NEW ISSUES — BOOK-ENTRY-ONLY

RATINGS: Moody's: Aa1
Standard & Poor's: AAA

OFFICIAL STATEMENT DATED OCTOBER 7, 2009

In the opinion of Bond Counsel, interest on the Taxable Bonds (as defined herein) (i) is includible in gross income of the owners thereof for federal income tax purposes and therefore is not exempt from present federal income taxation and (ii) is exempt from income taxation under the laws of the State of Arizona. See "TAX MATTERS — Taxable Bonds" herein. In the opinion of Bond Counsel, assuming compliance with certain tax covenants, interest on the Tax-Exempt Bonds (as defined herein) (i) is excluded from gross income for federal income tax purposes under existing statutes, regulations, rulings and court decisions and (ii) is exempt from income taxation under the laws of the State of Arizona. Interest on the Tax-Exempt Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, see "TAX MATTERS — Tax-Exempt Bonds" herein for a description of the federal alternative minimum tax on corporations and certain other federal tax consequences of ownership of certain of the Tax-Exempt Bonds. See also "TAX MATTERS — Tax-Exempt Bonds — Original Issue Discount and Bond Premium" herein.

CITY OF PHOENIX, ARIZONA

$280,955,000 Various Purpose General Obligation Bonds, Taxable Series 2009A (Build America Bonds)	$69,045,000 Various Purpose General Obligation Bonds, Taxable Series 2009B	$117,195,000 General Obligation Refunding Bonds, Series 2009C

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

Principal of, and premium, if any, on the Various Purpose General Obligation Bonds, Taxable Series 2009A (Build America Bonds) (the *"Taxable Series 2009A Improvement Bonds*"), the Various Purpose General Obligation Bonds, Taxable Series 2009B (the *"Taxable Series 2009B Improvement Bonds"* and together with the Taxable Series 2009A Improvement Bonds, the *"Taxable Bonds")* and the General Obligation Refunding Bonds, Series 2009C (the *"Refunding Bonds"* or the *"Tax-Exempt Bonds"* and together with the Taxable Bonds, the *"Bonds"*) are payable at the principal office of U.S. Bank National Association, Phoenix, Arizona, as Bond Registrar and Paying Agent (the *"Bond Registrar"*). The Bonds are issued only as fully registered bonds without coupons, in denominations of $5,000 or any integral multiple thereof. The Bonds, when issued, will be registered in the name of The Depository Trust Company *("DTC"*) or its nominee and will be available to purchasers initially only through the book-entry-only system maintained by DTC. So long as the book-entry-only system is maintained, no physical delivery of the Bonds will be made to the ultimate purchasers thereof and all payments of principal of and premium, if any, and interest on the Bonds will be made to such purchasers through DTC. Interest on the Bonds is payable semiannually on January 1 and July 1 of each year commencing January 1, 2010.

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

The Bonds are direct and general obligations of the City and are payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property therein without limitation as to rate but with respect to the Refunding Bonds, within the limitation as to amount prescribed by law. See "SECURITY AND SOURCES OF PAYMENT" herein. The proceeds of the Bonds, together with other legally available funds, will be used for various capital improvements of the City and refunding certain of its general obligation indebtedness as more fully described herein.

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

The Bonds are offered when, as and if issued and received by the Underwriters. The issuance of the Bonds is subject to the approving opinion of Greenberg Traurig, LLP, Phoenix, Arizona, 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 Squire, Sanders & Dempsey L.L.P., Phoenix, Arizona, 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 October 27, 2009.

RBC Capital Markets **Siebert Brandford Shank & Co., LLC**

Barclays Capital **J.P. Morgan**

Estrada Hinojosa & Company, Inc. **Rice Financial Products Co.**

Robert W. Baird & Co. **Wedbush Securities**

MATURITY SCHEDULES

$280,955,000
Various Purpose General Obligation Bonds, Taxable Series 2009A (Build America Bonds)

Maturity July 1	Principal Amount	Interest Rate	Price	Maturity July 1	Principal Amount	Interest Rate	Price
2020	$12,280,000	4.350%	100.000	2022	$3,305,000	4.500%	100.000
2021	15,370,000	4.430	100.000				

$250,000,000 5.269% Term Bonds Due July 1, 2034, Price 100.000

$69,045,000
Various Purpose General Obligation Bonds, Taxable Series 2009B

Maturity July 1	Principal Amount	Interest Rate	Price	Maturity July 1	Principal Amount	Interest Rate	Price
2015	$12,380,000	3.138%	100.000	2018	$13,740,000	4.100%	100.000
2016	12,770,000	3.544	100.000	2019	14,305,000	4.200	100.000
2017	13,225,000	3.930	100.000	2020	2,625,000	4.350	100.000

