-03/18	58,830,000
06-01-02	14,680,000	Refunding	7-1-14/15	8,525,000
06-01-03	83,320,000	Refunding	7-1-05/16	63,140,000
03-01-04	200,000,000	Various Improvements	7-1-10/28	155,565,000
03-01-04	50,870,000	Refunding	7-1-11/19	39,165,000
07-01-05	257,000,000	Various Improvements	7-1-11/25	231,820,000
06-13-07	342,700,000	Various Improvements	7-1-13/27	342,700,000
06-13-07	151,720,000	Refunding	7-1-09/27	144,085,000
06-13-07	77,550,000	Various Improvements (Taxable)	7-1-08/13	37,865,000
10-27-09	280,955,000	Various Improvements (Taxable)	7-1-20/34	280,955,000
10-27-09	69,045,000	Various Improvements (Taxable)	7-1-15/20	69,045,000
10-27-09	117,195,000	Refunding	7-1-11/23	117,195,000
Total Direct General Obligation Debt Outstanding				1,631,804,070
Less: Principal Redemption Funds held in Restricted Fund				341,232,663
Total Direct General Obligation Debt Outstanding				1,290,571,407
Less: General Obligation Bonded Debt Supported from Enterprise Revenues				131,424,070
Net Direct General Obligation Bonded Debt Outstanding				$1,159,147,337

City of Phoenix
Street and Highway User Revenue Bonds Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-11
03-15-92	$117,880,000	Street & Highway Refunding (Junior Lien)	7-1-93/11	6.50%	$ 1,785,000
12-15-92	58,225,920	Street & Highway Refunding (Junior Lien)	7-1-94/13	7.96	12,785,920
01-01-99	10,375,000	Street & Highway Refunding (Junior Lien)	7-1-99/11	4.36	1,545,000
05-01-02	123,125,000	Street & Highway Refunding (Junior Lien)	7-1-03/11	4.77	14,640,000
06-01-03	47,360,000	Street & Highway Refunding	7-1-05/11	4.59	11,125,000
Total Street & Highway User Revenue Bonds Outstanding					$41,880,920

DEBT LIMITATION

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 net secondary assessed valuation, nor may outstanding general obligation bonded debt for all other purposes exceed 6% of a city's net secondary assessed valuation. Unused borrowing capacity as of March 1, 2011 is shown below, based upon 2010-11 assessed valuation.

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

20% Constitutional Limitation	$3,218,461,665
Direct General Obligation Bonds Outstanding	1,241,159,070(1)
Unused 20% Limitation Borrowing Capacity	$1,977,302,595

All Other General Obligation Bonds

6% Constitutional Limitation		$965,538,499
Direct General Obligation Bonds Outstanding	$390,645,000(1)	
Less: Principal Redemption Funds held in Restricted Fund as of February 1, 2011	341,232,663	
Direct General Obligation Bonds Outstanding		49,412,337
Unused 6% Limitation Borrowing Capacity		$916,126,162

(1) Represents general obligation bonds outstanding as of March 1, 2011.

NET DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT AND DEBT RATIOS

	As of March 1, 2011(1)
City of Phoenix	$1,159,147,337
Maricopa County Community College District	195,025,000
Various Elementary School Districts	512,782,000
Various High School Districts	384,527,000
Various Unified School Districts	317,170,000
Net Direct and Overlapping General Obligation Bonded Debt	$2,568,651,337

(1) Represents the net direct debt of the City of Phoenix as of March 1, 2011. The direct debt for the various school districts is as of July 1, 2010, the latest available data.

Excludes $215,172 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. Excludes $3,240,000 principal of Tatum Ranch Community Facilities District bonded debt. This indebtedness is presently being paid from Special Taxing District property tax revenues.

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. In 2009 and 2010 the charge to the City of Phoenix was $1.8 million per year. The charge to the City of Phoenix is expected to be approximately $1.8 million per year in 2011, 2012 and 2013. The charge is estimated to decrease to $1.2 million in 2014, $0.6 million in 2015 and zero in 2016 and beyond, as it is assumed power generation revenue fully offsets the repayment amount.

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 fourteen cents 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 $0.10 per $100 of assessed valuation for the 2010-11 fiscal year.

Net Direct And Overlapping General Obligation Bonded Debt Ratios

	Per Capita Debt (Pop. Est. 1,445,632	As Percent of City's 2010-11 Secondary Assessed Valuation	As Percent of City's 2010-11 Full Cash Valuation
Direct General Obligation Bonded Debt Outstanding as of March 1, 2011	$ 892.74	8.02%	0.89%
Net Direct General Obligation Bonded Debt Outstanding as of March 1, 2011	801.83	7.20	0.80
Net Direct and Overlapping General Obligation Bonded Debt Outstanding as of March 1, 2011	1,776,84	15.96	1.77

Overlapping General Obligation Bonded Debt, Net Assessed Valuations and Tax Rates
As of July 1, 2010
(in thousands)

Overlapping Municipality	2010-11 Net Secondary Assessed Valuation	Net Bonded Debt	Approximate Applicable Percent	Net Overlapping Bonded Debt	2010-11 Tax Rate Per $100 Assessed
State of Arizona	$75,664,424	$ —	21.3%	$ —	—
Maricopa County	49,662,544	—	32.4	—	1.0508
Maricopa County Community College District	49,662,544	601,930	32.4	195,025	0.9728
Elementary School Districts:					
Phoenix S.D. No. 1	961,203	55,855	100.0	55,855	4.0423
Riverside S.D. No. 2	491,927	23,415	97.1	22,736	1.8303
Tempe S.D. No. 3	2,076,984	124,850	16.1	20,101	3.6036
Isaac S.D. No. 5	224,071	—	100.0	—	6.5761
Washington S.D. No. 6	1,775,418	80,775	97.4	78,675	3.3833
Wilson S.D. No. 7	144,756	5,660	100.0	5,660	6.3252
Osborn S.D. No. 8	651,093	47,455	99.9	47,408	2.8295
Creighton S.D. No. 14	601,758	22,000	88.9	19,558	3.0037
Tolleson S.D. No. 17	244,849	14,055	20.0	2,811	5.2943
Murphy S.D. No. 21	170,320	9,170	100.0	9,170	3.4904
Kyrene S.D. No. 28	2,544,397	115,435	37.9	43,750	3.2053
Balsz S.D. No. 31	427,291	6,280	94.4	5,928	2.6264
Madison S.D. No. 38	1,366,107	70,385	100.0	70,385	2.8111
Fowler S.D. No. 45	364,539	19,615	89.2	17,497	2.8224
Laveen S.D. No. 59	284,429	18,490	78.5	14,515	4.9600
Union S.D. No. 62	64,357	—	95.5	—	2.8780
Littleton S.D. No. 65	324,568	19,085	11.8	2,252	3.4706
Roosevelt S.D. No. 66	892,538	69,340	98.6	68,369	4.8118
Alhambra S.D. No. 68	492,555	20,885	79.6	16,624	3.2198
Litchfield S.D. No. 79	782,205	31,950	0.2	64	2.9130
Cartwright S.D. No. 83	363,350	—	100.0	—	6.5107
Pendergast S.D. No. 92	411,048	27,265	41.9	11,424	5.7960
High School Districts:					
Glendale Union No. 205	2,216,354	87,505	78.0	68,254	2.6823
Phoenix Union No. 210	7,071,398	266,380	96.0	255,725	3.2488
Tempe Union No. 213	4,621,382	85,410	28.1	24,000	2.2966
Tolleson Union No. 214	1,409,361	79,520	45.9	36,500	2.7229
Agua Fria Union No. 216	1,282,258	48,410	0.1	48	2.4528
Unified School Districts:					
Scottsdale No. 48	6,319,354	282,860	13.8	39,035	3.7546
Paradise Valley No. 69	4,226,214	261,120	66.6	173,906	4.9003
Cave Creek No. 93	2,435,541	18,410	9.7	1,786	1.5818
Deer Valley No. 97	2,961,842	181,315	56.5	102,443	5.3353
Total Overlapping General Obligation Bonded Debt				$1,409,504	

Source: Maricopa County Finance Department.

Authorized and Unissued Bonds of Overlapping Municipalities

The following municipalities which overlap the City of Phoenix have unissued bond authorizations as indicated:

Municipality	Authorized and Unissued Bonds
Maricopa County Community College District	$301,093,000
Cartwright Elementary School District No. 83	27,815,000
Creighton Elementary School District No. 14	22,000,000
Deer Valley Unified Elementary School District No. 97	118,000,000
Fowler Elementary School District No. 45	12,660,000
Kyrene Elementary School District No. 28	116,950,000
Laveen Elementary School District No. 59	38,400,000
Litchfield Elementary School District No. 79	20,000,000
Madison Elementary School District No. 38	12,000,000
Murphy Elementary School District No. 21	1,630,000
Paradise Valley Unified Elementary School District No. 69	25,625,000
Pendergast Elementary School District No. 92	7,570,000
Phoenix Elementary School District No. 1	5,400,000
Roosevelt Elementary School District No. 66	1,000,000
Scottsdale Unified Elementary School District No. 48	59,000,000
Tempe Elementary School District No. 3	37,560,000
Tolleson Elementary School District No. 17	2,960,000
Tolleson Union High School District No. 214	6,600,000
Union Elementary School District No. 62	12,360,000
Washington Elementary School District No. 6	65,000,000

OTHER LONG-TERM OBLIGATIONS

The City executed purchase and lease agreements with the City of Phoenix Civic Improvement Corporation for the construction of a new municipal building, airport terminal facilities at Phoenix Sky Harbor International Airport, 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. In keeping with the City's policy of maintaining Phoenix Sky Harbor International Airport as a self-supporting enterprise, airport revenues are used to pay the debt service on bonds issued by the Corporation for airport improvements.

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 2005-06 totaled $801,402,000, in 2006-07 totaled $864,381,000, in 2007-08 totaled $884,160,000, in 2008-09 totaled $846,865,000 and in 2009-10 totaled $744,615,000. The amount in 2009-10 includes a 2.0% privilege license (sales) tax rate on the sale of food for home consumption approved by the Phoenix City Council on February 2, 2010. The tax became effective April 1, 2010, to be levied for a period of five years. The revenues resulting from this tax totaled $7.0 million in 2009-10. These amounts do not include revenues from various privilege license (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 privilege license 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 privilege license 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 privilege license tax rate to be levied for a period of 20 years. The revenues produced by the increase will be used for expanded bus service, the construction of a light rail system and other transportation improvements.

On September 11, 2007, voters approved a 0.2% increase in the City's privilege license 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 6-7-11
05-01-03	$ 47,600,000	New City Hall Refunding	7-1-04/29	4.73%	$ 17,560,000
06-01-07	103,605,000	Municipal Facilities Refunding(2)	7-1-09/29	4.85	98,305,000
06-07-11	27,530,000	Municipal Facilities	7-1-14/31	4.24	27,530,000(3)
06-07-11	59,195,000	Municipal Facilities (Taxable)	7-1-15/36	4.90	59,195,000(3)
06-07-11	24,305,000	Municipal Facilities Refunding	7-1-21/28	4.92	24,305,000(3)
06-07-11	22,805,000	Municipal Facilities Refunding (Taxable)	7-1-15/21	3.77	22,805,000(3)
Total City of Phoenix Improvement Corporation Senior Lien Debt Outstanding					$249,700,000

(1) Schedule includes the Senior Lien Bonds offered herein, but does not include the Senior Bonds Being Refunded.

(2) Debt service requirements on $620,000 of these obligations are supported by airport revenues.

(3) Represents the Senior Lien 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
2010-11	$ 620,000	$ 24,800	$ 644,800
2011-12	—	6,137,142	6,137,142
2012-13	4,605,000	11,307,196	15,912,196
2013-14	8,740,000	11,076,946	19,816,946
2014-15	12,245,000	10,774,896	23,019,896
2015-16	13,630,000	10,360,094	23,990,094
2016-17	17,235,000	9,833,240	27,068,240
2017-18	18,140,000	9,103,169	27,243,169
2018-19	18,925,000	8,315,847	27,240,847
2019-20	18,400,000	7,506,761	25,906,761
2020-21	16,810,000	6,667,309	23,477,309
2021-22	15,105,000	5,873,763	20,978,763
2022-23	13,860,000	5,140,592	19,000,592
2023-24	14,305,000	4,481,149	18,786,149
2024-25	12,470,000	3,791,491	16,261,491
2025-26	13,035,000	3,193,393	16,228,393
2026-27	12,015,000	2,566,978	14,581,978
2027-28	12,575,000	2,002,150	14,577,150
2028-29	9,665,000	1,409,195	11,074,195
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
	$249,700,000	$123,419,857	$373,119,857

(1) Schedule includes the Senior Lien Bonds offered herein, but does not include the Senior Bonds Being Refunded.

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.

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.

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 6-7-11
01-15-98	$ 48,740,000	Municipal Multipurpose Arena Refunding (Taxable)	7-1-98/11	6.12%	$ 2,570,000
08-01-00	65,000,000	Municipal Facilities	7-1-01/11	5.35	273,000
05-01-03	80,000,000	Solid Waste Improvements(2)	7-1-04/14	4.93	14,670,000
05-01-03	25,000,000	Municipal Facilities	7-1-05/25	4.37	15,005,000
05-01-03	25,000,000	Municipal Facilities (Taxable)	7-1-09/33	5.59	23,940,000
05-01-03	10,000,000	Municipal Facilities (Taxable)	7-1-09/33	5.60	9,580,000
06-01-04	22,000,000	Municipal Facilities	7-1-06/25	5.09	8,595,000
09-13-05	300,000,000	Convention Center Expansion	7-1-17/41	4.98	300,000,000
06-01-06	84,265,000	Solid Waste Improvements(2)	7-1-07/26	4.68	74,095,000
06-01-06	28,230,000	Municipal Facilities	7-1-07/13	4.47	2,270,000
06-01-06	41,920,000	Municipal Facilities (Taxable)	7-1-07/35	6.10	40,465,000
06-01-07	21,115,000	Municipal Facilities	7-1-08/27	4.74	19,045,000
06-01-07	71,820,000	Municipal Facilities Refunding(3)	7-1-09/23	4.93	65,500,000
06-01-07	35,670,000	Convention Center East Garage Refunding (Taxable)	7-1-08/22	5.73	31,185,000
06-07-11	27,500,000	Municipal Multipurpose Arena Refunding (Taxable)	7-1-12/19	3.55	27,500,000(4)
Total City of Phoenix Civic Improvement Corporation Subordinated Junior Lien Debt Outstanding					$634,693,000

(1) Schedule includes subordinated junior lien debt issued by the City of Phoenix Civic Improvement Corporation, but does not include subordinated junior lien debt incurred by the City of Phoenix. See page B-21 for a schedule of outstanding subordinated junior lien debt issued by the City of Phoenix. Schedule also does not include bonds issued by the Downtown Phoenix Hotel Corporation for which a portion of excise taxes have been pledged in the event hotel revenues are insufficient to make debt service payments on the bonds. See page B-22 for additional information and a schedule of outstanding debt issued by the Downtown Phoenix Hotel Corporation. Schedule includes the Subordinated Refunding Bonds offered herein, but does not include the Subordinated Bonds Being Refunded or the 1998 Taxable Bonds Being Refunded.

(2) Debt service requirements on these obligations are supported by solid waste revenues.

(3) Debt service requirements on $45,825,000 of these obligations are supported by solid waste revenues.

(4) Represents the Subordinated Refunding 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
2010-11	$ 14,033,000	$ 29,443,040	$ 43,476,040
2011-12	12,850,000	28,832,366	41,682,366
2012-13	24,760,000	30,175,148	54,935,148
2013-14	23,010,000	29,109,535	52,119,535
2014-15	23,270,000	28,103,309	51,373,309
2015-16	23,215,000	27,059,864	50,274,864
2016-17	27,290,000	26,003,445	53,293,445
2017-18	28,465,000	24,731,488	53,196,488
2018-19	29,900,000	23,316,764	53,216,764
2019-20	26,585,000	21,809,738	48,394,738
2020-21	26,850,000	20,440,350	47,290,350
2021-22	28,030,000	19,055,022	47,085,022
2022-23	25,850,000	17,606,860	43,456,860
2023-24	20,755,000	16,310,898	37,065,898
2024-25	20,555,000	15,248,038	35,803,038
2025-26	21,405,000	14,188,600	35,593,600
2026-27	15,455,000	13,134,275	28,589,275
2027-28	14,580,000	12,352,725	26,932,725
2028-29	15,330,000	11,609,138	26,939,138
2029-30	16,115,000	10,826,025	26,941,025
2030-31	16,930,000	10,001,600	26,931,600
2031-32	17,825,000	9,115,512	26,940,512
2032-33	18,755,000	8,182,312	26,937,312
2033-34	17,100,000	7,200,150	24,300,150
2034-35	17,985,000	6,317,900	24,302,900
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
	$634,693,000	$479,803,852	$1,114,496,852

(1) Schedule includes debt service on subordinated junior lien debt issued by the City of Phoenix Civic Improvement Corporation. Schedule does not include debt service on subordinated junior lien debt incurred by the City of Phoenix. See page B-21 for a schedule of subordinated junior lien debt issued by the City of Phoenix. Schedule also does not include debt service on bonds issued by the Downtown Phoenix Hotel Corporation for which a portion of Excise Taxes have been pledged in the event hotel revenues are insufficient to make debt service payments on the bonds. See page B-23 for a schedule of debt service on outstanding debt issued by the Downtown Phoenix Hotel Corporation. Schedule also includes debt service on the Subordinated Refunding Bonds offered herein, but does not include the Subordinated Bonds Being Refunded or the 1998 Taxable Bonds Being Refunded.

The City entered into a financing agreement to be used for refinancing the costs of acquiring property for the Arizona Center, an 8-block mixed use development in downtown Phoenix, acquiring land and constructing an amphitheater, purchasing a multi-family housing facility and various other City projects. The City pledged excise taxes for payments which are due under the financing agreement. The pledge for payments under this agreement is on a parity with the pledge of such taxes for City of Phoenix Civic Improvement Corporation subordinated junior lien debt outstanding, and is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations.

City of Phoenix
Subordinated Junior Lien Debt Outstanding(1)

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 6-7-11
07-01-04	$35,465,000	Refunding	8-1-05/24	4.68%	$26,995,000
Total Subordinated Junior Lien Debt Outstanding					$26,995,000

(1) Schedule does not include bonds refunded by the Senior Lien Refunding Bonds offered herein.