$117,195,000
General Obligation Refunding Bonds, Series 2009C

Maturity July 1	Principal Amount	Interest Rate	Yield	Maturity July 1	Principal Amount	Interest Rate	Yield
2011	$14,130,000	2.000%	0.750%	2017	$ 330,000	2.500%	2.550%
2012	10,450,000	2.000	1.150	2018	340,000	2.500	2.720
2013	4,325,000	2.000	1.510	2019	5,505,000	3.000	2.850
2013	10,080,000	2.500	1.510	2020	10,290,000	3.000	3.100
2014	8,065,000	2.000	1.840	2021	400,000	3.000	3.140
2015	2,165,000	2.000	2.130	2021	8,365,000	4.000	3.140*
2015	9,480,000	2.500	2.130	2022	8,815,000	4.000	3.230*
2016	7,075,000	2.500	2.370	2023	3,615,000	3.500	3.410*
2016	13,765,000	3.000	2.370				

* Yield to July 1, 2019, the first optional redemption date.

CITY OF PHOENIX, ARIZONA

CITY COUNCIL

Phil Gordon, *Mayor*

Tom Simplot, *Vice Mayor*
District 4

Bill Gates, *Member*
District 3

Claude Mattox, *Member*
District 5

Michael Nowakowski, *Member*
District 7

Sal DiCiccio, *Member*
District 6

Michael Johnson, *Member*
District 8

Peggy Neely, *Member*
District 2

Thelda Williams, *Member*
District 1

ADMINISTRATIVE OFFICIALS

Frank A. Fairbanks
City Manager

Alton Washington
Assistant City Manager

Ruth Osuna
Deputy City Manager

Gary Verburg
City Attorney

Jeff DeWitt
Interim Finance Director

Mario Paniagua
City Clerk

SPECIAL SERVICES

GREENBERG TRAURIG, LLP
Phoenix, Arizona
Bond Counsel

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

PUBLIC RESOURCES ADVISORY GROUP
New York, New York
Financial Advisor

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

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

Upon issuance, the Bonds will not be registered by the City or the 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 THEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT
Relating to
CITY OF PHOENIX, ARIZONA

$280,955,000 **Various Purpose** **General Obligation Bonds,** **Taxable Series 2009A** **(Build America Bonds)**	**$69,045,000** **Various Purpose** **General Obligation Bonds,** **Taxable Series 2009B**	**$117,195,000** **General Obligation** **Refunding Bonds,** **Series 2009C**

INTRODUCTION

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

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

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

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

THE BONDS

Authorization and Purpose

Improvement Bonds. The Various Purpose General Obligation Bonds, Taxable Series 2009A (Build America Bonds) (the *"Taxable Series 2009A Improvement Bonds"*) and the Various Purpose General Obligation Bonds, Taxable Series 2009B (the *"Taxable Series 2009B Improvement Bonds"*) will be issued pursuant to the Constitution and Laws of Arizona, including particularly Article 3 of Chapter 3 of Title 35 of the A.R.S. and Ordinance No. S-36381 adopted by the Mayor and Council of the City on July 1, 2009 authorizing the issuance and delivery for the Taxable Series 2009A Improvement Bonds and the Taxable Series 2009B Improvement Bonds (the *"Improvement Ordinance"*). The Taxable Series 2009A Improvement Bonds and the Taxable Series 2009B Improvement Bonds (collectively, the *"Improvement Bonds"*) were authorized at elections held in the City on March 13, 2001 and March 14, 2006.

The Taxable Series 2009A Improvement Bonds will be designated as "Qualified Build America Bonds (Direct Pay)," bearing taxable interest. The City will elect to receive subsidy payments, in the amount of 35% of each interest payment on the Taxable Series 2009A Improvement Bonds, paid directly to the City by the United States of America. The owners of, and the owners of beneficial interests in, the Taxable Series 2009A Improvement Bonds will not receive any tax credit with respect to the Taxable Series 2009A Improvement Bonds.

As used herein, each of the Taxable Series 2009A Improvement Bonds and the Taxable Series 2009B Improvement Bonds are also referred to collectively as the "Taxable Bonds" and separately as a "Series" or a "Series of Taxable Bonds."

Refunding Bonds. The General Obligation Refunding Bonds, Series 2009C (the *"Refunding Bonds"* or the *"Tax-Exempt Bonds"*) will be issued pursuant to the Constitution and Laws of Arizona, including particularly Article 4 of Chapter 3 of Title 35 of the A.R.S. and Ordinance No. S-35920 adopted by the Mayor and Council of the City on March 4, 2009 authorizing the issuance and delivery for the Refunding Bonds (the *"Refunding Ordinance"* and together with the Improvement Ordinance, the *"Ordinances"*).

Plan of Refunding

The proceeds of the Refunding Bonds remaining after deduction of issuance costs, together with certain other legally available funds, will be placed in an irrevocable trust account (the *"Trust Account"*) with U.S. Bank National Association, Phoenix, Arizona, as depository trustee (the *"Depository Trustee"*) to be applied to the payment or redemption of the following bonds (collectively, the *"Bonds Being Refunded"*):

Issue Dated	Series	Purpose	Principal Amount Outstanding	Principal Amount Being Refunded
01/15/1998	1998	Various Purpose	$24,670,000	$ 24,670,000
01/15/1999	1999A	Refunding	77,370,000	77,370,000
01/15/1999	1999B	Refunding	4,560,000	4,560,000
02/01/1999	1999	Various Purpose	10,550,000	10,550,000
Total:				$117,150,000

The trust funds held by the Depository Trustee will be used to acquire obligations issued or guaranteed by the United States of America *("Government Obligations")* the principal of and interest on which, when due, are calculated to be sufficient, together with any initial cash balance in the Trust Account, to provide moneys to pay the principal, premium, if any, and interest to become due on the Bonds Being Refunded. (See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.)

Such trust funds will be held by the Depository Trustee irrevocably in trust for the payment of such principal on the Bonds Being Refunded pursuant to the terms of a Depository Trust Agreement between the City and the Depository Trustee dated as of October 1, 2009, (the *"Depository Trust Agreement"*). For a description by maturity and principal amount of each issue of the Bonds Being Refunded, see the SCHEDULE OF MATURITIES AND CALL DATES OF BONDS BEING REFUNDED (the *"Schedule"*) on page 18.

Following the delivery of the Refunding Bonds, the City may, but is not required to, select or cause the selection of individual bonds of any maturity reflected on the Schedule as being only partially refunded and identify such bonds as being refunded by the Refunding Bonds. Unless and until such actions are taken, the trust funds being held by the Depository Trustee for payment of principal of, premium, if any, and interest on the Bonds Being Refunded shall not be considered held for the benefit of any individual bond of a maturity as being only partially refunded. If such actions are taken the City may, but is not required to, apply for a revision to any rating currently applicable to any bond identified as being refunded by the Refunding Bonds.

Improvement Projects

The Improvement Bonds are being issued to pay all or a portion of the following projects:

Principal Amount		
Taxable Series 2009A Improvement Bonds	**Taxable Series 2009B Improvement Bonds**	**Purpose**
$ 9,190,000	$ —	Acquiring land, constructing, reconstructing, improving and equipping police buildings and purchasing equipment for providing police protection including new neighborhood police stations; a new crime lab; and helicopters and related equipment (2001 Authorization)
$ 2,310,000	$ 1,975,000	Acquiring land and equipment and designing, constructing, repairing and developing computer and radio communications facilities and equipment, including the Police and Fire 800 MHz communications system (2001 Authorization)
$ 1,470,000	$ —	Acquiring land, environmental assessments, clean-up, infrastructure development, revegetation, renovation and expansion of City service centers, a riverbed habitat restoration project and neighborhood pollution sites owned or acquired by the City (2001 Authorization)
$ 625,000	$ 525,000	Historic preservation including land acquisition, renovation, and reconstruction to preserve historic buildings and historic sites (2001 Authorization)
$ 125,000	$ 975,000	Acquiring land, constructing, reconstructing, renovating, and equipping educational, youth and family cultural facilities (2001 Authorization)
$ 1,600,000	$ 3,000,000	Acquiring and developing land, constructing, reconstructing, improving and equipping new libraries and expanding existing library facilities (2001 Authorization)
$ 2,225,000	$ 2,875,000	Improving and expanding the City's fire protection system by constructing, reconstructing, improving, repairing, acquiring land and equipping new and existing fire stations, the fire training academy, and other fire facilities, and purchasing related Fire protection equipment (2001 Authorization)
$ 2,625,000	$ 675,000	Neighborhood revitalization projects, including acquisition of vacant land or blighted properties, land assembly, clearance, and providing public infrastructure; protecting homes in historic neighborhoods; acquiring land, constructing, reconstructing, improving, repairing, renovating for disability access and equipping City-owned senior centers, family service centers and convenient citizen service centers (2001 Authorization)
$ 5,600,000	$ —	Acquiring land, constructing, reconstructing, improving and enlarging storm sewers, detention basins and flood protection facilities (2001 Authorization)
$ 3,975,000	$ —	Acquiring land and/or rights of way, constructing, reconstructing, improving and maintaining arterial streets and related facilities and projects that protect neighborhoods from traffic (2001 Authorization)
$ 71,200,000	$ 4,625,000	Improving and expanding the City's police, fire protection, and homeland security systems by constructing, reconstructing, improving, repairing, acquiring land and equipping new and existing police precincts and neighborhood fire stations, fire training facilities, a new crime lab, three new patrol helicopters and related equipment, fire protection equipment, computer and radio communications facilities and equipment (2006 Authorization)
$ 9,300,000	$ —	Acquiring equipment and designing, constructing, repairing and developing computer, radio communications facilities, and technology equipment and voting access for disabled citizens (2006 Authorization)