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

Fiscal Year	Principal	Interest	Total
2010-11	$ 25,000	$ 47,860	$ 72,860
2011-12	25,000	46,860	71,860
2012-13	1,315,000	1,281,528	2,596,528
2013-14	1,365,000	1,228,928	2,593,928
2014-15	1,420,000	1,174,327	2,594,327
2015-16	1,230,000	1,114,688	2,344,688
2016-17	1,295,000	1,053,187	2,348,187
2017-18	1,355,000	988,437	2,343,437
2018-19	1,420,000	920,688	2,340,688
2019-20	3,180,000	849,687	4,029,687
2020-21	3,340,000	690,688	4,030,688
2021-22	3,505,000	523,688	4,028,688
2022-23	3,675,000	357,200	4,032,200
2023-24	3,845,000	182,637	4,027,637
	$26,995,000	$10,460,403	$37,455,403

(1) Schedule does not include debt service on the Subordinated Bonds Being Refunded.

The Downtown Phoenix Hotel Corporation issued senior revenue bonds and subordinate revenue bonds to finance the planning, design, engineering, development, construction, equipping, furnishing and opening of a hotel located in downtown Phoenix. The bonds are special revenue obligations of the corporation, payable solely, except as further described below, from gross operating revenues derived by the corporation from operation of the hotel, subject only to the payment of certain operation and maintenance expenses, and from certain funds and accounts created under an indenture. The bonds are further secured by senior and subordinate leasehold deeds of trust granted to the trustee by the corporation with respect to the corporation's leasehold interest in the site and the hotel. The subordinate bonds are payable and secured on a basis junior and subordinate to the senior bonds with respect to the revenues of the hotel and the corporation's leasehold interest in the site and the hotel.

The subordinate bonds are also secured by amounts received from the City under a room block leaseback agreement in the event hotel revenues are insufficient to make debt service payments on the subordinate bonds. Pursuant to the room block leaseback agreement, the obligation of the City to make lease payments is secured by a pledge of certain sports facilities taxes. Under the room block leaseback agreement, the City pledges all right, title and interest of the City, whether now owned or hereafter acquired, in and to the sports facilities taxes on deposit in or credited to the sports facilities fund for the payment of lease payments and the performance of the obligations under the room block leaseback agreement.

Sports facilities taxes are one component of excise taxes and include (1) an incremental one percent tax levied on the gross income from the business activity of any hotel or motel engaging within the City in the business of charging for lodging and/or lodging space furnished to any person who, for a period of not more than thirty consecutive days, obtains lodging or lodging space in any hotel or motel, and (2) an incremental two percent tax levied on the gross income from the business activity of any person engaging in the business of leasing, licensing for use, or renting any motor vehicle with a gross vehicle weight of less than twelve thousand pounds for a term of not more than thirty-one calendar days.

The City has covenanted in the room block leaseback agreement to first apply excise taxes (other than sports facilities taxes) to the payment of senior excise tax obligations before applying sports facilities taxes. The City's pledge of sports facilities taxes under the room block leaseback agreement is a second priority pledge of the sports facilities taxes and therefore is subordinate and junior to the City's first priority pledge of excise taxes (which includes sports facilities taxes) with respect to the City's senior excise tax obligations.

Downtown Phoenix Hotel Corporation
Hotel Revenue Bonds Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-11
12-20-05	$156,710,000	Hotel — Senior Revenue	7-1-12/40	4.99%	$156,710,000
12-20-05	164,425,000	Hotel — Subordinate Revenue	7-1-19/40	4.95	164,425,000
12-20-05	28,865,000	Hotel — Subordinate Revenue (Taxable)	7-1-12/19	5.24	28,865,000
Total Hotel Revenue Debt Outstanding					$350,000,000

Downtown Phoenix Hotel Corporation
Schedule of Annual Debt Service Requirements

Fiscal Year	Senior Revenue Bonds			Subordinate Revenue Bonds			Combined Annual Debt Service Requirements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2010-11	$ —	$ 7,800,075	$ 7,800,075	$ —	$ 9,611,554	$ 9,611,554	$ —	$ 17,411,629	$ 17,411,629
2011-12	1,470,000	7,800,075	9,270,075	3,095,000	9,611,554	12,706,554	4,565,000	17,411,629	21,976,629
2012-13	1,635,000	7,726,575	9,361,575	3,255,000	9,452,780	12,707,780	4,890,000	17,179,355	22,069,355
2013-14	1,810,000	7,644,825	9,454,825	3,420,000	9,284,822	12,704,822	5,230,000	16,929,647	22,159,647
2014-15	1,995,000	7,554,325	9,549,325	3,600,000	9,107,324	12,707,324	5,595,000	16,661,649	22,256,649
2015-16	2,190,000	7,454,575	9,644,575	3,790,000	8,919,764	12,709,764	5,980,000	16,374,339	22,354,339
2016-17	2,400,000	7,339,600	9,739,600	3,990,000	8,721,168	12,711,168	6,390,000	16,060,768	22,450,768
2017-18	2,625,000	7,213,600	9,838,600	4,200,000	8,510,895	12,710,895	6,825,000	15,724,495	22,549,495
2018-19	2,830,000	7,108,600	9,938,600	4,420,000	8,288,715	12,708,715	7,250,000	15,397,315	22,647,315
2019-20	3,045,000	6,991,862	10,036,862	4,645,000	8,064,738	12,709,738	7,690,000	15,056,600	22,746,600
2020-21	3,275,000	6,862,450	10,137,450	4,840,000	7,867,325	12,707,325	8,115,000	14,729,775	22,844,775
2021-22	3,515,000	6,723,263	10,238,263	5,085,000	7,625,325	12,710,325	8,600,000	14,348,588	22,948,588
2022-23	3,800,000	6,538,725	10,338,725	5,340,000	7,371,075	12,711,075	9,140,000	13,909,800	23,049,800
2023-24	4,105,000	6,339,225	10,444,225	5,605,000	7,104,075	12,709,075	9,710,000	13,443,300	23,153,300
2024-25	4,425,000	6,123,713	10,548,713	5,885,000	6,823,825	12,708,825	10,310,000	12,947,538	23,257,538
2025-26	4,760,000	5,891,400	10,651,400	6,180,000	6,529,575	12,709,575	10,940,000	12,420,975	23,360,975
2026-27	5,120,000	5,641,500	10,761,500	6,490,000	6,220,575	12,710,575	11,610,000	11,862,075	23,472,075
2027-28	5,480,000	5,385,500	10,865,500	6,790,000	5,920,413	12,710,413	12,270,000	11,305,913	23,575,913
2028-29	5,865,000	5,111,500	10,976,500	7,100,000	5,606,375	12,706,375	12,965,000	10,717,875	23,682,875
2029-30	6,265,000	4,818,250	11,083,250	7,430,000	5,278,000	12,708,000	13,695,000	10,096,250	23,791,250
2030-31	6,690,000	4,505,000	11,195,000	7,800,000	4,906,500	12,706,500	14,490,000	9,411,500	23,901,500
2031-32	7,140,000	4,170,500	11,310,500	8,190,000	4,516,500	12,706,500	15,330,000	8,687,000	24,017,000
2032-33	7,610,000	3,813,500	11,423,500	8,600,000	4,107,000	12,707,000	16,210,000	7,920,500	24,130,500
2033-34	8,105,000	3,433,000	11,538,000	9,030,000	3,677,000	12,707,000	17,135,000	7,110,000	24,245,000
2034-35	8,625,000	3,027,750	11,652,750	9,485,000	3,225,500	12,710,500	18,110,000	6,253,250	24,363,250
2035-36	9,170,000	2,596,500	11,766,500	9,960,000	2,751,250	12,711,250	19,130,000	5,347,750	24,477,750
2036-37	9,750,000	2,138,000	11,888,000	10,455,000	2,253,250	12,708,250	20,205,000	4,391,250	24,596,250
2037-38	10,355,000	1,650,500	12,005,500	10,980,000	1,730,500	12,710,500	21,335,000	3,381,000	24,716,000
2038-39	10,990,000	1,132,750	12,122,750	11,525,000	1,181,500	12,706,500	22,515,000	2,314,250	24,829,250
2039-40	11,665,000	583,250	12,248,250	12,105,000	605,250	12,710,250	23,770,000	1,188,500	24,958,500
	$156,710,000	$161,120,388	$317,830,388	$193,290,000	$184,874,127	$378,164,127	$350,000,000	$345,994,515	$695,994,515

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"). The 2003 Legislation also requires the State Auditor General to conduct or contract for an economic impact analysis of the Phoenix Convention Center expansion on State revenues beginning in its fifth year of operation after completion in January 2009. Under a recent 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. For calendar years 2006, 2007 and 2008, the average number of delegates attending the Phoenix Convention Center was almost 98,000. For calendar years 2009 and 2010, the first two years following the completion of the expansion, the average number of delegates attending the Phoenix Convention Center was almost 274,000. A debt service schedule for the State Distribution Bonds is set forth on page B-25. The City is unable to predict at this time whether the State may have paid more in cumulative distributions than received in incremental revenue as a result of the Convention Center Project and if and to what extent State-Shared Revenues may be withheld or what defenses the City may have to such action.

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 3-1-11
10-06-05	$275,362,351.75	Convention Center Expansion	7-1-12/44	4.72%	$275,362,351.75
Total State of Arizona Distribution Revenue Bonded Debt					$275,362,351.75

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
2011-12	$ 460,208.70	$ —	$ 134,791.30	$ 595,000
2012-13	14,777,800.00	—	5,222,200.00	20,000,000
2013-14	—	20,449,000	—	20,449,000
2014-15	—	20,449,000	—	20,449,000
2015-16	—	20,449,000	—	20,449,000
2016-17	—	20,449,000	—	20,449,000
2017-18	1,484,036.00	20,449,000	565,964.00	22,499,000
2018-19	1,915,439.40	20,336,250	744,560.60	22,996,250
2019-20	2,374,494.70	20,189,950	935,505.30	23,499,950
2020-21	2,851,493.40	20,007,900	1,138,506.60	23,997,900
2021-22	3,353,331.60	19,788,450	1,356,668.40	24,498,450
2022-23	3,882,660.70	19,529,400	1,587,339.30	24,999,400
2023-24	4,443,799.80	19,228,550	1,826,200.20	25,498,550
2024-25	5,027,387.85	18,883,700	2,087,612.15	25,998,700
2025-26	5,639,202.30	18,492,375	2,365,797.70	26,497,375
2026-27	6,287,082.70	18,052,100	2,657,917.30	26,997,100
2027-28	6,972,383.00	17,560,125	2,962,617.00	27,495,125
2028-29	7,697,628.90	17,013,700	3,287,371.10	27,998,700
2029-30	8,465,538.90	16,409,525	3,624,461.10	28,499,525
2030-31	9,274,258.40	15,744,575	3,980,741.60	28,999,575
2031-32	10,123,692.00	15,015,550	4,356,308.00	29,495,550
2032-33	11,032,587.00	14,219,150	4,747,413.00	29,999,150
2033-34	11,637,351.75	13,351,250	5,007,648.25	29,996,250
2034-35	12,267,767.20	12,435,775	5,292,232.80	29,995,775
2035-36	12,935,793.00	11,469,975	5,594,207.00	29,999,975
2036-37	13,634,005.65	10,450,825	5,910,994.35	29,995,825
2037-38	14,372,964.80	9,375,850	6,247,035.20	29,995,850
2038-39	15,164,105.20	8,241,750	6,590,894.80	29,996,750
2039-40	15,997,068.00	7,045,225	6,952,932.00	29,995,225
2040-41	16,878,823.60	5,782,975	7,336,176.40	29,997,975
2041-42	17,805,886.80	4,451,150	7,739,113.20	29,996,150
2042-43	18,785,228.00	3,046,175	8,164,772.00	29,996,175
2043-44	19,820,332.40	1,563,925	8,614,667.60	29,998,925
Total	$275,362,351.75	$459,931,175	$117,032,648.25	$852,326,175

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 privilege license tax rate approved by City voters on March 14, 2000, to make loan payments sufficient to pay principal and interest on the 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 3-1-11
12-10-04	$500,000,000	Light Rail Project	7-1-06/20	5.01%	$432,920,000
Total Transit Excise Tax Revenue Bonded Debt					$432,920,000

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

Fiscal Year	Principal	Interest	Total
2010-11	$ 23,755,000	$ 21,714,038	$ 45,469,038
2011-12	27,215,000	20,526,287	47,741,287
2012-13	31,035,000	19,097,500	50,132,500
2013-14	35,090,000	17,545,750	52,635,750
2014-15	39,480,000	15,791,250	55,271,250
2015-16	44,215,000	13,817,250	58,032,250
2016-17	49,330,000	11,606,500	60,936,500
2017-18	54,840,000	9,140,000	63,980,000
2018-19	60,780,000	6,398,000	67,178,000
2019-20	67,180,000	3,359,000	70,539,000
	$432,920,000	$138,995,575	$571,915,575

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 3-1-11
05-01-02	$ 23,225,000	Airport Improvements	7-1-08/13	5.54%	$ 16,575,000
05-01-02	231,390,000	Airport Improvements	7-1-14/32	5.32	231,390,000
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	43,160,000
06-18-08	109,850,000	Airport Improvements Refunding	7-1-09/22	4.69	94,985,000
06-18-08	68,520,000	Airport Improvements Refunding	7-1-09/20	5.23	52,310,000
Total Senior Lien Airport Revenue Bonded Debt Outstanding					$645,260,000

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

Fiscal Year	Principal	Interest	Total
2010-11	$ 19,990,000	$ 33,108,450	$ 53,098,450
2011-12	25,655,000	32,163,775	57,818,775
2012-13	21,905,000	30,805,550	52,710,550
2013-14	23,730,000	29,665,675	53,395,675
2014-15	23,670,000	28,427,325	52,097,325
2015-16	24,975,000	27,164,700	52,139,700
2016-17	26,310,000	25,852,875	52,162,875
2017-18	27,765,000	24,448,950	52,213,950
2018-19	29,255,000	23,029,962	52,284,962
2019-20	30,960,000	21,533,650	52,493,650
2020-21	27,275,000	19,949,762	47,224,762
2021-22	28,665,000	18,559,475	47,224,475
2022-23	19,595,000	17,126,850	36,721,850
2023-24	20,610,000	16,117,712	36,727,712
2024-25	21,670,000	15,056,275	36,726,275
2025-26	22,790,000	13,940,213	36,730,213
2026-27	23,960,000	12,766,438	36,726,438
2027-28	25,195,000	11,532,363	36,727,363
2028-29	26,485,000	10,237,100	36,722,100
2029-30	27,850,000	8,872,900	36,722,900
2030-31	29,290,000	7,438,350	36,728,350
2031-32	30,795,000	5,929,588	36,724,588
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
	$645,260,000	$449,546,438	$1,094,806,438

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 3-1-11
09-01-10	$642,680,000	Airport Improvements	7-1-13/40	4.99%	$642,680,000(1)
09-01-10	21,345,000	Airport Improvements	7-1-40	6.60	21,345,000(1)(2)
09-01-10	32,080,000	Airport Refunding	7-1-23/25	5.00	32,080,000
Total Junior Lien Airport Revenue Bonded Debt Outstanding					$696,105,000

(1) Debt service due on or before July 1, 2016 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) Represents bonds issued as Recovery Zone Economic Development Bonds 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.

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
2010-11	$ —	$ 28,967,918	$ 28,967,918
2011-12	—	34,761,501	34,761,501
2012-13	11,710,000	34,761,501	46,471,501
2013-14	12,105,000	34,363,101	46,468,101
2014-15	12,705,000	33,763,851	46,468,851
2015-16	13,310,000	33,160,151	46,470,151
2016-17	13,960,000	32,510,601	46,470,601
2017-18	14,655,000	31,816,851	46,471,851
2018-19	15,285,000	31,186,801	46,471,801
2019-20	16,025,000	30,443,751	46,468,751
2020-21	16,785,000	29,684,276	46,469,276
2021-22	17,620,000	28,850,026	46,470,026
2022-23	28,675,000	27,969,026	56,644,026
2023-24	30,110,000	26,535,276	56,645,276
2024-25	31,615,000	25,029,776	56,644,776
2025-26	21,365,000	23,502,183	44,867,183
2026-27	22,430,000	22,433,933	44,863,933
2027-28	23,555,000	21,312,433	44,867,433
2028-29	24,730,000	20,134,683	44,864,683
2029-30	25,965,000	18,898,183	44,863,183
2030-31	27,200,000	17,663,108	44,863,108
2031-32	28,570,000	16,303,108	44,873,108
2032-33	30,065,000	14,803,182	44,868,182
2033-34	31,645,000	13,224,770	44,869,770
2034-35	33,230,000	11,642,520	44,872,520
2035-36	34,890,000	9,981,020	44,871,020
2036-37	36,635,000	8,236,520	44,871,520
2037-38	38,465,000	6,404,770	44,869,770
2038-39	40,390,000	4,481,520	44,871,520
2039-40	42,410,000	2,462,020	44,872,020
	$696,105,000	$675,288,360	$1,371,393,360

(1) Includes debt service on $21,345,000 par amount of Recovery Zone Economic Development Bonds — Direct Payment. The City elected to receive subsidy payments, in the amount of 45% of each interest payment on the bonds, paid directly to the City by the United States Treasury. Debt service has not been reduced by the expected subsidy payments.