Principal Amount		
Taxable Series 2009A Improvement Bonds	**Taxable Series 2009B Improvement Bonds**	**Purpose**
$ —	$ 350,000	Improving and expanding high school, higher education, and health science facilities by acquiring land and constructing, reconstructing, improving, repairing, and equipping new and existing facilities, including several small high schools throughout the City focused on nursing, science, technology and/or engineering, an Arizona State University campus including a College of Nursing, a University of Arizona School of Medicine, a University of Arizona School of Pharmacy, a life sciences research park, and a Phoenix bioscience campus (2006 Authorization)
$ 25,725,000	$ —	Acquiring and developing land or interests therein, constructing, reconstructing, improving, repairing and equipping new and existing parks, playgrounds, recreational facilities and areas and open space preserves and historic park facilities (2006 Authorization)
$ 44,260,000	$18,155,000	Constructing, reconstructing, improving, expanding, repairing, renovating for disability access, acquiring land and equipping new and existing libraries, senior centers, family and social service centers, service centers for conducting City business and youth and family cultural facilities (2006 Authorization)
$ 15,500,000	$35,850,000	Affordable housing, neighborhood revitalization projects, cleaning up neighborhood pollution sites, and protecting historic homes and buildings; including constructing, reconstructing, renovating, improving, expanding, repairing, acquiring land for, and equipping, assisted housing units and shelters for the homeless; acquiring vacant land or blighted properties, land assembly, clearance, and providing public infrastructure (2006 Authorization)
$ 85,225,000	$ 40,000	Constructing, reconstructing, improving, equipping and maintaining City streets and storm sewers, detention basins and flood control projects, and projects that protect neighborhoods from traffic (2006 Authorization)
$280,955,000	$69,045,000	

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 CAPTIONS "TAX MATTERS" AND "CONTINUING DISCLOSURE") WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS. PRINCIPAL, PREMIUM, IF ANY, AND INTEREST PAYMENTS ON THE BONDS ARE TO BE MADE TO DTC AND ALL SUCH PAYMENTS WILL BE VALID AND EFFECTIVE TO SATISFY FULLY AND TO DISCHARGE THE OBLIGATIONS OF THE CITY WITH RESPECT TO, AND TO THE EXTENT OF, THE AMOUNTS SO PAID.

The Bonds will be dated the date of initial authentication and delivery thereof, will bear interest payable semiannually on January 1 and July 1 of each year (each an *"Interest Payment Date"*), commencing January 1, 2010. The Bonds will bear interest at the rates and will mature on the dates and in the amounts set forth on the inside front cover of this Official Statement. The Bonds will be delivered in fully registered form in the denomination of $5,000 each or any whole multiple thereof (but no Bond may represent installments of principal for such series maturing on more than one date).

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

Book-Entry-Only System

The following information about the book-entry-only system applicable to the Bonds has been supplied by DTC. None of the City, the Bond Registrar, 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 instrument (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")*. 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")*. 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 Direct and Indirect 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 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 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 Securities; 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 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.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District 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 City or the Bond Registrar, 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 City or the Bond Registrar, 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 City or the Bond Registrar, 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 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 City or the Bond Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City 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.

THE CITY WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE BONDS UNDER THE ORDINANCES; (3) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (4) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE BONDS; (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF BONDS; OR (6) ANY OTHER MATTERS.