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 paid by rental car customers arriving 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 3-1-11
06-02-04	$260,000,000	Rental Car Facility	7-1-07/29	6.08%	$234,685,000
Total Rental Car Facility Charge Bonded Debt Outstanding					$234,685,000

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

Fiscal Year	Principal	Interest	Total
2010-11	$ 7,065,000	$ 14,209,079	$ 21,274,079
2011-12	7,435,000	13,838,167	21,273,167
2012-13	7,845,000	13,431,473	21,276,473
2013-14	8,285,000	12,992,152	21,277,152
2014-15	8,750,000	12,526,536	21,276,536
2015-16	9,255,000	12,021,660	21,276,660
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
	$234,685,000	$169,547,364	$404,232,364

The City entered into city purchase agreements with the City of Phoenix Civic Improvement Corporation for the acquisition of approximately 13,000 acres of agricultural land and associated water rights in McMullen Valley, as well as for certain modifications and expansions at various water treatment plants throughout the City. The City of Phoenix Civic Improvement Corporation issued bonds for the acquisition of the property and 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 Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-11
08-01-01	$ 99,980,000	Water System Refunding	7-1-02/24	5.24%	$ 70,645,000
04-01-02	220,000,000	Water System Improvements	7-1-07/26	5.14	191,855,000
10-01-03	11,325,000	Water System Refunding	7-1-05/22	4.29	10,885,000
07-01-04	27,775,000	McMullen Valley & Water Rights Refunding	8-1-06/17	4.06	18,750,000
06-01-05	600,000,000	Water System Improvements	7-1-10/29	4.90	582,465,000
06-02-09	450,000,000	Water System Improvements	7-1-14/39	4.99	450,000,000
06-02-09	90,295,000	Water System Refunding	7-1-10/19	4.47	82,435,000
Total Junior Lien Water Revenue Bonded Debt					$1,407,035,000

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

Fiscal Year	Principal	Interest	Total
2010-11	$ 40,085,000	$ 69,670,344	$ 109,755,344
2011-12	38,945,000	67,650,669	106,595,669
2012-13	40,705,000	65,894,181	106,599,181
2013-14	54,575,000	63,863,731	118,438,731
2014-15	57,220,000	61,218,800	118,438,800
2015-16	49,660,000	58,363,550	108,023,550
2016-17	62,520,000	55,921,687	118,441,687
2017-18	65,670,000	52,768,900	118,438,900
2018-19	68,915,000	49,522,344	118,437,344
2019-20	63,385,000	46,067,006	109,452,006
2020-21	66,620,000	42,834,900	109,454,900
2021-22	69,970,000	39,484,388	109,454,388
2022-23	71,405,000	36,049,587	107,454,587
2023-24	75,010,000	32,445,738	107,455,738
2024-25	71,200,000	28,771,862	99,971,862
2025-26	74,665,000	25,310,913	99,975,913
2026-27	60,410,000	21,681,425	82,091,425
2027-28	63,325,000	18,769,613	82,094,613
2028-29	66,410,000	15,603,362	82,013,362
2029-30	19,590,000	12,300,238	31,890,238
2030-31	20,565,000	11,320,737	31,885,737
2031-32	21,595,000	10,292,488	31,887,488
2032-33	22,675,000	9,212,737	31,887,737
2033-34	23,810,000	8,078,988	31,888,988
2034-35	25,000,000	6,888,487	31,888,487
2035-36	26,245,000	5,641,538	31,886,538
2036-37	27,555,000	4,332,487	31,887,487
2037-38	28,930,000	2,958,075	31,888,075
2038-39	30,375,000	1,515,075	31,890,075
	$1,407,035,000	$924,433,850	$2,331,468,850

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 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 Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Amount Outstanding As of 3-1-11
06-01-10	$1,906,658	Water System Improvements	7-1-10/29	2.00%(1)	$1,824,345
11-12-10	1,201,322(2)	Water System Improvements	7-1-10/16	2.97	1,022,104
Total Junior Lien Water Revenue Bonded Debt					$2,846,449

(1) Represents a subsidized interest rate pursuant to the Recovery Act. 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 loan amortization to be revised so that the City makes the remaining principal and interest payments as if the loan had not originally included an interest rate subsidized under the Recovery Act.

(2) Amount does not include $3,200,000 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 Water System Revenue Debt Outstanding

Fiscal Year	Principal	Interest	Total
2010-11	$ 268,497	$ 55,784	$ 324,281
2011-12	275,653	59,667	335,320
2012-13	283,005	52,314	335,319
2013-14	290,559	44,760	335,319
2014-15	298,321	36,999	335,320
2015-16	135,698	29,025	164,723
2016-17	94,552	25,894	120,446
2017-18	96,443	24,003	120,446
2018-19	98,372	22,074	120,446
2019-20	100,340	20,107	120,447
2020-21	102,346	18,100	120,446
2021-22	104,393	16,053	120,446
2022-23	106,481	13,965	120,446
2023-24	108,611	11,836	120,447
2024-25	110,783	9,664	120,447
2025-26	112,999	7,448	120,447
2026-27	115,259	5,188	120,447
2027-28	117,564	2,883	120,447
2028-29	26,573	532	27,105
	$2,846,449	$456,296	$3,302,745

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 Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-11
01-11-05	$102,020,000	Wastewater System Refunding	7-1-06/15	4.92%	$ 62,095,000
11-18-08	133,400,000	Wastewater System Refunding	7-1-16/24	5.50	133,400,000
Total Senior Lien Wastewater System Revenue Bonded Debt					$195,495,000

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

Fiscal Year	Principal	Interest	Total
2010-11	$ 11,245,000	$10,428,900	$ 21,673,900
2011-12	11,805,000	9,874,200	21,679,200
2012-13	12,385,000	9,289,250	21,674,250
2013-14	13,005,000	8,670,000	21,675,000
2014-15	13,655,000	8,019,750	21,674,750
2015-16	14,390,000	7,337,000	21,727,000
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
	$195,495,000	$85,779,525	$281,274,525

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 the bonds for odor control facilities, process improvements and capacity expansions of the 91st Avenue Wastewater Treatment Plant, laboratory building improvements at the 23rd Avenue Wastewater Treatment Plant, 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 Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-11
07-01-01	$166,260,000	Wastewater System Refunding	7-1-02/24	5.14%	$146,220,000
12-01-04	180,000,000	Wastewater System Improvements	7-1-10/29	4.97	169,535,000
11-27-07	300,000,000	Wastewater System Improvements	7-1-12/37	4.98	300,000,000
Total Junior Lien Wastewater System Revenue Bonded Debt					$615,755,000

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

Fiscal Year	Principal	Interest	Total
2010-11	$ 14,940,000	$ 30,754,529	$ 45,694,529
2011-12	21,170,000	29,984,629	51,154,629
2012-13	22,195,000	29,041,600	51,236,600
2013-14	19,500,000	27,878,062	47,378,062
2014-15	8,400,000	26,901,825	35,301,825
2015-16	21,630,000	26,518,575	48,148,575
2016-17	22,780,000	25,408,669	48,188,669
2017-18	28,745,000	24,275,225	53,020,225
2018-19	30,240,000	22,818,387	53,058,387
2019-20	31,790,000	21,306,387	53,096,387
2020-21	33,425,000	19,716,887	53,141,887
2021-22	35,165,000	18,026,525	53,191,525
2022-23	30,775,000	16,272,062	47,047,062
2023-24	32,360,000	14,733,312	47,093,312
2024-25	22,245,000	13,115,313	35,360,313
2025-26	23,415,000	12,003,063	35,418,063
2026-27	24,645,000	10,832,313	35,477,313
2027-28	25,940,000	9,603,188	35,543,188
2028-29	27,300,000	8,306,188	35,606,188
2029-30	14,310,000	6,954,750	21,264,750
2030-31	15,095,000	6,239,250	21,334,250
2031-32	15,925,000	5,484,500	21,409,500
2032-33	16,800,000	4,688,250	21,488,250
2033-34	17,725,000	3,848,250	21,573,250
2034-35	18,700,000	2,962,000	21,662,000
2035-36	19,730,000	2,027,000	21,757,000
2036-37	20,810,000	1,040,500	21,850,500
	$615,755,000	$420,741,239	$1,036,496,239

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 Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Amount Outstanding As of 3-1-11
05-26-10	$7,395,214(1)	Wastewater System Improvements	07-1-10/29	2.97%	$ 6,734,722
08-03-10	6,286,996	Wastewater System Improvements	07-1-10/26	2.97	6,286,996
Total Junior Lien Wastewater Revenue Bonded Debt					$13,021,718

(1) Amount does not include $2,960,000 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 Debt Outstanding

Fiscal Year	Principal	Interest	Total
2010-11	$ 680,095	$ 369,898	$ 1,049,993
2011-12	700,280	366,299	1,066,579
2012-13	721,065	345,515	1,066,580
2013-14	742,466	324,114	1,066,580
2014-15	764,502	302,078	1,066,580
2015-16	787,192	279,387	1,066,579
2016-17	810,556	256,023	1,066,579
2017-18	834,614	231,966	1,066,580
2018-19	859,385	207,195	1,066,580
2019-20	884,892	181,688	1,066,580
2020-21	911,155	155,424	1,066,579
2021-22	938,198	128,381	1,066,579
2022-23	966,044	100,536	1,066,580
2023-24	994,716	71,863	1,066,579
2024-25	1,024,239	42,340	1,066,579
2025-26	173,963	11,941	185,904
2026-27	88,398	6,778	95,176
2027-28	91,021	4,154	95,175
2028-29	48,937	1,452	50,389
	$13,021,718	$3,387,032	$16,408,750

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 wastewater system of the City. The Corporation is currently authorized to issue up to an aggregate principal amount of $150,000,000 of its Wastewater System Revenue Bond Anticipation Notes, Series 2009 (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 $100,000,000. The notes are secured by irrevocable, direct pay letters of credit issued by Bank of America N.A. (the "Bank"). While the City has not granted any lien on net operating revenues of the wastewater system to the owners of the notes, under the purchase agreement, the City has granted the Bank a lien of junior subordinate lien revenues to secure its obligation to satisfy the Corporation's payment obligations under a reimbursement agreement.

City of Phoenix Civic Improvement Corporation
Wastewater System Revenue Bond Anticipation Notes Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Notes Outstanding As of 3-1-11
07-02-09	$100,000,000	Wastewater System Improvements	Up to 270 days	Various	$100,000,000
Total Junior Subordinated Wastewater System Revenue Debt Outstanding					$100,000,000

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 Veolia 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, 2010 were $141,703,729, of which 10.8% was reimbursed by other local governmental entities that have contracted for service. The estimated liability for all contracts for 2010-11 is $133,093,247, of which approximately 15.2% 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. 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 sole 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 $4.0 billion for transit improvements over the life of the tax.

On March 14, 2000, City of Phoenix residents approved a 0.4% 20-year sales tax 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 by a 2 to 1 margin providing an estimated $2.2 billion in funding through May 31, 2020.

SUMMARY OF AUTHORIZED, ISSUED AND UNISSUED BONDS

Purpose	Original Authorization (1)	Bonds Issued	Remaining Authorization
GENERAL OBLIGATION BONDS:			
Affordable Housing and Neighborhood Revitalization	$ 81,000,000	$ 57,645,000	$ 23,355,000
Computer Technology	136,400,000	131,485,000	4,915,000
Education Facilities	198,700,000	186,950,000	11,750,000
Environmental Cleanup	37,600,000	31,245,000	6,355,000
Family, Senior and Youth Cultural Facilities	170,922,000	127,615,000	43,307,000
Fire Protection	136,205,000	104,500,000	31,705,000
Freeway Mitigation, Neighborhood Stabilization and Slum and Blight Elimination	29,285,000	28,285,000	1,000,000
Historic Preservation	12,000,000	11,075,000	925,000
Library Facilities	62,178,000	51,775,000	10,403,000
Neighborhood Protection and Senior Centers	74,000,000	71,645,000	2,355,000
Parks, Open Space and Recreational Facilities	192,500,000	144,900,000	47,600,000
Police Protection	186,095,000	138,540,000	47,555,000
Street Improvements	169,700,000	145,190,000	24,510,000
Storm Sewer Systems and Flood Protection	131,400,000	114,780,000	16,620,000
Total General Obligation Bonds	$1,617,985,000	$1,345,630,000	$272,355,000

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

PRELIMINARY 2011-16 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 2011-12 capital budget, which is the first year of the CIP: (1) authorization for the 2011-12 capital projects financed with bonds and bond-related funds; and (2) authorization for all 2011-12 pay-as-you-go projects financed with operating funds.

The Preliminary 2011-16 CIP, which is summarized on pages B-38 and B-39, totals $3.06 billion, and will be funded by 1988, 1989, 2001 and 2006 bond authorizations, operating funds, Federal aid and other long-term financings. The CIP will be presented to the Phoenix City Council for adoption in June of 2011.

Summary of Preliminary 2011-16 Capital Improvement Program
By Program

Program	2011-12	2012-13	2013-14	2014-15	2015-16	Total
Arts and Cultural Facilities	$ 7,597,000	$ 1,818,000	$ —	$ —	$ —	$ 9,415,000
Aviation	403,155,000	124,314,000	57,076,000	43,878,000	55,372,000	683,795,000
Economic Development	7,262,000	19,073,000	4,000,000	4,000,000	4,000,000	38,335,000
Energy Conservation	14,890,000	8,468,000	1,000,000	1,000,000	1,000,000	26,358,000
Facilities Management	21,266,000	10,057,000	4,081,000	789,000	1,330,000	37,523,000
Fire Protection	10,580,000	13,956,000	—	—	—	24,536,000
Historic Preservation	2,035,000	2,591,000	434,000	—	—	5,060,000
Housing	27,938,000	15,552,000	12,178,000	12,178,000	11,178,000	79,024,000
Human Services	1,354,000	11,937,000	—	—	—	13,291,000
Information Technology Services	11,004,000	12,277,000	8,703,000	7,940,000	7,200,000	47,124,000
Libraries	4,113,000	8,294,000	1,850,000	2,100,000	200,000	16,557,000
Neighborhood Services	—	6,211,000	—	—	—	6,211,000
Parks, Recreation and Mountain Preserves	69,197,000	45,619,000	1,000,000	1,000,000	1,000,000	117,816,000
Phoenix Convention Center	1,993,000	3,588,000	5,443,000	4,967,000	5,565,000	21,556,000
Police Protection	6,151,000	17,915,000	—	—	—	24,066,000
Public Transit	43,592,000	56,117,000	59,534,000	46,975,000	32,658,000	238,876,000
Solid Waste Disposal	20,185,000	6,850,000	15,710,000	17,050,000	10,050,000	69,845,000
Street Transportation and Drainage	121,411,000	140,331,000	77,345,000	85,664,000	81,967,000	506,718,000
Wastewater	62,012,000	58,775,000	110,620,000	45,465,000	135,594,000	412,466,000
Water	126,280,000	98,708,000	116,494,000	132,960,000	203,714,000	678,156,000
Total CIP Costs	$962,015,000	$662,451,000	$475,468,000	$405,966,000	$550,828,000	$3,056,728,000

Summary of Preliminary 2011-16 Capital Improvement Program
By Sources of Funds

Source of Funds	2011-12	2012-13	2013-14	2014-15	2015-16	Total
Operating Funds:						
General Funds	$ 5,447,000	$ 5,492,000	$ 4,917,000	$ 4,874,000	$ 5,460,000	$ 26,190,000
Parks and Preserves	36,611,000	28,600,000	1,000,000	1,000,000	1,000,000	68,211,000
Transit 2000	14,706,000	5,736,000	3,530,000	2,985,000	2,522,000	29,479,000
Development Services	66,000	55,000	59,000	257,000	—	437,000
Capital Construction	17,824,000	18,229,000	18,759,000	19,305,000	19,872,000	93,989,000
Arizona Highway Users	46,021,000	32,891,000	63,381,000	60,465,000	61,046,000	263,804,000
Public Transit	3,806,000	7,028,000	4,048,000	7,603,000	5,215,000	27,700,000
Community Reinvestment	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
Community Development Block Grants (CDBG)	171,000	170,000	171,000	171,000	171,000	854,000
Other Restricted	11,723,000	11,250,000	11,000,000	11,000,000	10,000,000	54,973,000
Grant Funds	35,468,000	23,135,000	5,762,000	5,762,000	5,762,000	75,889,000
Enterprise Funds:						
Aviation	38,775,000	33,492,000	19,426,000	15,356,000	15,650,000	122,699,000
Convention Center	1,948,000	2,285,000	3,271,000	2,732,000	3,335,000	13,571,000
Solid Waste	12,475,000	6,175,000	7,177,000	6,327,000	9,250,000	41,404,000
Wastewater	48,678,000	43,011,000	69,649,000	36,605,000	56,478,000	254,421,000
Water	95,890,000	65,424,000	104,283,000	127,650,000	107,967,000	501,214,000
Total Operating Funds	$371,609,000	$284,973,000	$318,433,000	$304,092,000	$305,728,000	$1,584,835,000
Bond Funds:						
Property Tax Supported:						
1988 Various Purpose	$ 207,000	$ 1,581,000	$ —	$ —	$ —	$ 1,788,000
1989 Various Purpose	35,000	—	—	—	—	35,000
2001 Various Purpose	2,036,000	13,933,000	100,000	1,900,000	—	17,969,000
2006 Various Purpose	42,489,000	138,483,000	4,979,000	—	—	185,951,000
Nonprofit Corporation Bonds:						
Aviation	28,184,000	5,039,000	220,000	—	—	33,443,000
Solid Waste	100,000	—	—	—	—	100,000
Transit 2000	2,638,000	—	4,750,000	10,501,000	—	17,889,000
Wastewater	7,402,000	3,260,000	7,851,000	2,319,000	47,275,000	68,107,000
Water	27,383,000	32,262,000	9,536,000	4,531,000	88,406,000	162,118,000
Other	3,561,000	500,000	—	—	—	4,061,000
Total Bond Funds	$114,035,000	$195,058,000	$ 27,436,000	$ 19,251,000	$135,681,000	$ 491,461,000
Other Capital Sources:						
Impact Fees	$ 29,482,000	$ 14,017,000	$ 3,908,000	$ 920,000	$ 6,580,000	$ 54,907,000
Passenger Facility Charge	317,993,000	69,363,000	14,463,000	8,812,000	15,313,000	425,944,000
Other Cities' Share — SROG and Val Vista	6,208,000	6,032,000	35,621,000	7,178,000	33,103,000	88,142,000
Solid Waste Remediation	1,632,000	700,000	3,810,000	250,000	800,000	7,192,000
Capital Grants	67,931,000	53,404,000	48,393,000	59,569,000	52,574,000	281,871,000
Federal, State and Other Participation	28,140,000	27,908,000	20,950,000	5,894,000	1,049,000	83,941,000
Capital Reserves	10,919,000	9,196,000	2,454,000	—	—	22,569,000
Parks Capital Gifts	50,000	—	—	—	—	50,000
Other Capital	14,016,000	1,800,000	—	—	—	15,816,000
Total Other Capital Sources	$476,371,000	$182,420,000	$129,599,000	$ 82,623,000	$109,419,000	$ 980,432,000
TOTAL CIP SOURCES	$962,015,000	$662,451,000	$475,468,000	$405,966,000	$550,828,000	$3,056,728,000

COMBINED FINANCIAL SCHEDULES

The schedules summarized on pages B-41 through B-51 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 2007-08 through 2009-10 and estimated amounts for fiscal year 2010-11. 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
	2008	2009	2010	2011(1)
REVENUES				
City Taxes				
Sales, Use and Franchise	$ 744,697	$ 693,354	$ 617,110	$ 694,550
Property-Primary-Operating	103,033	110,085	121,366	131,100
-Secondary-Debt Service	161,413	196,568	196,673	150,753
Other City Taxes	3,155	3,070	3,320	1,425
Other				
Licenses and Permits	14,949	18,926	16,744	12,399
Charges for Services	149,971	154,145	149,524	156,884
Fines and Forfeitures	18,582	17,416	17,453	21,731
Parks, Recreation and Library	7,033	8,034	7,154	8,491
Dwelling Rentals	8,958	12,276	12,075	6,634
Interest	22,831	15,519	9,075	17,400
Regional Transit	72,483	45,243	57,923	59,927
Other	28,394	34,317	32,956	37,540
State-Shared Revenues				
Highway User Tax	125,289	109,620	103,979	102,873
State Sales Tax	135,134	122,593	106,916	109,919
State Income Tax	207,694	220,806	190,546	143,647
Vehicle License Tax	59,244	53,629	49,500	49,500
Local Transportation Assistance	6,910	6,506	3,771	—
Grant Revenues				
Human Resources Federal Trust	34,353	37,255	43,498	44,036
Federal Transit Administration	13,153	10,804	12,472	11,946
Community Development	19,586	22,319	20,579	35,549
Public Housing Grants	58,879	65,616	80,057	94,033
Other Grants and Participation	44,349	52,990	71,525	133,561
Federal Administrative Cost Recovery	69	—	—	—
Enterprise Funds				
Aviation	336,071	317,052	308,088	321,917
Phoenix Convention Center	14,321	29,795	17,605	25,613
Water System and Val Vista	331,905	328,179	345,590	360,928
Wastewater and SROG	208,348	209,517	223,078	228,832
Solid Waste	135,708	136,164	138,906	140,143
Golf Courses	7,026	5,972	5,552	5,922
Total Revenues	3,073,538	3,037,770	2,963,035	3,107,253
RECOVERIES				
Prior Year Expenditures	13,231	33,647	18,537	5,206
TRANSFERS (TO) FROM OTHER FUNDS				
Long Term Disability Trust	9,500	—	—	—
MERP Trust	—	(17,456)	—	—
Self Insurance Retention Reserve	—	4,978	—	—
Capital Projects Funds	(13,111)	43,143	43,653	(1,466)
General Finance Trust	—	—	4,526	—
Early Redemption Debt Service Fund	(868)	—	—	9,042
Street and Highway Debt Service Fund	—	22	—	—
Infrastructure Repayment Agreement Trust	(9,170)	(3,720)	(3,087)	(1,019)
Retiree Rate Stabilization Trust	—	—	—	(1,026)
Net Deposit to Refunding Escrow	—	—	384	—
FUND BALANCES, BEGINNING OF YEAR	992,899	995,319	1,025,782	1,063,415
Total Resources Available for Expenditures	4,066,019	4,093,703	4,052,830	4,181,405

(1) Based on seven months' 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
	2008	2009	2010	2011(1)
EXPENDITURES AND ENCUMBRANCES				
Operating Expenditures				
General Government	$ 97,066	$ 85,567	$ 79,889	$ 65,168
Criminal Justice	38,829	37,308	37,094	57,452
Public Safety	770,245	807,589	807,725	794,332
Transportation				
Streets and Traffic	68,562	60,759	62,448	67,258
Transit	167,113	188,328	199,296	192,423
Community and Economic Development				
Development Services and Planning	49,415	37,543	30,988	33,009
Neighborhood Services and Housing	110,722	117,977	127,417	162,812
Other Economic Development	18,248	18,829	9,719	27,290
Community Enrichment				
Parks and Recreation	116,227	102,612	94,317	92,535
Libraries	37,305	34,820	33,065	35,460
Other Community Enrichment	10,328	8,301	6,889	1,716
Human Services	62,772	61,082	63,853	62,571
Environmental Services	22,687	20,453	17,161	18,134
Total Governmental Expenditures	1,569,519	1,581,168	1,569,861	1,610,160
Enterprise Funds				
Aviation	199,593	193,502	195,154	204,322
Phoenix Convention Center	39,248	52,943	46,044	49,146
Water System and Val Vista	165,855	165,878	167,543	180,245
Wastewater and SROG	86,463	85,044	88,475	91,669
Solid Waste	106,850	100,740	111,432	115,555
Golf Courses	8,150	7,761	7,946	8,299
Total Operating Expenditures	2,175,678	2,187,036	2,186,455	2,259,396
Capital Improvement				
Governmental Funds				
General Government	11,760	14,401	1,780	1,522
Public Safety	121	1,700	—	—
Transportation	112,380	82,501	45,055	91,023
Public Works	9,784	8,441	6,224	23,877
Community and Economic Development	9,254	8,896	31,579	57,078
Community Enrichment	52,419	53,888	16,144	45,449
Enterprise Funds				
Aviation	43,478	25,129	13,218	50,137
Phoenix Convention Center	13,577	(3,612)	1,179	1,770
Water System and Val Vista	95,371	86,680	58,476	95,671
Wastewater and SROG	28,679	37,242	23,832	66,704
Solid Waste	2,102	1,865	2,052	15,793
Total Capital Improvement	378,925	317,131	199,539	449,024

(1) Based on seven months' 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
	2008	**2009**	**2010**	**2011(1)**
Debt Service				
General Obligation Bonds				
Various Purpose				
Principal	$ 54,551	$ 32,165	$ 46,647	$ 50,355
Interest	63,654	56,603	66,542	68,739
Early Redemption	47,573	73,967	62,566	—
Arbitrage Rebate and Fees	49	2,062	392	10
Airport				
Principal	3,780	1,385	845	850
Interest	770	563	498	464
Water				
Principal	—	12,686	11,288	11,720
Interest	2,594	5,647	4,635	2,331
Solid Waste				
Principal	5,515	5,780	1,155	6,805
Interest	1,499	1,212	763	739
Sanitary Sewer				
Principal	—	5,506	5,740	17,585
Interest	1,293	2,228	1,633	1,511
Revenue Bonds				
Street & Highway User				
Principal	25,840	27,005	28,285	29,740
Interest	5,405	4,235	2,961	1,506
Public Housing				
Principal	500	305	—	—
Interest	43	14	—	—
Airport				
Principal	15,892	25,539	25,615	19,990
Interest	37,833	52,123	50,250	62,076
Water				
Principal	19,580	18,310	38,222	42,094
Interest	51,681	50,600	73,608	69,726
Sanitary Sewer				
Principal	16,330	18,640	25,605	28,151
Interest	38,355	44,195	42,445	41,554
Total Debt Service	392,737	440,770	489,695	455,946
Lease-Purchase Payments	123,360	122,984	113,726	118,615
Total Expenditures	3,070,700	3,067,921	2,989,415	3,282,981
FUND BALANCES, END OF YEAR	$ 995,319	$1,025,782	$1,063,415	$ 898,424

(1) Based on seven months' 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)

Funds	Actual 2008	Actual 2009	Actual 2010	Estimated 2011(1)
GENERAL FUND	$ 39,130	$ 45,580	$ 46,752	$ 52,309
SPECIAL REVENUE FUNDS				
Highway User Revenue	16,984	10,903	23,130	9,458
Parks and Recreation	74,375	41,547	49,552	28,574
Development Services	21,730	13,726	11,917	12,832
Community Reinvestment	10,849	14,141	10,460	7,243
Transit	246,356	243,383	231,459	228,235
Public Housing	22,701	22,200	27,058	21,967
Court Awards	547	1,263	1,938	1,946
Sports Facilities	29,264	32,663	35,363	26,732
Capital Construction	9,652	7,109	3,265	282
Regional Wireless Cooperative	—	—	—	533
Other Restricted	32,671	35,368	38,557	23,404
Neighborhood Protection	2,274	(5,031)	(13,964)	(11,343)
Public Safety Enhancement	2,873	(4,152)	(12,284)	(9,289)
Public Safety Expansion	13,127	22,183	9,709	(543)
DEBT SERVICE FUNDS				
Secondary Property Tax	100	100	100	100
City Improvement	701	701	701	701
ENTERPRISE FUNDS				
Aviation	134,518	173,626	203,739	169,466
Phoenix Convention Center	42,009	50,800	48,796	42,338
Water System and Val Vista	148,258	145,364	146,647	127,936
Wastewater and SROG	120,083	136,640	161,006	141,474
Solid Waste	32,232	45,013	49,532	36,743
Golf Courses	(5,115)	(7,345)	(10,018)	(12,674)
Total Operating Funds	$995,319	$1,025,782	$1,063,415	$898,424

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

(1) Based on seven months' 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)

	Actual 2008	Actual 2009	Actual 2010	Estimated 2011(1)
GENERAL FUND				
Transfers From				
Excise Tax	$734,609	$712,703	$629,018	$622,691
Development Services	3,869	3,500	2,546	2,923
Public Housing	302	314	302	302
Sports Facilities	184	184	190	184
Public Safety Enhancement	1,125	—	—	—
Other Restricted	—	—	—	507
Community Reinvestment	—	—	—	287
Aviation	6,388	5,897	5,037	4,364
Phoenix Convention Center	2,331	2,556	2,154	1,725
Water System and Val Vista	27,629	26,136	33,068	18,998
Wastewater and SROG	13,078	13,765	16,482	23,619
Solid Waste	5,798	9,338	8,025	8,128
Golf Courses	264	279	279	279
Capital Projects	—	7,800	3,274	—
Self Insurance Retention Reserve	—	605	—	—
General Finance Trust	—	—	4,526	—
Long Term Disability Trust	7,229	—	—	—
Total	802,806	783,077	704,901	684,007
Transfers To				
Public Housing	302	—	—	—
Capital Projects	4,600	—	—	—
City Improvement	1,291	—	—	—
Neighborhood Protection	1,984	—	—	15,000
Retiree Rate Stabilization Trust	—	—	—	1,026
Infrastructure Repayment Agreement Trust	5,146	1,675	1,164	450
Regional Wireless Cooperative	—	—	—	1,814
MERP Trust	—	17,456	—	—
Total	13,323	19,131	1,164	18,290
HIGHWAY USER REVENUE				
Transfers From				
Capital Projects	2,373	151	—	—
Street and Highway Debt Service	—	22	—	—
Water System and Val Vista	—	10	—	—
Total	2,373	183	—	—
Transfers To				
Capital Projects	1,191	—	52	—
Aviation	1,843	—	—	—
Total	3,034	—	52	—
PARKS AND RECREATION				
Transfers From				
Excise Tax	28,979	24,335	21,615	25,445
Transfers To				
Infrastructure Repayment Agreement Trust	381	84	66	52
Golf Courses	—	5,738	—	—
Total	381	5,822	66	52
RETIREE RATE STABILIZATION TRUST				
Transfers From				
General Fund	—	—	—	1,026

(1) Based on seven months' 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
	2008	2009	2010	2011(1)
EXCISE TAX				
Transfers To				
General Fund	$ 734,609	$ 712,703	$629,018	$622,691
Parks and Recreation	28,979	24,335	21,615	25,445
Transit	115,914	97,324	86,465	101,781
Sports Facilities	16,010	14,203	12,502	13,166
Capital Construction	20,710	19,803	17,415	16,751
Other Restricted	—	—	—	4,583
Neighborhood Protection	28,981	24,334	21,615	25,492
Public Safety Enhancement	24,653	24,361	23,978	24,034
Public Safety Expansion	32,214	46,579	43,131	50,923
City Improvement	30,052	28,378	26,901	28,690
Phoenix Convention Center	58,126	47,417	34,801	37,393
Total	1,090,248	1,039,437	917,441	950,949
DEVELOPMENT SERVICES				
Transfers From				
Self Insurance Retention Reserve	—	119	—	—
Long Term Disability Trust	351	—	—	—
Total	351	119	—	—
Transfers To				
General Fund	3,869	3,500	2,546	2,923
REGIONAL TRANSIT				
Transfers To				
Transit	—	34,505	38,832	29,642
Capital Projects	—	38	—	1,777
Total	—	34,543	38,832	31,419
TRANSIT				
Transfers From				
Excise Tax	115,914	97,324	86,465	101,781
Capital Construction	1,546	—	—	—
Aviation	—	394	—	—
Regional Transit	—	34,505	38,832	29,642
Long Term Disability Trust	67	—	—	—
Self Insurance Retention Reserve	—	1,531	—	—
Capital Projects	1,784	57	—	—
Total	119,311	133,811	125,297	131,423
Transfers To				
Infrastructure Repayment Agreement Trust	1,525	335	264	206
City Improvement	39,987	41,898	43,959	46,122
Regional Wireless Cooperative	—	—	—	1
Total	41,512	42,233	44,223	46,329
COMMUNITY REINVESTMENT				
Transfers To				
General Fund	—	—	—	287
Other Restricted	—	—	200	—
Aviation	—	—	876	—
Capital Projects	—	—	4,000	—
Total	—	—	5,076	287
GENERAL FINANCE TRUST				
Transfers To				
General Fund	—	—	4,526	—

(1) Based on seven months' 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
	2008	2009	2010	2011(1)
PUBLIC HOUSING				
Transfers From				
General Fund	$ 302	$ —	$ —	$ —
Grants	147	—	—	—
Capital Projects	—	—	—	235
Self Insurance Retention Reserve	—	18	—	—
Total	449	18	—	235
Transfers To				
General Fund	302	314	302	302
City Improvement	70	69	74	74
Other Restricted	—	—	850	—
Capital Projects	4,600	—	—	—
Total	4,972	383	1,226	376
SPORTS FACILITIES				
Transfers From				
Excise Tax	16,010	14,203	12,502	13,166
Capital Projects	—	—	1,302	—
Total	16,010	14,203	13,804	13,166
Transfers To				
General Fund	184	184	190	184
Infrastructure Repayment Agreement Trust	417	360	360	—
Capital Projects	167	—	—	—
Total	768	544	550	184
CAPITAL CONSTRUCTION				
Transfers From				
Excise Tax	20,710	19,803	17,415	16,751
Capital Projects	—	30	20	—
Total	20,710	19,833	17,435	16,751
Transfers To				
Transit	1,546	—	—	—
Aviation	741	—	—	—
Total	2,287	—	—	—
OTHER RESTRICTED				
Transfers From				
Capital Projects	53	—	—	—
Excise Tax	—	—	—	4,583
Community Reinvestment	—	—	200	—
Public Housing	—	—	850	—
Total	53	—	1,050	4,583
Transfers To				
Capital Projects	900	949	501	—
General Fund	—	—	—	507
Total	900	949	—	507
NEIGHBORHOOD PROTECTION				
Transfers From				
General Fund	1,984	—	—	15,000
Excise Tax	28,981	24,334	21,615	25,492
Self Insurance Retention Reserve	—	367	—	—
Long Term Disability Trust	209	—	—	—
Total	31,174	24,701	21,615	40,492
Transfers To				
Infrastructure Repayment Agreement Trust	464	157	140	52

(1) Based on seven months' 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
	2008	**2009**	**2010**	**2011(1)**
PUBLIC SAFETY ENHANCEMENT				
Transfers From				
Excise Tax	$ 24,653	$ 24,361	$ 23,978	$ 24,034
Self Insurance Retention Reserve	—	273	—	—
Total	24,653	24,634	23,978	24,034
Transfers To				
General Fund	1,125	—	—	—
PUBLIC SAFETY EXPANSION				
Transfers From				
Excise Tax	32,214	46,579	43,131	50,923
Transfers To				
Infrastructure Repayment Agreement Trust	10	168	132	92
Regional Wireless Cooperative	—	—	—	13
Total	10	168	132	105
CITY IMPROVEMENT				
Transfers From				
General Fund	1,291	—	—	—
Excise Tax	30,052	28,378	26,901	28,690
Transit	39,987	41,898	43,959	46,122
Public Housing	70	69	74	74
Capital Projects	74	15	1,244	—
Total	71,474	70,360	72,178	74,886
Transfers To				
Capital Projects	5,795	—	—	—
SECONDARY PROPERTY TAX				
Transfers From				
Early Redemption Fund	—	—	—	9,042
Transfers To				
Early Redemption	868	—	—	—
LONG TERM DISABILITY TRUST				
Transfers To				
General Fund	7,229	—	—	—
Neighborhood Protection	209	—	—	—
Transit	67	—	—	—
Development Services	351	—	—	—
Aviation	447	—	—	—
Phoenix Convention Center	114	—	—	—
Water System and Val Vista	589	—	—	—
Wastewater and SROG	209	—	—	—
Solid Waste	247	—	—	—
Golf Courses	38	—	—	—
Total	9,500	—	—	—
EARLY REDEMPTION				
Transfers From				
Secondary Property Tax	868	—	—	—
Transfers To				
Secondary Property Tax	—	—	—	9,042
GRANTS				
Transfers To				
Public Housing	147	—	—	—
MERP TRUST				
Transfers From				
General Fund	—	17,456	—	—

(1) Based on seven months' 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 2008	Actual 2009	Actual 2010	Estimated 2011(1)
CAPITAL PROJECTS				
Transfers From				
General Fund	$ 4,600	$ —	$ —	$ —
Highway User Revenue	1,191	—	52	—
Sports Facilities	167	—	—	—
Regional Transit	—	38	—	1,777
Public Housing	4,600	—	—	—
Community Reinvestment	—	—	4,000	—
Other Restricted	900	949	501	—
City Improvement	5,795	—	—	—
Aviation	4,697	1,196	363	22,747
Phoenix Convention Center	644	—	—	—
Water System and Val Vista	—	1	—	—
Wastewater and SROG	—	—	10,293	—
Solid Waste	1,231	1,241	1,248	600
Golf Courses	7	—	—	—
Total	23,832	3,425	16,457	25,124
Transfers To				
General Fund	—	7,800	3,274	—
Transit	1,784	57	—	—
Highway User Revenue	2,373	151	—	—
Sports Facilities	—	—	1,302	—
City Improvement	74	15	1,244	—
Capital Construction	—	30	20	—
Other Restricted	53	—	—	—
Public Housing	—	—	—	235
Aviation	—	15,592	10,180	3,423
Phoenix Convention Center	—	—	14,205	—
Water System and Val Vista	—	12,000	24,885	20,000
Wastewater and SROG	6,437	4,944	5,000	—
Solid Waste	—	1,038	—	—
Golf Courses	—	4,941	—	—
Total	10,721	46,568	60,110	23,658
AVIATION				
Transfers From				
Highway User Revenue	1,843	—	—	—
Capital Construction	741	—	—	—
Community Reinvestment	—	136	876	—
Long Term Disability Trust	447	—	—	—
Capital Projects	—	15,592	10,180	3,423
Total	3,031	15,728	11,056	3,423
Transfers To				
General Fund	6,388	5,897	5,037	4,364
Transit	—	394	—	—
Capital Projects	4,697	1,196	363	22,747
Regional Wireless Cooperative	—	—	—	30
Total	11,085	7,487	5,400	27,141
STREET AND HIGHWAY DEBT SERVICE				
Transfers To				
Highway User Revenue	—	22	—	—