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

Redemption Provisions

Optional Redemption — Taxable Series 2009A Improvement Bonds — Make-Whole Optional Redemption. The Taxable Series 2009A Improvement Bonds are subject to redemption prior to their stated maturity dates at the option of the City, in whole or in part on any date, at a redemption price (the "Make-Whole Redemption Price") equal to the greater of:

(1) the issue price set forth on the inside front cover page hereof (but not less than 100%) of such principal amount of the Taxable Series 2009A Improvement Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Taxable Series 2009A Improvement Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Taxable Series 2009A Improvement Bonds are to be redeemed, discounted to the date on which such Taxable Series 2009A Improvement Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below) plus 20 basis points;

plus, in each case, accrued interest on such Taxable Series 2009A Improvement Bonds to be redeemed to the redemption date. If fewer than all of such Taxable Series 2009A Improvement Bonds are to be redeemed, the particular Taxable Series 2009A Improvement Bonds shall be selected on a pro-rata basis.

"Treasury Rate" means, with respect to any redemption date for a particular Taxable Series 2009A Improvement Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Taxable Series 2009A Improvement Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Extraordinary Optional Redemption — Taxable Series 2009A Improvement Bonds. The Taxable Series 2009A Improvement Bonds are subject to redemption at any time prior to their maturity at the option of the City, in whole or in part, upon the occurrence of an Extraordinary Event (as defined below), at a redemption price (the *"Extraordinary Redemption Price"*) equal to the greater of:

(1) the issue price set forth on the inside front cover page hereof (but not less than 100%) of the principal amount of such Taxable Series 2009A Improvement Bonds to be redeemed; or

(2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Taxable Series 2009A Improvement Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Taxable Series 2009A Improvement Bonds are to be redeemed, discounted to the date on which such Taxable Series 2009A Improvement Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (described above) plus 100 basis points;

plus, in each case, accrued interest on such Taxable Series 2009A Improvement Bonds to be redeemed to the redemption date. If fewer than all of such Taxable Series 2009A Improvement Bonds are to be redeemed, the particular Taxable Series 2009A Improvement Bonds shall be selected on a pro-rata basis.

An "Extraordinary Event" will have occurred if a material adverse change has occurred to Section 54AA or 6431 of the Internal Revenue Code of 1986, as amended (as such Sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009, pertaining to "Build America Bonds") pursuant to which the City's 35% cash subsidy payment from the United States Treasury is reduced or eliminated.

Calculation of Redemption Price — Taxable Series 2009A Improvement Bonds. The redemption price of the Taxable Series 2009A Improvement Bonds to be redeemed at the option of the City will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the City at the City's expense to calculate such redemption price. The City may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

Optional Redemption — Taxable Series 2009B Improvement Bonds. The Taxable Series 2009B Improvement Bonds will not be subject to redemption prior to maturity.

Optional Redemption — Refunding Bonds. The Refunding Bonds maturing on or after July 1, 2020, shall be subject to redemption prior to maturity at the option of the City on and after July 1, 2019, in whole or in part at any time in increments of $5,000 principal amount from maturities selected by the City and within any maturity by lot selected by the Bond Registrar at the principal amount thereof and accrued interest to the date fixed for redemption, but without premium.

Mandatory Sinking Fund Redemption. The Taxable Series 2009A Improvement Bonds maturing on July 1, 2034, (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 follow:

Taxable Series 2009A Improvement Bonds Maturing July 1, 2034

Sinking Fund Retirement Date	Sinking Fund Requirement
2022	$12,505,000
2023	16,335,000
2024	16,895,000
2025	17,475,000
2026	18,070,000
2027	18,690,000
2028	19,330,000
2029	19,990,000
2030	20,675,000
2031	21,385,000
2032	22,115,000
2033	22,875,000
2034*	23,660,000

* Maturity

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

Method and Notice of Redemption. The Bonds shall be redeemed only in the principal amount of $5,000 or whole multiples thereof. The City shall, at least 60 days prior to the redemption date (unless a shorter notice shall be satisfactory to the Bond Registrar), notify the Bond Registrar of such redemption date, the principal amount and maturities of the Bonds to be redeemed. For purposes of any redemption of less than all of the Bonds of a single maturity, the particular Bonds or portions thereof of such maturity to be redeemed shall be selected by lot for the Tax-Exempt Improvement Bonds and the Refunding Bonds by the Bond Registrar by such method of lottery as the Bond Registrar shall deem fair and appropriate and on a pro-rata basis for the Taxable Series 2009A Improvement Bonds.