(1) Based on seven months' 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
	2008	2009	2010	2011(1)
PHOENIX CONVENTION CENTER				
Transfers From				
Excise Tax	$ 58,126	$ 47,417	$ 34,801	$ 37,393
Self Insurance Retention Reserve	—	34	—	—
Long Term Disability Trust	114	—	—	—
Capital Projects	—	—	14,205	—
Total	58,240	47,451	49,006	37,393
Transfers To				
General Fund	2,331	2,556	2,154	1,725
Infrastructure Repayment Agreement Trust	1,227	941	961	167
Regional Wireless Cooperative	—	—	—	1
Capital Projects	644	—	—	—
Total	4,202	3,497	3,115	1,893
WATER SYSTEM AND VAL VISTA				
Transfer From				
Capital Projects	—	12,000	24,885	20,000
Self Insurance Retention Reserve	—	1,009	—	—
Long Term Disability Trust	589	—	—	—
Total	589	13,009	24,885	20,000
Transfers To				
General Fund	27,629	26,136	33,068	18,998
Capital Projects	—	1	—	—
Highway User Revenue	—	10	—	—
Regional Wireless Cooperative	—	—	—	28
Total	27,629	26,147	33,068	19,026
WASTEWATER AND SROG				
Transfer From				
Capital Projects	6,437	4,944	5,000	—
Self Insurance Retention Reserve	—	164	—	—
Long Term Disability Trust	209	—	—	—
Total	6,646	5,108	5,000	—
Transfers To				
General Fund	13,078	13,765	16,482	23,619
Regional Wireless Cooperative	—	—	—	14
Capital Projects	—	—	10,293	—
Total	13,078	13,765	26,775	23,633
SOLID WASTE				
Transfer From				
Self Insurance Retention Reserve	—	691	—	—
Long Term Disability Trust	247	—	—	—
Capital Projects	—	1,038	—	—
Total	247	1,729	—	—
Transfers To				
General Fund	5,798	9,338	8,025	8,128
Capital Projects	1,231	1,241	1,248	600
Regional Wireless Cooperative	—	—	—	20
Total	7,029	10,579	9,273	8,748

(1) Based on seven months' 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 2008	Actual 2009	Actual 2010	Estimated 2011(1)
GOLF COURSES				
Transfer From				
Parks and Recreation	$ —	$ 5,738	$ —	$ —
Capital Projects	—	4,941	—	—
Self Insurance Retention Reserve	38	31	—	—
Total	38	10,710	—	—
Transfers To				
General Fund	264	279	279	279
Capital Projects	7	—	—	—
Total	271	279	279	279
REGIONAL WIRELESS COOPERATIVE				
Transfers From				
General Fund	—	—	—	1,814
Transit	—	—	—	1
Public Safety Expansion	—	—	—	13
Aviation	—	—	—	30
Phoenix Convention Center	—	—	—	1
Water System and Val Vista	—	—	—	28
Wastewater and SROG	—	—	—	14
Solid Waste	—	—	—	20
Total	—	—	—	1,921
SELF INSURANCE RETENTION RESERVE				
Transfers To				
General Fund	—	605	—	—
Public Housing	—	18	—	—
Neighborhood Protection	—	367	—	—
Public Safety Enhancement	—	273	—	—
Transit	—	1,531	—	—
Development Services	—	119	—	—
Aviation	—	136	—	—
Water System and Val Vista	—	1,009	—	—
Wastewater and SROG	—	164	—	—
Solid Waste	—	691	—	—
Phoenix Convention Center	—	34	—	—
Golf	—	31	—	—
Total	—	4,978	—	—
INFRASTRUCTURE REPAYMENT AGREEMENT TRUST				
Transfers From				
General Fund	5,146	1,675	1,164	450
Parks and Recreation	381	84	66	52
Transit	1,525	335	264	206
Sports Facilities	417	360	360	—
Neighborhood Protection	464	157	140	52
Public Safety Expansion	10	168	132	92
Phoenix Convention Center	1,227	941	961	167
Total	9,170	3,720	3,087	1,019
Total Transfers From	$1,253,218	$1,260,189	$1,154,495	$1,164,893
Total Transfers To	$1,253,218	$1,260,189	$1,154,495	$1,164,893

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

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APPENDIX C

CITY SALES 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 Privilege License (Sales) Taxes

The City's privilege license (sales) tax rate for most business activity categories is 2.0%, while the rate for utilities is 2.7%, advertising is 0.5%, transient room rental is 5.0%, short-term car rental is 4.0%, telecommunications is 4.7% and commercial real estate rental is 2.1%. The City collected $697,213,000 from all privilege license tax categories in fiscal year 2005-06, $739,467,000 in fiscal year 2006-07, $744,697,000 in fiscal year 2007-08, $693,354,000 in fiscal year 2008-09 and $617,110,000 in fiscal year 2009-10. The estimate for 2010-11 is $694,550,000.

Privilege License Tax Rates by Category

Category	Rate(1)
Mining	0.1%
Advertising	0.5
Amusement	2.0
Contracting	2.0
Leasing/Rental of Tangible Personal Property	2.0
Printing	2.0
Publishing	2.0
Residential Real Estate Rentals	2.0
Restaurants and Bars	2.0
Retail	2.0
Food for Home Consumption	2.0(2)
Transportation	2.0
Commercial Real Estate Rentals	2.1
Utilities	2.7
Short-term Car Rental	4.0
Telecommunications	4.7
Hotel/Motel	5.0
Jet Fuel	$0.00732/gallon

(1) On October 5, 1993, City of Phoenix voters approved a 0.1% increase in the City's privilege license (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 privilege license tax categories except advertising, utilities, cable television, jet fuel, and telecommunications and became effective December 1, 1993. The increase generated $29.6 million in 2005-06, $31.1 million in 2006-07, $29.0 million in 2007-08, $24.3 million in 2008-09 and $21.6 million in 2009-10. The estimate for 2010-11 is $25.5 million.

On September 7, 1999, City of Phoenix voters approved a 0.1% increase in the City's privilege license (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 privilege license tax categories except advertising, utilities, cable television, 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 sixty percent will be used to finance improvements to parks throughout the City. The extension became effective July 1, 2008. The increase generated $29.6 million in 2005-06, $31.1 million in 2006-07, $29.0 million in 2007-08, $24.3 million in 2008-09 and $21.6 million in 2009-10. The estimate for 2010-11 is $25.5 million.

On March 14, 2000, City of Phoenix voters approved a 0.4% increase in the City's privilege license (sales) tax rate to be levied for a 20-year period. The revenues produced by the increase will be used for expanded bus service, the construction of a light rail system and other transportation improvements. The increase affects all privilege license tax categories except advertising, utilities, cable television, jet fuel, telecommunications, and mining and became effective June 1, 2000. The increase generated $118.5 million in 2005-06, $124.4 million in 2006-07, $115.9 million in 2007-08, $97.3 million in 2008-09 and $86.5 million in 2009-10. The estimate for 2010-11 is $101.8 million.

On September 11, 2007, City of Phoenix voters approved a 0.2% increase in the City's privilege license (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 license tax categories except advertising, utilities, cable television, jet fuel, telecommunications and mining, and became effective December 1, 2007. The increase generated $32.2 million in 2007-08, $46.6 million in 2008-09 and $43.1 million in 2009-10. The estimate for 2010-11 is $50.9 million.

(2) On February 2, 2010, the Phoenix City Council approved a 2.0% privilege license (sales) tax rate on the sale of food for home consumption. The tax became effective April 1, 2010, to be levied for a period of five years.

State Shared Revenues

The City received a total of $474,440,000 in State-shared revenues in fiscal year 2005-06, $507,376,000 in fiscal year 2006-07, $534,271,000 in fiscal year 2007-08, $513,154,000 in fiscal year 2008-09 and $454,712,000 in fiscal year 2009-10. The estimate for 2010-11 is $405,939,000.

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.

State Sales Tax
Taxable Activities, Tax Rates and Distribution Share

Taxable Activities	Combined Tax Rate(1)	Distribution Share
Mining — Severance	2.5%	80%
Mining, Oil & Gas	3.125	32
Transportation & Towing	6.6	20
Utilities	6.6	20
Communications	6.6	20
Railroads & Aircraft.	6.6	20
Publishing	6.6	20
Printing	6.6	20
Private Car/Pipelines	6.6	20
Contracting	6.6	20
Restaurants and Bars	6.6	40
Amusements	6.6	40
Rentals/Personal Property	6.6	40
Retail(2)	6.6	40
Hotel/Motel	6.5	50
Membership Camping	6.6	40
Rental Occupancy	3.0	66.67
Use	6.6	0
Jet Fuel (1st 10 million Gallons)	$0.0305/gallon	40
Timbering — Ponderosa Pine	$2.13/1,000 board ft.	80
Timbering — Severance — Other	$1.51/1,000 board ft.	80

(1) On May 18, 2010, Arizona voters approved a 1.0% temporary increase in the State's transaction privilege and use (sales) tax rate. The revenues produced by the temporary increase are not subject to distribution to counties, municipalities or other governmental entities. Two-thirds of the revenues produced by the temporary increase will be appropriated for public primary and secondary education and the remaining one-third will be appropriated for health and human services and public safety purposes. The increase affects all transaction privilege tax categories except mining, rental occupancy, jet fuel and timbering and became effective June 1, 2010. The temporary increase will continue for thirty-six consecutive calendar months after which the temporary tax increase will be repealed from and after May 31, 2013.

(2) Effective July 1, 1980, sales of food were exempted from the tax.

State Sales Tax Receipts

Fiscal Year	Amount
2010-11 (Estimate)	$109,919,000
2009-10	106,916,000
2008-09	122,593,000
2007-08	135,134,000
2006-07	141,466,000
2005-06	141,194,000
2004-05	123,788,000
2003-04	111,594,000
2002-03	103,408,000
2001-02	102,211,000
2000-01	105,331,000

State Income Tax Receipts

For fiscal year 1999-2000, cities throughout Arizona shared in 15.8% of the State personal and corporate income taxes collected two years previously in relation to their population as determined by the latest census. However, the 1999 legislative session resulted in the approval of a reduction in the portion of income taxes shared with cities and towns from 15.8% to 15.0%. This resulted in an estimated reduction of $7.1 million for Phoenix in 2000-01 and each year thereafter. For fiscal years 2002-03 and 2003-04, cities shared 14.8% of collections. This reduction from 15.0% was made in the 2002 legislative session and was approved for two fiscal years. Cities again shared 15.0% of collections beginning in fiscal year 2004-05.

Reductions in state income tax rates enacted in the 1998 legislative session resulted in future reductions in the City's state income tax distribution. Because distributions are based on amounts collected for the fiscal year two years prior to the current fiscal year, the first decrease occurred in fiscal year 2000-01. The distribution to the City was estimated to decrease $1.9 million in 2000-01 and $3.5 million each year thereafter.

State Income Tax Receipts

Fiscal Year	Amount
2010-11	$143,647,000
2009-10	190,546,000
2008-09	220,806,000
2007-08	207,694,000
2006-07	167,560,000
2005-06	138,313,000
2004-05	121,440,000
2003-04	119,118,000
2002-03	140,600,000
2001-02	137,787,000
2000-01	133,684,000
1999-00	127,374,000

HIGHWAY USER REVENUES

In 1981, the Arizona Legislature concluded a special session on transportation by enacting a 10-year highway and transportation financing program. All provisions of this legislation, except for the legislated increase in motor vehicle fuel and use fuel taxes, became effective in October 1981. The 1981 legislation had increased the motor vehicle fuel and use fuel taxes from $0.08 per gallon to 8% of the average retail price of gasoline, converted to a cents-per-gallon tax rate.

In February 1982, the Legislature repealed the 1981 fuel tax increase by adopting a new bill which reinstated the $0.08 per gallon fuel tax and added an additional $0.02 per gallon on July 1, 1982, with an additional $0.02 increase effective July 1, 1983 and a final $0.01 increase effective July 1, 1984, for a total motor vehicle fuel and use fuel tax rate of $0.13 per gallon.

The 1981 legislation increased other highway user tax revenue sources. Revenues from the vehicle license (in lieu) tax were increased due to an alteration in the method of determining the depreciated value of a vehicle to which the vehicle license tax applies. The rates of the motor carrier ton-mile tax and other commercial fees were also increased. In addition, the legislation provided for a redistribution of certain "auto related" revenue from the State's general fund to the highway user revenue fund.

In 1985, the Arizona Legislature enacted transportation finance legislation providing potential funding for controlled access highways and regional public transportation, raising additional Highway User Tax Revenues and providing additional funding sources for the state highway system. Additional Highway User Tax Revenues were provided through an increase in the motor vehicle fuel and use fuel taxes of $0.03, from $0.13 to $0.16 per gallon, effective January 1, 1986, and by an additional $0.01 to $0.17 per gallon effective August 31, 1988. Effective October 1, 1990, the tax on motor vehicle fuel and use fuel was increased by an additional $0.01 to $0.18 per gallon for vehicles under 26,001 pounds and other qualifying vehicles. The use fuel tax rate for all other vehicles is $0.26 per gallon (decreased from $0.27 per gallon on July 1, 2000). From September 1, 2005 through December 31, 2010, the use fuel tax rate for vehicles transporting forest products was reduced $0.13 per gallon from $0.26 to $0.13

per gallon. Effective January 1, 2011, the use tax fuel rate for vehicles transporting forest products reverted to the previous rate of $0.26. Effective September 26, 2008, the use fuel rate for non-commercial trucks 25 years old or older with a historical vehicle plate was reduced $.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 seventy percent of the OHV user fees collected be deposited into the off-highway vehicle recreation fund and thirty percent 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. In 1998-99, 1999-00, and 2000-01, the total distributions to DPS were approximately $25 million, consisting of the $12.5 million directly distributed from the Highway User Revenue Fund and $12.5 million from the State Highway Fund. For 2001-02, the distribution to DPS totaled approximately $65 million ($52 million from the Highway User Revenue Fund and $13 million from the State Highway Fund). The distribution from the Highway User Revenue Fund included approximately $30 million in additional distributions authorized in 2001-02 by the Arizona Legislature from the Highway User Revenue Fund to be made prior to the distribution to local governments. For 2002-03, the distribution to DPS totaled approximately $83 million ($55 million from the Highway User Revenue Fund and $28 million from the State Highway Fund), including an estimated $42 million in additional distributions from the Highway User Revenue Fund authorized by the Arizona legislature. For 2003-04, the distribution to DPS was approximately $79 million ($49 million from the Highway User Revenue Fund and $30 million from the State Highway Fund). For 2004-05, the distribution to DPS was approximately $81 million ($51 million from the Highway User Revenue Fund and $30 million from the State Highway Fund. For 2005-06, the distribution to DPS was approximately $106 million ($64 million from the Highway User Revenue Fund and $42 million from the State Highway Fund). For 2006-07, the distribution totaled $20 million ($10 million from the Highway User Revenue Fund and $10 million from the State Highway Fund). For

2007-08, the distribution totaled $62 million ($10 million from the Highway User Revenue Fund and $52 million from the State Highway Fund). For 2008-09 the distribution totaled $126 million ($85 million from the Highway User Revenue Fund and $41 million from the State Highway Fund). For 2009-10, the distribution totaled $120 million ($79 million from the Highway User Revenue Fund and $41 million from the State Highway Fund). The projected distribution for 2010-11 is $121 million ($79 million from the Highway User Revenue Fund and $42 million from the State Highway Fund).

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
2010-11 (Estimate)	$102,873,000	2010-11 (Estimate)	$49,500,000
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
2006-07	130,223,000	2006-07	61,158,000
2005-06	124,791,000	2005-06	63,108,000
2004-05	117,464,000	2004-05	56,552,000
2003-04	111,757,000	2003-04	53,522,000
2002-03	104,597,000	2002-03	47,757,000
2001-02	100,405,000	2001-02	45,844,000
2000-01	102,598,000	2000-01	43,221,000

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 through fiscal year 2003. 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. 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, $2,782,417 in 2008-09 and $2,166,944 in 2009-10.

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, effective immediately.

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, 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 $5 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. For 2005-06, the tax generated $51.1 million with the funding being split $29.0 million for bus operating and bus capital and $22.1 million for light rail/high capacity transit capital. For 2006-07, the tax generated $130.2 million with funding being split $73.9 million for bus operating and capital and $56.3 million for light rail/high capacity transit capital. For 2007-08, the tax generated $126.3 million with funding being split $71.7 million for bus operating and capital and $54.6 million for light rail/high capacity transit capital. For 2008-09, the tax generated $109.0 million with funding being split $61.9 million for bus operating and capital and $47.1 million for light rail/high capacity transit capital.

On March 14, 2000, City of Phoenix residents approved a 0.4% 20-year sales tax 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 by a 2 to 1 margin providing an estimated $2.7 billion in funding through May 31, 2020.

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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 2009-10 expenditure limit supplied by the Economic Estimates Commission was $1,335,225,471. The City increased this limit to $6,865,156,000 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 2007 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 2011-12. Previously established exclusions for pay-as-you-go capital projects continue to apply. In August 2011, Phoenix voters will be asked to approve an extension to the four-year home rule option to be effective 2012-13 through 2015-16.

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, 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. Periodic employer contributions to the pension 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 an open twenty-year period from June 30, 2010. Periodic contributions for both normal cost and the amortization of the actuarial accrued liability are based on the level percentage of payroll method. The funding strategy for normal cost and the actuarial liability should provide sufficient resources to pay employee pension benefits on a timely basis.

The general employees contribute 5% of their compensation to the plan. City of Phoenix contributions for 2009-10 were $86,591,498, equivalent to 14.35% of the estimated annual active member payroll, compared with 11.78% in 2008-09. The City's expected contribution rate for fiscal year 2010-11 is increasing to 16.04% and Rodwan Consulting Company, Actuaries & Consultants (the "*Actuary*") recommended increasing the rate to 18.18% for fiscal year 2011-12. The most recent report of the Actuary and annual financial reports are available at http://phoenix.gov/AGENCY/PHXCOPER/gcmenu.html. The annual active member covered payroll for the year ended June 30, 2010 was $550,175,000.

The market value of plan assets as of June 30, 2010 is $1,535,174,000 and the smoothed valuation of assets used to compute funded ratios is $1,868,093,000.

Significant actuarial assumptions used to compute the pension contribution requirements are as follows: The rate of return on investments is assumed to be 8.0%. Mortality rates equal the RP 2000 Mortality Table Combined Healthy Annuitants. Salaries are expected to rise 4.5% due to inflation, 0.5% for other across-the-board factors, and from 0.0% to 3.8%, based on age, for merit and longevity. Probabilities of retirement at specific ages are based on past experience. Assumptions for separation from active employment and for disability are according to a table based on past experience.

The actuarial accrued liability of the Plan is measured in accordance with the requirements of Governmental Accounting Standards Board Statement No. 25 and No. 27. As of June 30, 2010, net assets available for benefits were less than the actuarial accrued liability by $829,195,000, compared with a lack of $622,946,000 at June 30, 2009. The total actuarial accrued liability increased $206,249,000 from 2009 to 2010.

The Actuary commented in its June 30, 2010 valuation report of the Plan:

> The overall experience of the Retirement Plan during the year ended June 30, 2010 was less favorable than expected based on long-term assumptions. The recognized rate of return on the smoothed funding value of assets was less than the long-term assumed rate and was the primary source of the unfavorable experience. The smoothed funding value of assets includes the phase-in of experience losses/gains over a four year period.

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 fire fighters. The APSPRS functions as an investment and administrative agent for the City of Phoenix with respect to the plans for police officers and fire fighters.

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. The unfunded actuarial accrued liability is funded over a closed period of 30 years, 26 years remaining as of June 30, 2010. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the projected unit credit 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.

Significant actuarial assumptions used to compute the pension contribution requirements are as follows: The rate of return on investments is assumed to be 8.5%. Non-disability mortality rates equal the RP2000 Healthy Annuitant Mortality Table, male table with no adjustment, female table with one-year set-forward. Salaries are expected to rise 5.5% due to inflation and from 0% to 3%, based on age, for merit and longevity. Probabilities of retirement at specific ages are based on past experience. Assumptions for separation from active employment and for disability are according to a table based on past experience.

Members contribute 7.65% of compensation. However, on April 18, 2011, the Arizona Legislature approved legislation ("SB 1609") that would, if signed by the Governor or allowed to become law, gradually increase the member contribution rate from 8.65% in fiscal year 2011-12 to 11.65% in fiscal year 2015-16 and thereafter. The City contributes normal cost less a credit (spread over an open period of twenty years) for the amount by which valuation assets exceed the actuarial accrued liability or plus a debit (spread over a closed period of twenty-seven years) for the amount by which the actuarial accrued liability exceeds the valuation assets. In 2009-10 the City's contribution amounted to 24.31% for police and 24.41% for fire. The City's expected contribution rate for fiscal year 2010-11 is decreasing to 23.51% for police and 23.49% for fire, and the Actuary recommended increasing the rate to 25.63% for police and 25.76% for fire for fiscal year 2011-12.

For the year ended June 30, 2010, covered payroll was $261,335,000 for police and $129,802,000 for fire.

The market value of plan assets for police and fire as of June 30, 2010 is $961,462,000 and $549,342,000, respectively, and the smoothed valuation of assets used to compute funded ratios is $1,229,977,000 for police and $702,762,000 for fire.

The actuarial accrued liability of the Plan is measured in accordance with the requirements of Governmental Accounting Standards Board Statement No. 25 and No. 27. For police, net assets available for benefits were less than the actuarial accrued liability as of June 30, 2010 and June 30, 2009 by $655,426,000 and $547,250,000, respectively.

For fire, net assets available for benefits were less than the actuarial accrued liability as of June 30, 2010 and June 30, 2009 by $340,623,000 and $280,029,000, respectively.

Elected Officials' Retirement Plan

This 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 7% of compensation. SB 1609 would gradually increase the member contribution rate from 10% in fiscal year 2011-12 to 13% in fiscal year 2013-14 and thereafter.

The City contributes an actuarially determined rate, 26.25% for the year ended June 30, 2010, to fully fund benefits for active members. Total contributions for the fiscal year ended June 30, 2010 were $172,000, which consisted of $136,000 from the City and $36,000 from members.

Additional Information

Additional information regarding the City's Retirement and Pension Plans, including the Funding Value of Assets, Actuarial Accrued Liability (AAL), Unfunded Actuarial Accrued Liability (UAAL), Percent Funded, and Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll, including trend information, 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 City Government-Financial Information-Financial Planning-Comprehensive Annual Financial Report or by calling the City at (602) 262-7166.

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

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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 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 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.

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).

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.

An updated actuarial study was completed as of August 1, 2009, the most recent actuarial evaluation date, to value this post-employment benefit. Results of the valuation are as follows:

Actuarial Accrued Liability (AAL)	**$425 million**
Annual Required Contribution (ARC)	**$39 million**
Amortization Period	**24 years**

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. 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.

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APPENDIX G

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES AND THE LOAN AGREEMENTS

Certain Definitions

The following terms used in this Official Statement and not otherwise defined herein, have the following meanings:

"Act" means Title 10, Chapters 24 through 40, Arizona Revised Statutes, as enacted and amended from time to time.

"Authenticating Agent" means the Trustee and the Registrar for the Bonds and any bank, trust company or other Person designated as an Authenticating Agent for the Bonds by or in accordance with the Indentures, each of which shall be a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934, as amended.

"Bond Counsel" means a firm of attorneys of national reputation experienced in the field of municipal bonds designated by the City Representative whose opinions are generally accepted by purchasers of municipal bonds, acceptable to the Trustee, and who is independent.

"Bond Fund" means the Bond Fund established pursuant to the Indentures.

"Bond Resolution" means, collectively, the resolutions providing for the issuance of the Bonds and approving the Loan Agreements, the Indentures and related matters.

"Bond Service Charges" means, for any period or time, the principal of and premium, if any, and interest on the Bonds for that period or payable at that time, whether due at maturity or upon redemption.

"City Representative" means the Finance Director of the City or any other person duly authorized by the City to act on behalf of the City under or with respect to the Indentures.

"Corporation Representative" means the Finance Director of the City or a person designated by the Finance Director, any member of the Board of Directors of the Corporation, or any person authorized to act on behalf of the Corporation under or with respect to the Indentures, as evidenced by a resolution confirming such authorization adopted by the Corporation.

"Event of Bankruptcy" means the filing of a petition in bankruptcy by or against the specified Person under the United States Bankruptcy Code.

"Event of Default" means an event of default under the Indentures.

"Independent" means a person or entity of which no partner (treating a shareholder of a professional association as though such shareholder were a partner), director, officer or employee is a member, director, officer or elected official of the City or the Corporation.

"Interest Fund" means the Interest Fund established pursuant to the Indentures.

"Interest Payment Date" means January 1 and July 1 of each year, commencing January 1, 2012.

"Loan Payment Date" means any date on which Loan Payments are to be paid as set forth in the Loan Agreements.

"Loan Payments" means all payments required to be paid by the City on any date required by the Loan Agreements.

"Loan Agreements" means, collectively, the Senior Loan Agreement and the Subordinated Loan Agreement, both dated as of June 1, 2011, between the Corporation, as lender, and the City, as obligor, together with any duly authorized and executed amendments or supplements thereto, pursuant to which the City makes Loan Payments sufficient to pay principal of and interest on the Bonds.

"Outstanding Bonds," "*Bonds Outstanding"* or "*Outstanding"* as applied to Bonds, mean, as of the applicable date, all Bonds which have been authenticated and delivered, or which are being delivered by the Trustee under the Indentures, except:

(a) Bonds, or the portion thereof, cancelled upon surrender, exchange or transfer, or cancelled because of payment or redemption on or prior to that date;

(b) Bonds, or the portion thereof, for the payment, redemption or purchase for cancellation of which sufficient moneys have been deposited and credited with the Trustee or any Paying Agents on or prior to that date for that purpose (whether upon or prior to the maturity or redemption date of those Bonds); provided, that if any of those Bonds are to be redeemed prior to their maturity, notice of that redemption shall have been given or arrangements satisfactory to the Trustee shall have been made for giving notice of that redemption, or waiver by the affected Owners of that notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Indentures; and

(d) Bonds in lieu of which others have been authenticated under the Indentures.

"Owner" or *"Bondowner"* or *"Owner of a Bond"* means the Person in whose name a Bond is registered on the Register.

"Paying Agent" means any bank or trust company designated as a Paying Agent by or in accordance with the Indentures.

"Permitted Investments" means:

(a) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)
   Direct obligations or fully guaranteed certificates of beneficial ownership;

2. Farmers Home Administration (FmHA)
   Certificates of beneficial ownership;

3. Federal Financing Bank;

4. Federal Housing Administration Debentures (FHA);

5. General Services Administration
   Participation certificates;

6. Government National Mortgage Association (GNMA or "Ginnie Mae")
   GNMA — guaranteed mortgage-backed bonds, and
   GNMA — guaranteed pass-through obligations (participation certificates)
   (not acceptable for certain cash-flow sensitive issues);

7. U.S. Maritime Administration
   Guaranteed Title XI financing; and

8. U.S. Department of Housing and Urban Development (HUD)
   Project Notes,
   Local Authority Bonds,
   New Communities Debentures — U.S. government guaranteed debentures, and

U.S. Public Housing Notices and Bonds — U.S. government guaranteed public housing notes and bonds;

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
Senior debt obligations (Consolidated debt obligations);

2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
Participation Certificates (Mortgage-backed securities), and Senior debt obligations;

3. Federal National Mortgage Association (FNMA or "Fannie Mae")
Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal);

4. Student Loan Marketing Association (SLMA or "Sallie Mae")
Senior debt obligations;

5. Resolution Funding Corp. (REFCORP) (only the interest components of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable); and

6. Farm Credit System
Consolidated systemwide bonds and notes;

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of "AAAm-G," "AAA-m" or "AA-m" and if rated by Moody's rated "Aaa," "Aa1" or "Aa2";

(e) Certificates of deposit secured at all times by collateral described in (a) and/or (b) above; certificates of deposit must have a one year or less maturity; such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks whose short term obligations are rated "A-1+" or better by S&P and "Prime-1" by Moody's; the collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral;

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by the Federal Deposit Insurance Corporation, including the Bank Insurance Fund and the Savings Association Insurance Fund;

(g) Investment agreements, including guaranteed investment contracts, forward purchase agreements and reserve fund put agreements;

(h) Commercial paper rated "Prime-1" by Moody's and "A-1+" or better by S&P;

(i) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies;

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1+" by S&P;

(k) Repurchase agreements that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date, and which satisfy the following criteria:

1. Repurchase agreements must be between the municipal entity and a dealer bank or securities firm;

i. Primary dealers on the Federal Reserve reporting dealer list which are rated "A" or better by S&P and Moody's, or

ii. Banks rated "A" or above by S&P and Moody's;

2. The written repurchase agreement must include the following:

i. Securities which are acceptable for transfer are:

(A) Direct U.S. governments, or

(B) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC);

ii. The term of the repurchase agreement may be up to 180 days;

iii. The collateral must be delivered to the municipal entity, trustee (if the trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities);

iv. The trustee has a perfected first priority security interest in the collateral;

v. Collateral is free and clear of third-party liens and in the case of SIPC broker was not acquired pursuant to a repurchase agreement or reverse repurchase agreement;

vi. Failure to maintain the requisite collateral percentage, after a two day restoration period, will require the trustee to liquidate collateral; and

vii. Valuation of Collateral:

(A) The securities must be valued weekly, marked-to-market at current market price plus accrued interest; and

(B) The value of collateral must be equal to 102% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repurchase agreement plus accrued interest; if the value of securities held as collateral slips below 102% of the value of the cash transferred by the municipality, then additional cash and/or acceptable securities must be transferred; and

(l) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P; If however, the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated pre-refunded municipals to satisfy this condition;

provided that any investment or deposit described above is not prohibited by applicable law.

"Person" or words importing persons mean firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities and natural persons.

"President" means the President of the Board of Directors of the Corporation.

"Principal Payment Date" means, as to the Bonds, July 1 in the years specified herein for the stated amount of principal to be retired at maturity, or any other date on which the principal of the Bonds is payable as a result of redemption.

"Projects" mean the real and personal property financed or refinanced pursuant to the Loan Agreements.

"Register" means the books kept and maintained by the Registrar for registration and transfer of Bonds pursuant to the Indentures.

"Registrar" means the Trustee, until a successor Registrar shall have become such pursuant to applicable provisions of the Indentures which shall be a transfer agent registered in accordance with Section 17(A)(c) of the Securities Exchange Act of 1934, as amended.

"Revenue Fund" means the Revenue Fund established pursuant to the Indentures.

"Revenues" means (a) Loan Payments with respect to the Bonds due under the Loan Agreements, (b) all other moneys with respect to the Bonds received or to be received by the Corporation or the Trustee in respect of the Loan Agreements, including without limitation moneys and investments in the Bond Fund, the Interest Fund and the Revenue Fund, and (c) all income and profit from the investment of the foregoing moneys.

"Secretary" means the Secretary-Treasurer of the Board of Directors of the Corporation.

"Senior Loan Agreement" means the Loan Agreement dated as of June 1, 2011, between the Corporation, as lender, and the City, as obligor, together with any duly authorized and executed amendments or supplements thereto, pursuant to which the City makes Loan Payments sufficient to pay principal of and interest on the Senior Lien Bonds.

"Subordinated Loan Agreement" means the Loan Agreement dated as of June 1, 2011, between the Corporation, as lender, and the City, as obligor, together with any duly authorized and executed amendments or supplements thereto, pursuant to which the City makes Loan Payments sufficient to pay principal of and interest on the Subordinated Refunding Bonds.

"Supplemental Indenture" means any indenture supplemental to the Indentures entered into between the Corporation and the Trustee in accordance with the Indentures.

Tax-Exempt Bonds" means, collectively, the Tax-Exempt Senior Lien New Money Bonds and the Tax-Exempt Senior Lien Refunding Bonds.

"Unassigned Corporation's Rights" means all of the rights of the Corporation to receive additional payments under the Loan Agreements and to give or withhold consent to amendments, changes, modifications and alterations of the Loan Agreements and its right to enforce such rights.

Summary of Certain Provisions of the Indentures

The following, along with the information included under the heading "THE BONDS," is a summary of certain provisions of the Indentures. This summary does not purport to be complete, and reference is made to the Indentures for a full and complete statement of such provisions. Capitalized terms used in this summary are defined in the Indentures and have the same meaning herein as therein unless the context hereof requires some other meaning.

Pledge and Security. To secure the payment of Bond Service Charges, the Corporation has absolutely assigned to the Trustee the following described property (i) all rights and interests of the Corporation, in, under and pursuant to the Senior Loan Agreement or the Subordinated Loan Agreement, as applicable, except for Unassigned Corporation's Rights, including any supplements thereto, the Corporation, however, to remain liable to observe and perform all the conditions and covenants in said Loan Agreements provided to be observed and performed by it, (ii) all of the rents, issues and profits payable to or received by the Corporation pursuant to such Senior Loan Agreement or Subordinated Loan Agreement described in paragraph (i) above, including without limitation, all of the applicable Loan Payments and the amounts to be paid to the Corporation or the Trustee under the terms of such Senior Loan Agreement or Subordinated Loan Agreement; and (iii) the applicable Revenues; excluding, however, any money or investments in the applicable Rebate Fund.

Receipt of Revenues. The amounts to be paid by the City with respect to the Bonds pursuant to the terms of the Senior Loan Agreement or the Subordinated Loan Agreement, as applicable, have been assigned by the Corporation to the Trustee so that such moneys shall be paid by the City directly to the Trustee, and the Trustee shall credit such moneys to the Revenue Fund. The Trustee shall, at least 15 days prior to the date amounts are due pursuant to the Senior Loan Agreement or Subordinated Loan Agreement, as applicable, determine the amount required to be deposited for the next such payment which shall be the sum of (i) the amount which, when added to the moneys in the Revenue Fund available for the payment of Bond Service Charges, is sufficient to pay into the

Interest Fund and Bond Fund, respectively, the amounts due therein on the next Interest Payment Date, and (ii) any other amounts due and payable from the Corporation thereunder. The Trustee shall inform the City, 15 business days prior to any date amounts are due pursuant to the Senior Loan Agreement or Subordinated Loan Agreement, as applicable, of the amount required to be deposited by the City to pay such amount.

Flow of Funds. The Trustee shall make transfers from the Revenue Fund as follows:

(i) *Interest Fund:* On each Interest Payment Date, the Trustee shall deposit in the Interest Fund an amount equal to the amount of the interest becoming due and payable on the Outstanding Bonds on said Interest Payment Date, and each such deposit shall be made so that adequate moneys for the payment of interest will be available in such account on each date that interest payments are to be made under the Indentures. Money in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable.

(ii) *Bond Fund*: On each Principal Payment Date, the Trustee shall deposit in the Bond Fund the principal of the Bonds as each amount shall become due and payable.

Investment of Bond Fund, Revenue Fund, and Interest Fund. Moneys in the Bond Fund, Revenue Fund and Interest Fund, (collectively, the "Funds") shall be invested, sold and reinvested by the Trustee in Permitted Investments at the oral or written direction of the City Representative or, in the absence of any such oral or written duration, in Permitted Investments described in paragraph (g) of the definition thereof. An investment made from moneys credited to the Funds shall constitute part of that respective Fund, and each respective Fund shall be credited with all proceeds of sale and income from investment of moneys credited thereto. For purposes of the Indentures, those investments shall be valued by the Trustee at market value at the times provided in the Indentures. Each investment of moneys in the Funds shall mature or be redeemable at such time as may be necessary to make the required payments from such Funds. Amounts credited to any Fund may be invested, together with amounts credited to one or more other Funds, in the same Permitted Investment, provided that (i) each such investment complies in all respects with the provisions of the Indentures as they apply to each Fund for which the joint investment is made and (ii) the Trustee maintains separate records for each Fund and such investments are accurately reflected therein. Any of those Permitted Investments may be purchased from or sold to the Trustee, the Registrar, an Authenticating Agent or a Paying Agent, or any bank, trust company or savings and loan association affiliated with any of the foregoing. The Trustee shall sell at the best price obtainable, or present for redemption, any Permitted Investment purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund or account for which such investment was made.