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

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

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

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

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

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

SECURITY AND SOURCE OF PAYMENT

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

The levy of ad valorem taxes for the payment of the Refunding Bonds is subject only to the rights vested in the holders of the Bonds Being Refunded to payment from the same tax source in the event of a deficiency in the income derived from the cash and Government Obligations placed in trust pursuant to the Depository Trust Agreement for payment of the Bonds Being Refunded. Although it is not expected that ad valorem taxes will be used to pay debt service on the Bonds Being Refunded, in the event of a deficiency in the amounts derived from the irrevocable trust established therefor, ad valorem taxes levied for the payment of the Refunding Bonds shall first be applied, to the extent of such deficiency, to the payment of principal of and interest on the Bonds Being Refunded, and the balance to the payment of the Refunding Bonds. (See "THE BONDS — Plan of Refunding" herein with respect to the sufficiency of cash and Government Obligations deposited with the Depository Trustee for the payment of the Bonds Being Refunded and "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein with respect to the verification of such calculations.)

SOURCES AND APPLICATIONS OF FUNDS

	Taxable Improvement Bonds Series 2009A	Taxable Improvement Bonds Series 2009B	Refunding Bonds Series 2009C	Total
Sources:				
Par Amount of the Bonds	$280,955,000.00	$69,045,000.00	$117,195,000.00	$467,195,000.00
Original Issue Premium	—	—	2,921,807.65	2,921,807.65
Total	$280,955,000.00	$69,045,000.00	$120,116,807.65	$470,116,807.65
Applications:				
Purchase Price of Governmental Obligations and Beginning Cash Balance in Trust Account	$ —	$ —	$119,458,016.00	$119,458,016.00
Project Fund	279,381,138.83	68,657,678.70	—	348,038,817.53
Cost of Issuance	352,842.41	86,711.43	186,402.64	625,956.48
Underwriters' Compensation	1,221,018.76	300,609.87	472,389.01	1,994,017.64
Total	$280,955,000.00	$69,045,000.00	$120,116,807.65	$470,116,807.65

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 a balanced 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

In February 2009, due to sustained declines in local and state sales tax revenues, the City Council approved budget reductions for 2008-09 and 2009-10 of $212.1 million and the elimination of approximately 1,093 positions. The City cut non-public safety general fund departments by 27.3%, public safety departments by 7.5%, Municipal Court by 7.9% and the Law Department by 15.0%. The budget reductions became effective March 2, 2009. Furthermore, the hiring freeze that has been in place since January 2008 remains in effect and the City has deferred certain capital improvement projects that will have an operating budget impact.

Following the March 2009 budget reductions, revenues continued to come in below budget and ended the fiscal year approximately $25 million below estimates. However, these lower revenues were more than offset by a reduction of approximately $34 million in expenditures. The reduced expenditures were the result of management's emphasis on creating organizational efficiencies and cutting costs throughout the City and were in addition to previously reduced budget amounts. Savings were achieved across all departments, with public safety realizing the greatest savings of more than $20 million. Also, sales tax revenue collections appear to have stabilized and have been flat since late 2008.

The table below presents the General Fund revenues by major source for fiscal year 2007-08 and preliminary, unaudited results for fiscal year 2008-09. The General Fund pays for the general activities of the City that are not supported by enterprise funds or special revenue funds which are restricted to statutory or voter approved uses.

GENERAL FUND REVENUES BY MAJOR SOURCE
(in thousands)

Revenue Source	2007-08	Preliminary Unaudited 2008-09
Local Taxes		
Sales Tax	$ 408,515	$ 378,407
Privilege License Fees	2,402	2,370
Other General Fund Excise Taxes	8,193	14,220
State-Shared Revenues		
Sales Tax	135,134	122,593
State Income Tax	207,694	220,806
Vehicle License Tax	59,244	53,629
Primary Property Tax	103,033	110,085
User Fees/Other Revenues	112,899	117,814
Total General Fund	$1,037,114	$1,019,924

The table below presents the General Fund balance for fiscal year 2007-08 and the preliminary, unaudited balance for fiscal year 2008-09.

GENERAL FUND BALANCE
(in thousands)

	2007-08	Preliminary Unaudited 2008-09
Resources:		
Beginning Balances	$ 68,689	$ 39,130
Revenue	1,037,114	1,019,924
Recoveries	1,515	1,891
Transfers	24,821	22,864
Total Resources	$1,132,139	$1,083,809
Expenditures:		
Operating Expenditures	$1,086,941	$1,037,281
Capital	6,068	948
Total Expenditures	$1,093,009	$1,038,229
Ending Fund Balance	$ 39,130	$ 45,580

Combined Financial Schedules

The schedules summarized on pages B-39 through B-49 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 2006-07 and 2007-08, preliminary unaudited results for fiscal year 2008-09 and revised budgeted amounts for fiscal year 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.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Grant Thornton LLP, a firm of independent public accountants will deliver to the City, on or before the settlement date of the Refunding Bonds, its attestation report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the Underwriters or the Financial Advisor on behalf of the City. Included in the scope of its examination will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on, the Government Obligations to pay, when due, the maturing principal of interest on and related call premium requirements of the Bonds Being Refunded; and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Tax-Exempt Bonds are not "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder.