Enforcement of Revenue Pledge. As provided in the Loan Agreements, the Trustee shall have the right of specific performance of the pledge of receipts and revenues of the City described in the Loan Agreements by appropriate court action, in the name of the Trustee on behalf of the Owners of the Bonds, in the name of the Corporation, or in the names of both. Nothing contained in the Indentures or the Loan Agreements shall be deemed to create a lien of any kind upon the Projects or any other property acquired with the proceeds of the Bonds.

Intervention by the Trustee. The Trustee may intervene on behalf of the Owners, and shall intervene if requested to do so in writing by the Owners of at least 25 percent of the aggregate principal amount of the Senior Lien Bonds and the Subordinated Refunding Bonds, as applicable, then Outstanding, in any judicial proceeding to which the Corporation or the City is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Owners of the Bonds. The rights and obligations of the Trustee are subject to the approval of that intervention by a court of competent jurisdiction. The Trustee may require that a satisfactory indemnity bond be provided to it in accordance with the Indentures before it takes such action.

Removal of the Trustee. The Trustee may be removed at any time by the City, or by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee with copies thereof mailed to the Corporation, the Registrar and any Paying Agents and signed by or on behalf of the Owners of not less than 25 percent in aggregate principal amount of the Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, then Outstanding.

Appointment of Successor Trustee. If (i) the Trustee shall resign, shall be removed, shall be dissolved, or shall become otherwise incapable of acting under the Indentures, (ii) the Trustee shall be taken under the control of any public officer or officers, or (iii) a receiver shall be appointed for the Trustee by a court, then a successor Trustee shall be appointed by the Corporation; provided, that if a successor Trustee is not so appointed within ten days after (a) a notice of resignation or an instrument or document of removal is received by the Corporation, as provided in the Indentures, respectively, or (b) the Trustee is dissolved, taken under control, becomes otherwise incapable of acting or a receiver is appointed, in each case, as provided above, then, so long as the Corporation shall not have appointed a successor Trustee, the Owners of a majority in aggregate principal amount of the Senior Lien Bonds or the Subordinated Refunding Bonds, as applicable, then Outstanding may designate a successor Trustee by an instrument or document or concurrent instruments or documents in writing signed by or on behalf of those Owners as described in the Indentures. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions, the Owner of any Senior Lien Bond or Subordinated Refunding Bond, as applicable, Outstanding or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Events of Default. The occurrence of any of the following events is defined as and declared to be and to constitute an Event of Default under the Indentures:

(i) Payment of any interest on any Senior Lien Bond or Subordinated Refunding Bond, as applicable, shall not be made when and as that interest shall become due and payable;

(ii) Payment of the principal of or any premium on any Bond shall not be made when and as that principal or premium shall become due and payable, whether at stated maturity, by redemption or otherwise;

(iii) Failure by the Corporation to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in the Indentures or in the Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, which failure shall have continued for a period of 30 days after written notice of such failure, by registered or certified mail, shall have been given to the Corporation and the City, requesting that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Owners of not less than 25 percent in aggregate principal amount of Senior Lien Bonds or Subordinated Refunding Bonds. as applicable, then Outstanding;

(iv) The occurrence and continuance of any event of default as defined in the Senior Loan Agreement or Subordinated Loan Agreement, as applicable; and

(v) The occurrence of an Event of Bankruptcy as to the Corporation or the Corporation shall commence a proceeding under any federal or State insolvency, reorganization or similar law, or having such a proceeding commenced against it and either having an order of insolvency or reorganization entered against it or having the proceeding remain undismissed and unstayed for 90 days or (ii) have a receiver, conservator, liquidator or trustee appointed for it or for the whole or any substantial part of its property. The declaration of an Event of Default under this provision and the exercise of remedies upon any such declaration shall be subject to any applicable limitations of federal or State law affecting or precluding such declaration or exercise during the pendency of or immediately following any liquidation or reorganization proceedings.

Notice of Default. If an Event of Default shall occur, the Trustee shall give written notice of the Event of Default, by registered or certified mail, to, among others, the Corporation, the City, the Registrar, and any Paying Agent, within five days after the Trustee has notice of the Event of Default. If an Event of Default occurs of which the Trustee has notice pursuant to the Indentures, the Trustee shall give written notice thereof, within 30 days after the receipt by the Trustee of notice of its occurrence, to the Owners of all Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, then Outstanding and affected thereby as shown by the Register at the close of business 15 days prior to the mailing of that notice; provided that, except in the case of a default in the payment of the principal of or any premium or interest on any Senior Lien Bond or Subordinated Refunding Bond, as applicable, or the occurrence of an Event of Bankruptcy as to the Corporation, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors or responsible officers of the Trustee in good faith determine that the withholding of notice to the Owners is in the interests of the Owners.

Remedies; No Right of Acceleration. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may, and upon request of the Owners affected thereby as provided in the Indentures shall, exercise the remedy granted pursuant to the Loan Agreements; provided, however, that notwithstanding anything therein or in the Indentures to the contrary, there shall be no right under any circumstances to accelerate the maturities of the Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, or otherwise to declare any amounts due pursuant to the Senior Loan Agreement or Subordinated Loan Agreement, as applicable, not then past due or in default to be immediately due and payable.

Application of Moneys. After payment of any costs, expenses, liabilities and advances paid, incurred or made by the Trustee in the collection of moneys pursuant to any right given or action taken under the provisions of the Indentures or the provisions of the Loan Agreements (including without limitation, reasonable attorneys' fees and expenses, except as limited by law or judicial order or decision entered in any action taken under the Indentures) and after any required deposit into the Rebate Fund, all moneys received by the Trustee, unless the principal of all of the Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, shall have become due and payable, shall be deposited in the Revenue Fund and shall be applied:

First — To the Interest Fund for the payment to the Owners entitled thereto of all installments of interest then due on the Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, in the order of the dates of maturity of the installments of that interest, beginning with the earliest date of maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Owners entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, and Second — To the Bond Fund for the payment to the Owners entitled thereto of the unpaid principal of any of the Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, which shall have become due (other than Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, previously called for redemption for the payment of which moneys are held pursuant to the provisions of the Indentures), whether at stated maturity or by redemption, in the order of their due dates, beginning with the earliest due date, with interest on those Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, from the respective dates upon which they may become due at the rates specified in those Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, and if the amount available is not sufficient to pay in full all Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, due on any particular date, together with that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Owners entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Senior Lien Bonds or Subordinated Refunding Bonds, as applicable.

If principal of all the Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, shall have become due, all of those moneys shall be deposited in the Bond Fund and shall be applied to the payment of the principal and interest then due and unpaid upon the Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, without preference or priority of principal over interest, of interest over principal, of any installment of interest over any other installment of interest, or of any Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, over any other Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, ratably, according to the amounts due respectively for principal and interest, to the Owners entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Senior Lien Bonds or Subordinated Refunding Bonds, as applicable.

Whenever moneys are to be applied pursuant to the provisions of the Indentures, those moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of moneys available for application and the likelihood of additional moneys becoming available for application in the future. Whenever the Trustee shall direct the application of those moneys, it shall fix the date upon which the application is to be made, and upon the date, interest shall cease to accrue on the amounts of principal, if any, to be paid on that date, provided the moneys are available therefor. The Trustee shall give notice of the deposit with it of any moneys and of the fixing of that date, all consistent with the requirements of the Indentures for the establishment of, and for giving notice with respect to, a Special Record Date for the payment of overdue interest. The Trustee shall not be required to make payment of principal of and any premium on a Bond to the Owner thereof, until the Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if it is paid fully.

Remedies Vested in Trustee. All rights of action (including without limitation, the right to file proof of claims) under the Indentures or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto. The sole remedy of the Trustee under the Indentures is that of specific performance as set forth in the Indentures and the Loan Agreements. Any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining any Owners as plaintiffs or defendants. Any recovery of judgment shall be for the benefit of the Owners of the Outstanding Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, entitled thereto, subject to the provisions of the Indentures.

Rights and Remedies of Owners. An Owner shall not have any right to institute any suit, action or proceeding for the enforcement of the Indentures, for the execution of any trust of the Indentures, or for the exercise of any other remedy under the Indentures, unless:

(i) there has occurred and is continuing an Event of Default of which the Trustee has been notified, as provided in the Indentures or of which it is deemed to have notice pursuant to the Indentures;

(ii) the Owners of at least 25 percent in aggregate principal amount of the Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, then Outstanding shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted in the Indentures or to institute the suit, action or proceeding in its own name, and shall have offered indemnity to the Trustee as provided in the Indentures; and

(iii) the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted in the Indentures or to institute the suit, action or proceeding in its own name.

No one or more Owners of the Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of the Indentures by its or their action, or to enforce, except in the manner provided in the Indentures, any remedy, right or power under the Indentures. Any suit, action or proceedings shall be instituted, had and maintained in the manner provided in the Indentures for the benefit of the Owners of all Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, then Outstanding. Nothing in the Indentures shall affect or impair, however, the right of any Owner to enforce the payment of the Bond Service Charges on any Bond owned by that Owner at and after the maturity thereof, at the place, from the sources and in the manner expressed in that Bond.

Supplemental Indentures Not Requiring Consent of Owners. Without the consent of, or notice, to, any of the Owners, the Corporation Representative on behalf of the Corporation and the Trustee may enter into certain Indentures supplemental to the Indentures as provided in the Indentures which shall not, in the opinion of the Corporation Representative and the Trustee, be inconsistent with the terms and provisions of the Indentures.

Supplemental Indentures Requiring Consent of Owners. Exclusive of Supplemental Indentures to which reference is made in the preceding paragraph and subject to the terms, provisions and limitations contained in this paragraph, and not otherwise, with the consent of the Owners of not less than a majority in aggregate principal amount of Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, at the time Outstanding, evidenced as provided in the Indentures, the Corporation and the Trustee may also execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of the Indentures or any Supplemental Indentures or restricting in any manner the rights of the Owners. Nothing in this paragraph or the preceding paragraph shall permit, however, or be construed as permitting:

(i) without the consent of the Owner of each Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, so affected, (a) an extension of the maturity of the principal of or the interest on any Senior Lien Bond or Subordinated Bond, as applicable, or (b) a reduction in the principal amount of any Senior Lien Bond or Subordinated Refunding Bond, as applicable, or the rate of interest or premium thereon or

(ii) without the consent of the owners of all Senior Lien Bonds or Subordinated Bonds, as applicable, then Outstanding, (a) the creation of a privilege or priority of any Senior Lien Bond or Bonds or Subordinated

Bond or Bonds, as applicable, over any other Senior Lien Bond or Bonds or Subordinated Bond or Bonds, as applicable, or (b) a reduction in the aggregate principal amount of the Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, required for consent to a Supplemental Indenture.

If the Corporation shall request that the Trustee execute and deliver any Supplemental Indenture for any of such purposes of the Indentures, upon being satisfactorily indemnified with respect to its expenses in connection therewith, the Trustee shall cause notice of the proposed execution and delivery of the Supplemental Indenture to be mailed by first class mail, postage prepaid, and to all Owners of Bonds affected thereby then Outstanding at their addresses as they appear on the Register at the close of business on the fifteenth day preceding that mailing. The notice shall set forth briefly the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners affected thereby. If the Trustee shall receive, within a period prescribed by the Corporation, of not less than 60 days, but not exceeding one year, following the mailing of the notice, an instrument or document or instruments or documents, in form to which the Trustee does not reasonably object, purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, then Outstanding (which instrument or document or instruments or documents shall refer to the proposed Supplemental Indenture in the form described in the notice and specifically shall consent to the Supplemental Indenture in substantially that form), the Trustee shall, but shall not otherwise, execute and deliver the Supplemental Indenture in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Owner, regardless of whether that Owner shall have consented thereto. Any consent shall be binding upon the Owner of the Bond giving the consent and, anything in the Indentures to the contrary notwithstanding, upon any subsequent Owner of that Bond and of any Bond issued in exchange therefor (regardless of whether the subsequent Owner has notice of the consent to the Supplemental Indenture). A consent may be revoked in writing, however, by the Owner who gave the consent or by a subsequent Owner of the Bond by a revocation of such consent received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Indenture. At any time after the Owners of the required percentage of Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Corporation a written statement that the Owners of the required percentage of Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, have filed those consents. That written statement shall be conclusive evidence that the consents have been so filed. If the Owners of the required percentage in aggregate principal amount of Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, Outstanding shall have consented to the Supplemental Indenture, as provided above, no Owner shall have any right (i) to object to (a) the execution or delivery of the Supplemental Indenture, (b) any of the terms and provisions contained therein, or (c) the operation thereof, (ii) to question the propriety of the execution and delivery thereof, or (iii) to enjoin or restrain the Trustee or the Corporation from that execution or delivery or from taking any action pursuant to the provisions thereof.

Modification by Unanimous Consent. Notwithstanding anything contained elsewhere in the Indentures, the rights and obligations of the Corporation and of the Owners, and the terms and provisions of the Bonds and the Indentures or any Supplemental Indenture may be modified or altered in any respect with the consent of (i) the Corporation, (ii) the Owners of all of the Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, then Outstanding, and (iii) the Trustee.

Release of Indentures. If (i) the Corporation shall pay all of the Outstanding Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Owners of the Outstanding Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, all Bond Service Charges due or to become due thereon, and (ii) provision also shall be made for the payment of all other sums payable under the Indentures, then the Indentures shall cease, determine and become null and void (except as otherwise provided in the Indentures), and the covenants, agreements and obligations of the Corporation under the Indentures shall be released, discharged and satisfied. Thereupon, and subject to the other provisions of the Indentures then applicable,

(i) the Trustee shall release the Indentures (except for those provisions surviving otherwise by reason of the Indentures), and shall execute and deliver to the Corporation any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Corporation, and

(ii) the Trustee and any other Paying Agents shall assign and deliver to the City any property subject at the time to the pledge of the Indentures which then may be in their possession, except amounts in the Bond Fund required otherwise to be held by the Trustee and the Paying Agents under the Indentures or otherwise for the payment of Bond Service Charges.

Payment and Discharge of Bonds. All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of the Indentures if:

(i) the Trustee as paying agent and any Paying Agents or any qualified trustee shall have received, in trust for and irrevocably committee thereto, sufficient moneys, or

(ii) the Trustee or any qualified trustee shall have received, in trust for and irrevocably committed thereto, Defeasance Obligations which are certified by an Independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any moneys to which reference is made above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided in the Indentures), for the payment of all Bond Service Charges on those Bonds, at their maturity or redemption dates, as the case may be, or if a default in payment shall have occurred on any maturity or redemption date, then for the payment of all Bond Service Charges thereon to the date of the tender of payment to the Owners of the Bonds as to which such default exists; provided, that if any of those Bonds are to be redeemed prior to the maturity thereof, notice of that redemption shall have been duly given or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of that notice and if a forward supply contract is employed the requirements of the Indentures with respect thereto are satisfied.

Defeasance Obligations include noncallable obligations as described in paragraph (1) of the definition of "Permitted Investments" and which otherwise meet the requirements of the Indentures.

Any moneys held by the Trustee or any qualified trustee in accordance with these provisions may be invested by the Trustee or such other trustee only in obligations described above having maturity dates, or having redemption dates which, at the option of the owner of those obligations, shall be not later than the date or dates at which moneys will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held under these provisions is determined in accordance with the certification described in the Indenture, from time to time by the Trustee or any qualified trustee to be in excess of the amount required to be held by the Trustee or any qualified trustee for the purposes of this Section, that income, interest or increment shall be transferred at the time of that determination to the City.

If any Bonds shall be deemed paid and discharged pursuant to these provisions, then within 15 days after such Bonds are so deemed paid and discharged the Trustee or such other trustee shall cause a written notice to be given to each Owner as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all of the Bonds are deemed paid and discharged, set forth a description of the obligations held pursuant to the Indentures and specify any date or dates on which any of the Bonds are to be redeemed pursuant to notice of redemption given or irrevocable provisions made for such notice pursuant to the Indentures.

Maintenance of Offices for Payment. So long as the Bonds or any of them shall be Outstanding, the Corporation shall cause offices or agencies where the Bonds may be presented for payment to be maintained in the City or at the office of the Trustee as provided in the form of the Bonds.

Payments Due on Saturdays, Sundays and Holidays. If any Interest Payment Date or Principal Payment Date is a Saturday, Sunday or a day on which (i) the Trustee is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed, then payment of Bond Service Charges need not be made by the Trustee or any Paying Agent on such Interest Payment Date or Principal Payment Date, but that payment may be made on the next succeeding business day on which the Trustee and the Paying Agent are open for business with the same force and effect as if that payment were made on the Interest Payment Date or Principal Payment Date, and no interest shall accrue for the period after such Interest Payment Date, or (ii) a Paying Agent is required, or authorized or not prohibited, by law (including without limitation, executive orders) to close and is closed, then payment of Bond Service Charges need not be made by that Paying Agent on that date, but that payment may be made on the next succeeding business day on which that Paying Agent is open for business with the same force and effect as if that payment were made on the Interest Payment Date or Principal Payment Date, and no interest shall accrue for the period after that date; provided, that if the Trustee is open for business on the applicable Interest Payment Date or Principal Payment Date, it shall make any payment required hereunder with respect to payment of Bond Service Charges on Bonds presented to it for payment, regardless of whether any Paying Agent shall be open for business or closed on the applicable Interest Payment Date or Principal Payment Date.

Summary of Certain Provisions of the Loan Agreements

The following is a summary of certain provisions of the Loan Agreements. This summary is not purported to be complete, and reference is made to the full text of the Loan Agreements for a complete recital of their terms, including definitions of capitalized terms herein.

General. The Loan Agreements has been entered into between the City as obligor and the Corporation as lender. The real and personal property comprising the Projects have been financed or refinanced, as applicable, pursuant to the loan from the Corporation to the City. The Loan Agreements contains the terms and conditions under which the Projects are financed or refinanced.

Loan Payments. On each Loan Payment Date, the City will pay to the Trustee, in lawful money of the United States of America, the Loan Payment with respect to the Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, for such Loan Payment Date, such Loan Payment being the amount necessary to pay debt service on all Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, Outstanding under the Indentures on the next Bond Payment Date together with any other amounts due under the Loan Agreements with respect to the Senior Lien Bonds or Subordinated Refunding Bonds, as applicable.