The examination performed by Grant Thornton, LLP will be solely based upon data, information and documents provided to Grant Thornton, LLP by the Underwriters or the Financial Advisor on behalf of the City. The Grant Thornton, LLP report of its examination will state that Grant Thornton, LLP has no obligation to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

LITIGATION

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

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

TAX MATTERS

Taxable Bonds. Interest on the Taxable Bonds will not be excludable from gross income of the owners thereof for federal income tax purposes, but will be exempt from income taxation under the laws of the State of Arizona. Bond Counsel expresses no other opinion regarding any tax consequences of ownership of, or the receipt of interest payments on, the Taxable Bonds. Owners of the Taxable Bonds should consult their tax advisors with respect to any such tax consequences, including, without limitation, the treatment of interest in jurisdictions other than Arizona, the calculation and timing of inclusion of interest income, the tax consequences of dispositions of Taxable Bonds at a gain or loss and the determination of the amount thereof, rules applicable if Taxable Bonds are acquired at a premium or discount from their face amount (including without limitation the possible treatment of accrued market discount as ordinary income, deferral of certain interest deductions attributable to indebtedness incurred or continued to purchase or hold Taxable Bonds, and the amortization of market premium).

Tax-Exempt Bonds-General. The Internal Revenue Code of 1986, as amended (the *"Code"*) includes requirements which the City must continue to meet with respect to the Tax-Exempt Bonds after the issuance thereof in order that interest on the Tax-Exempt Bonds not be included in gross income for federal income tax purposes. The City's failure to meet these requirements may cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactive to their date of issuance. The City has covenanted in the Ordinances to take the actions required by the Code in order to maintain the exclusion from federal gross income of interest on the Tax-Exempt Bonds.

In the opinion of Bond Counsel, rendered with respect to the Tax-Exempt Bonds on the date of issuance of the Tax-Exempt Bonds, assuming continuing compliance by the City with the tax covenants referred to above, under existing statutes, regulations, rulings and court decisions, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes. Interest on the Tax-Exempt Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Tax-Exempt Bonds is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on corporations. Bond Counsel is further of the opinion upon the date of issuance of the Tax-Exempt Bonds that the interest thereon is exempt from income taxation under the laws of the State of Arizona.

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

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

Tax-Exempt Bonds-Original Issue Discount. The initial offering price of certain of the Tax-Exempt Bonds (referred to in this section as the *"Discount Bonds"*), is less than the principal amount payable at maturity. Under the Code, the difference between the principal amount of the Discount Bonds and the initial offering price to the public, excluding bond houses and brokers, at which price a substantial amount of the Discount Bonds of the same maturity was sold, is original issue discount. Original issue discount represents interest which is excluded from gross income; however, such interest is taken into account for purposes of determining the alternative minimum tax imposed on corporations and may result in the collateral federal tax consequences described above under "Tax Exempt Bonds — General." Original issue discount will accrue actuarially over the term of a Discount Bond at a constant interest rate. A purchaser who acquires a Discount Bond in the initial offering at a price equal to the initial offering price thereof as set forth on the inside front cover page of this Official Statement will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period such purchaser holds such Discount Bond and will increase its adjusted basis in such Discount Bond by the amount of such accruing discount for purposes of determining a taxable gain or loss on the sale or other disposition of such Discount Bond. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Prospective purchasers of the Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bonds and with respect to the state and local tax consequences of owning and disposing of the Discount Bonds.

Tax-Exempt Bonds — Premium. Certain of the Tax-Exempt Bonds as indicated on the inside front cover of this Official Statement *("Premium Bonds")* 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 (or over a shorter permitted compounding interval selected by the owner). The amount of amortizable bond premium for a taxable year is determined actually on a constant interest rate basis over the term of each Premium Bond. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning the Premium Bonds.