The obligation of the City to make the Loan Payments is absolute and unconditional but does not constitute a general obligation of the City and does not constitute an indebtedness of the City, the State of Arizona or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation restrictions. The City's obligation to make the Loan Payments is enforceable solely against the Excise Taxes. The City may, at its sole option, make Loan Payments from other funds as permitted by law, but the Corporation shall have no claim to such other funds.

Additional Payments. In the event that the City should fail for any reason to make any payment or perform any obligations under the Loan Agreements with respect to the Bonds, the Corporation, or the Trustee on its behalf, may at its own option make any such payment or perform any such duty. The amount of such payment and all expenses reasonably incurred by the Corporation and the Trustee in making such payment and performing such duty shall be paid by the City immediately upon receipt by the City of invoices sent to the City by the Corporation or the Trustee with interest at the rate of eight percent (8%) per annum from the date said payment was made to the date of payment by the City.

Option to Prepay. The City has the option to make Loan Payments in advance and may require the Corporation to redeem Bonds, when callable, prior to their maturity. Prior to the call date (and thereafter, if the cost is less than the redemption price) the City may make prepayments of the purchase price for the purpose of repurchasing Bonds in the open market for cancellation, in which event the amounts of the Loan Payments will be readjusted to fully pay the debt service on all Bonds remaining outstanding.

Parity Obligations — Senior Obligations. Under the Senior Loan Agreement, the City reserves the right to incur obligations payable from the Excise Taxes in the future on a parity with the obligations to make Loan

Payments thereunder, but only if upon the incurring of such future obligations or obligations the following conditions are met:

(a) The pledged Excise Taxes received by the City during the completed fiscal year immediately preceding the incurring of the proposed parity obligation are at least four times the maximum future fiscal year's aggregate required pledged Excise Tax payment securing the payments under the Senior Loan Agreement and all outstanding parity obligations and the proposed parity obligations, using the applicable maximum interest rates where variable rate obligations are involved in such computations; and

(b) The City shall certify through its Finance Director or other appropriate official that it is not in default in any payment under the Senior Loan Agreement or with respect to any obligation described and included within that Section.

Parity Obligations — Subordinated Junior Obligations. Under the Subordinated Loan Agreement, the City reserves the right to incur obligations payable from the Excise Taxes in the future on a parity with the obligations to make Loan Payments thereunder, but only if upon the incurring of such future obligation or obligations the following conditions are met:

(a) The pledged Excise Taxes received by the City during the completed fiscal year immediately preceding the incurring of the proposed parity obligation are at least equal to the highest combined total, for any succeeding 12 month period, of amounts due on Senior Obligations and Junior Obligations during such period plus two times the interest and principal requirements for all Subordinated Refunding Bonds and parity obligations then outstanding and all proposed parity obligations to be secured by a pledge of taxes during such period using the applicable maximum interest rates where variable rate obligations are involved in such computations; and

(b) The City shall certify through its Finance Director or other appropriate official that it is not in default in any payment under the Subordinated Loan Agreement or with respect to any obligation described and included within that Section.

Assignment. City shall not assign, transfer, pledge or grant a security interest in the Loan Agreements without the prior written consent of the Trustee. The City shall at all times remain liable for the performance of all the covenants and conditions on its part to be performed, notwithstanding any assigning or transferring which may be made.

Pursuant to the Indentures the Corporation's rights under the Loan Agreements, including the right to receive and enforce payment of the Loan Payments to be made by the City, have been assigned to the Trustee for the benefit of the owners of the Bonds.

Defaults and Remedies. The following are events of default under the Loan Agreements:

(a) Failure by the City to pay any Loan Payment or other payment required to be paid with respect to the Senior Lien Bonds or Subordinated Refunding Bonds, as applicable, under the Loan Agreements at the time specified therein;

(b) Failure by the City to observe and perform any other covenant and condition on its part to be observed or performed under the Loan Agreements for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Corporation or the Trustee; and

(c) The filing by the City of a voluntary petition in bankruptcy, or failure by the City to promptly lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the federal bankruptcy laws.

Upon the occurrence and continuance of an event of default, the Corporation will be entitled to enforce the Loan Agreements by appropriate action to collect any amounts due and owing or to cause the City to perform its other obligations under the Loan Agreements. The Corporation's sole remedy under the Loan Agreements is that of specific performance. Notwithstanding anything in the Loan Agreements or in the Indentures to the contrary, there shall be no right under any circumstances to accelerate or otherwise to declare any Loan Payment not then past due or in default to be immediately due and payable. The City shall be liable for all expenses and costs which the Corporation incurs or may incur in connection with the enforcement of any of its remedies in the Loan Agreements, including reasonable attorney's fees to the extent permitted by law.

Tax Covenants. Under the Loan Agreements, the City and the Corporation covenant that each shall not make use of the Projects or the proceeds of the Tax-Exempt Bonds or take any action which would adversely affect the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes.

Amendments to Loan Agreements. The Corporation and the Trustee may, without the consent of or notice to any of the Holders, consent to and join with the City in the execution and delivery of any amendment, change or modification of the Loan Agreements; provided the Trustee reserves an opinion of nationally recognized bond counsel to the affect that such amendment (i) does not adversely affect the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes and (ii) does not adversely affect the interests of the owners.

APPENDIX H

PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL

[LETTERHEAD OF SQUIRE, SANDERS & DEMPSEY L.L.P.]

[TO BE DATED CLOSING DATE]

City of Phoenix Civic Improvement Corporation Phoenix, Arizona

We have examined the transcript of proceedings (the "Transcript") relating to the issuance of the $27,530,000 Senior Lien Excise Tax Revenue Bonds, Series 2011A (the "Tax-Exempt Senior Lien New Money Bonds"), the $59,195,000 Senior Lien Excise Tax Revenue Bonds, Series 2011B (Taxable) (the "Taxable Senior Lien New Money Bonds"), the $24,305,000 Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C (the "Tax-Exempt Senior Lien Refunding Bonds") and the $22,805,000 Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011D (Taxable) (the "Taxable Senior Lien Refunding Bonds" and, together with the Tax-Exempt Senior Lien New Money Bonds, the Taxable Senior Lien New Money Bonds and the Tax-Exempt Senior Lien Refunding Bonds, the "Senior Lien Bonds") and the $27,500,000 Subordinated Excise Tax Revenue Refunding Bonds, Series 2011 (Taxable) (the "Subordinated Refunding Bonds") of the City of Phoenix Civic Improvement Corporation (the "Corporation") dated as of the date hereof. The Senior Lien Bonds and the Subordinated Refunding Bonds (collectively, the "Bonds") are being issued for the purpose of providing funds to assist the City of Phoenix, Arizona (the "City"), with financing and refinancing the acquisition, construction, equipping and improving of certain real and personal property. The documents in the Transcript examined include executed counterparts of the following: (i) the Loan Agreement, dated as of June 1, 2011, between the Corporation, as lender, and the City, as obligor, relating to the Senior Lien Bonds (the "Senior Loan Agreement"), and (ii) the Trust Indenture, dated as of June 1, 2011, between the Corporation and U.S. Bank National Association, trustee as relating to the Senior Lien Bonds (the "Senior Indenture"), (iii) the Loan Agreement, dated as of June 1, 2011, between the Corporation, as lender, and the City, as obligor, relating to the Subordinated Refunding Bonds (the "Subordinated Loan Agreement"), and (iv) the Trust Indenture, dated as of June 1, 2011, between the Corporation and U.S. Bank National Association, as trustee, relating to the Subordinated Refunding Bonds (the "Subordinated Indenture"). We have also examined an executed bond of the first maturity of each series of the Bonds.

Based upon such examination, we are of the opinion that, under the law existing on the date of this opinion:

1. The Bonds, the Senior Loan Agreement, the Senior Indenture, the Subordinated Loan Agreement and the Subordinated Indenture are legal, valid, binding and enforceable in accordance with their respective terms, subject to bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion.

2. The Bonds constitute special obligations of the Corporation, and the principal of and interest and any premium on the Bonds (collectively, "debt service"), unless paid from other sources, are payable solely from the revenues and other moneys pledged and assigned by the Senior Indenture or the Subordinated Indenture, as applicable, to secure that payment. Those revenues and other moneys include certain payments required to be made by the City under the Senior Loan Agreement and the Subordinated Loan Agreement, as applicable, and the City's obligation to make those payments is secured by a pledge of certain excise taxes levied and collected by the City and shared taxes received by the City from the State of Arizona. Each of the Senior Indenture and the Subordinated Indenture creates the pledge which it purports to create in the pledged revenues and other moneys in the funds and accounts created by the Senior Indenture or the Subordinated Indenture, as applicable, which pledge will be perfected only as to the revenues and other moneys on deposit in the funds and accounts created by the Senior Indenture or the Subordinated Indenture, as applicable. The Bonds and the payment of debt service are not secured by an obligation or pledge of any moneys raised by taxation other than the specified excise and shared taxes; the Bonds do not represent or constitute a debt or pledge of the general credit of the Corporation, the City or the State of Arizona; and the Senior Loan Agreement and the Subordinated Loan Agreement, including the City's obligation to make the payments required thereunder, do not represent or constitute a debt or pledge of the general credit of the City.

3. The interest on the Tax-Exempt Senior Lien New Money Bonds and the Tax-Exempt Senior Lien Refunding Bonds (collectively referred to herein as the "Tax-Exempt Bonds") is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is exempt from Arizona state income taxes so long as that interest is excluded from gross income for federal income tax purposes. We express no opinion as to other tax consequences regarding the Bonds.

Under the Code, portions of the interest on the Tax-Exempt Bonds earned by certain corporations (as defined for federal income tax purposes) may be subject to a corporate alternative minimum tax and interest on the Tax-Exempt Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States, and to a tax imposed on excess net passive income of certain S corporations.

In giving the foregoing opinions with respect to the treatment of the interest on the Tax-Exempt Bonds and the status of the Tax-Exempt Bonds under the tax laws, we have assumed and relied upon compliance with the covenants of the Corporation and the City and the accuracy, which we have not independently verified, of the representations and certifications of the Corporation and the City contained in the Transcript. The accuracy of certain of those representations and certifications, and the compliance by the Corporation and the City with certain of those covenants may be necessary for the interest on the Tax-Exempt Bonds to be and to remain excluded from gross income for federal income tax purposes. Failure to comply with certain requirements subsequent to the issuance of the Tax-Exempt Bonds may cause interest thereon to be included in gross income for federal income tax purposes and to be subject to Arizona state income taxes retroactively to the date of issuance of the Tax-Exempt Bonds. We have also relied upon the legal opinion of counsel to the City, contained in the Transcript, as to all matters concerning the due authorization of the Senior Loan Agreement and the Subordinated Loan Agreement by the City.

Respectfully submitted,

APPENDIX I

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking, dated June 7, 2011 (the "Undertaking" or the "Agreement"), is executed and delivered by the City of Phoenix, Arizona (the "City"), in connection with the issuance of $27,530,000 Senior Lien Excise Tax Revenue Bonds, Series 2011A (the "Tax-Exempt Senior Lien New Money Bonds"), the $59,195,000 Senior Lien Excise Tax Revenue Bonds, Series 2011B (Taxable) (the "Taxable Senior Lien New Money Bonds"), the $24,305,000 Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011C (the "Tax-Exempt Senior Lien Refunding Bonds") and the $22,805,000 Senior Lien Excise Tax Revenue Refunding Bonds, Series 2011D (Taxable) (the "Taxable Senior Lien Refunding Bonds" and, together with the Tax-Exempt Senior Lien New Money Bonds, the Taxable Senior Lien New Money Bonds and the Tax-Exempt Senior Lien Refunding Bonds, the "Senior Lien Bonds") and the $27,500,000 Subordinated Excise Tax Revenue Bonds, Series 2011 (Taxable) (the "Subordinated Refunding Bonds" and, together with the Senior Lien Bonds, the "Bonds"). The Senior Lien Bonds are being issued pursuant to a Trust Indenture, dated as of June 1, 2011 (the "Senior Indenture"), between the City of Phoenix Civic Improvement Corporation (the "Corporation") and U.S. Bank National Association, as trustee (the "Trustee"). The Subordinated Refunding Bonds are being issued pursuant to a Trust Indenture, dated as of June 1, 2011 (the "Subordinated Indenture" and, together with the Senior Indenture, the "Indentures"), between the Corporation and the Trustee. 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 above, 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 Listed Event as set forth in Section 5.

"Loan Agreements" means collectively, the Senior Loan Agreement and the Subordinated Loan Agreement.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriters" 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 Commission under the Exchange Act, as the same may be amended from time to time.

"Senior Loan Agreement" means the Loan Agreement, dated as of June 1, 2011, between the Corporation and the City, pursuant to which the City makes payments sufficient to pay principal of and interest on the Senior Lien Bonds.

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

"Subordinated Loan Agreement" means the Loan Agreement, dated as of June 1, 2011, between the Corporation and the City, pursuant to which the City makes payments sufficient to pay principal of and interest on the Subordinated Refunding Bonds.

"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:

Tax-Exempt Senior Lien New Money Bonds, Series 2011A

Maturity Date	CUSIP No.	Coupon	Maturity Date	CUSIP No.	Coupon
7/1/2014	71884ATS8	2.000%	7/1/2023	71884AUB3	3.600%
7/1/2015	71884ATT6	3.000	7/1/2024	71884AUC1	3.750
7/1/2016	71884ATU3	4.000	7/1/2025	71884AUD9	3.900
7/1/2017	71884ATV1	5.000	7/1/2026	71884AUE7	4.000
7/1/2018	71884ATW9	5.000	7/1/2027	71884AUF4	4.125
7/1/2019	71884ATX7	4.000	7/1/2028	71884AUG2	4.250
7/1/2020	71884ATY5	5.000	7/1/2029	71884AUH0	4.350
7/1/2021	71884ATZ2	3.100	7/1/2030	71884AUJ6	4.400
7/1/2022	71884AUA5	3.375	7/1/2031	71884AUK3	4.500

Taxable Senior Lien New Money Bonds, Series 2011B

Maturity Date	CUSIP No.	Coupon	Maturity Date	CUSIP No.	Coupon
7/1/2015	71884AUU1	2.328%	7/1/2022	71884AVE6	4.507%
7/1/2016	71884AUV9	2.728	7/1/2023	71884AVF3	4.757
7/1/2017	71884AUW7	3.302	7/1/2024	71884AVG1	4.907
7/1/2018	71884AUX5	3.552	7/1/2025	71884AVH9	4.957
7/1/2019	71884AUY3	3.907	7/1/2026	71884AVB2	5.007
7/1/2020	71884AUZ0	4.107	7/1/2031	71884AVC0	5.315
7/1/2021	71884AVA4	4.257	7/1/2036	71884AVD8	5.565

Tax-Exempt Senior Lien Refunding Bonds, Series 2011C

Maturity Date	CUSIP No.	Coupon	Maturity Date	CUSIP No.	Coupon
7/1/2021	71884AUL1	5.000%	7/1/2025	71884AUQ0	5.000%
7/1/2022	71884AUM9	5.000	7/1/2026	71884AUR8	5.000
7/1/2023	71884AUN7	5.000	7/1/2027	71884AUS6	4.125
7/1/2024	71884AUP2	5.000	7/1/2028	71884AUT4	4.250

Taxable Senior Lien Refunding Bonds, Series 2011D

Maturity Date	CUSIP No.	Coupon	Maturity Date	CUSIP No.	Coupon
7/1/2015	71884AVJ5	2.328%	7/1/2019	71884AVN6	3.907%
7/1/2016	71884AVK2	2.728	7/1/2020	71884AVP1	4.107
7/1/2017	71884AVL0	3.302	7/1/2021	71884AVQ9	4.257
7/1/2018	71884AVM8	3.552			

Subordinated Refunding Bonds, Series 2011

Maturity Date	CUSIP No.	Coupon	Maturity Date	CUSIP No.	Coupon
7/1/2012	71884AVR7	1.416%	7/1/2016	71884AVV8	3.228%
7/1/2013	71884AVS5	1.716	7/1/2017	71884AVW6	3.702
7/1/2014	71884AVT3	2.302	7/1/2018	71884AVX4	4.002
7/1/2015	71884AVU0	2.828	7/1/2019	71884AVY2	4.407

The Final Official Statement relating to the Bonds is dated May 18, 2011 (the "Final Official Statement").

4. Annual Financial Information Disclosure. Subject to Section 9 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 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 the event, Listed Events Disclosure to the MSRB through EMMA in an electronic form 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 Indentures.

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 and within ten business days after the occurrence of such failure to the MSRB through EMMA, of any failure to provide Annual Financial Information Disclosure in the manner and at the time required.

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 Loan Agreements or the Indentures, and the sole remedy available to Bondholders under this Undertaking 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 (such as the Trustee) or by approving vote of the Bondholders pursuant to the terms of the Indentures at the time of the amendment.

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 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 a series of the Bonds under the Loan Agreements. 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 Event Disclosure, in addition to that which is required by this Undertaking. If the City chooses to include any information from any document or notice of occurrence of a Listed Event 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 Listed 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. Assignment. The City shall not transfer obligations under the Loan Agreements unless the transferee agrees to assume all obligations of the City under this Agreement or to execute an Undertaking meeting the requirements of the Rule.

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

CITY OF PHOENIX, ARIZONA

By David Cavazos
Its City Manager

By: ______________________________

Jeff DeWitt
Finance Director

ATTEST:

By:

____
City Clerk

APPROVED AS TO FORM:

By: ______________________________
City Attorney

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means the information and operating data of the type contained in the Final Official Statement under the headings "SECURITY AND SOURCE OF PAYMENT — Outstanding Senior Obligations," "— Outstanding Junior Obligations," "— Outstanding Subordinated Junior Obligations," "EXCISE TAXES AND COVERAGE — ACTUAL EXCISE TAX RECEIPTS FOR THE FISCAL YEARS ENDED JUNE 30," and "APPENDIX B — CITY OF PHOENIX, ARIZONA — FINANCIAL DATA — OTHER LONG-TERM OBLIGATIONS."

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 the MSRB through EMMA. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available from the MSRB through EMMA 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, 2012, 210 days after the last day of the City's fiscal year. 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.

Audited Financial Statements will be prepared according to GAAP, as applied to governmental units as modified by State law. Audited Financial Statements will be provided to the MSRB through EMMA within 30 days after availability to the City.

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 plant 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.

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