ARIZONA LAW AFFECTING ISSUE PRICE

The Arizona statutes place limitations on the amount of net premium which may be received with respect to new money and refunding general obligation bonds and restricts the use thereof. Pursuant to Arizona law, the outstanding indebtedness of a jurisdiction is equal to the total principal amount of all general obligation bonds outstanding at the time of calculation. Premium is not counted as debt, but in a sale of refunding bonds, such as the Refunding Bonds, the amount of net premium permitted to be received from the sale thereof is limited to the total of: (i) the difference between the amount required to fund the Trust Account for the Bonds Being Refunded and the par amount of the Bonds Being Refunded, plus (ii) the costs of issuance of the Refunding Bonds that may be paid from net premium, which is up to two percent of the par value of the Bonds Being Refunded. Arizona law also requires that with respect to improvement bonds such as the Taxable Series 2009A Improvement Bonds and the Taxable Series 2009B Improvement Bonds, respectively, the net premium with respect to each series may not exceed the greater of two percent of the par value of such series of bonds or $100,000. Pursuant to Arizona law, net premium is equal to the difference between the par amount of the bonds and the issue price of the bonds as determined pursuant to United States Treasury Regulations. The City will issue each series of Bonds subject to the requirement that each series of Bonds are not reoffered to produce a net premium in excess of their respective limits set forth above. Any net premium received by the City will be applied in compliance with the limitations of Arizona law.

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

Certain legal matters will be passed upon for the Underwriters of the Bonds by Squire, Sanders & Dempsey L.L.P., as Counsel to the Underwriters.

RATINGS

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. *("S&P")* has assigned a rating of "AAA" to the Bonds. Moody's Investors Service *("Moody's")* has assigned a rating of "Aa1" to the Bonds.

No application was made to any other rating service for the purpose of obtaining ratings on the Bonds. The City furnished these rating agencies with certain information and materials with respect to the Bonds. The ratings reflect only the view of S&P 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, 250 Greenwich Street, 23rd Floor, New York, New York 10007. 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 by S&P or Moody's may have an adverse effect on the marketability or market price of the Bonds.

UNDERWRITING

The Bonds are being purchased for reoffering by RBC Capital Markets Corporation and the other underwriters shown on the cover hereof (collectively, the *"Underwriters"*). The Underwriters have agreed to purchase the Bonds, subject to certain conditions, at an aggregate price of $279,733,981.24 with respect to the Taxable Series 2009A Improvement Bonds, $68,744,390.13 with respect to the Taxable Series 2009B Improvement Bonds and $119,644,418.64 with respect to the Refunding Bonds. If the Bonds are sold to produce the yields shown on the inside front cover hereof, the underwriters' compensation will be $1,221,018.76 with respect to the Taxable Series 2009A Improvement Bonds, $300,609.87 with respect to the Taxable Series 2009B Improvement Bonds and $472,389.01 with respect to the Refunding Bonds.

The Underwriters are committed to purchase all of the Bonds if any are purchased. The Bonds are offered for sale at the initial prices or yields set forth on the inside front cover page of this Official Statement, which prices or 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.

J.P. Morgan Securities Inc., one of the underwriters of the Bonds, has entered into an agreement (the "Distribution Agreement") with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings at the original issue prices. Pursuant to the Distribution Agreement if applicable for this transaction, J.P. Morgan Securities Inc. will share a portion of its underwriting compensation with respect to the Bonds with UBS Financial Services Inc.

CONTINUING DISCLOSURE

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

The City has represented that it is in compliance 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 Ordinances and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See "APPENDIX G — FORM OF CONTINUING DISCLOSURE UNDERTAKING." A failure by the City to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

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

The financial statements of the City as of June 30, 2008 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 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 City or the Underwriters and the purchasers or holders of any of the Bonds.

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

CITY OF PHOENIX, ARIZONA

By /s/ JEFF DEWITT

Interim Finance Director

SCHEDULE OF MATURITIES AND CALL DATES OF BONDS BEING REFUNDED

Issue Date	Maturity Date (July 1)	Principal Amount Outstanding	Principal Amount Refunded	Coupon	Call Date	Call Premium as a Percentage of Principal
01/15/1998	2013	$ 3,690,000	$ 3,690,000	4.500%	12/01/2009	0.0%
01/15/1998	2019	5,155,000	5,155,000	4.500	12/01/2009	0.0
01/15/1998(1)	2020	5,450,000	5,450,000	4.500	12/01/2009	0.0
01/15/1998(1)	2021	5,040,000	5,040,000	4.500	12/01/2009	0.0
01/15/1998(1)	2022	5,335,000	5,335,000	4.500	12/01/2009	0.0
01/15/1999	2010	8,425,000	8,425,000	4.500	12/01/2009	0.0
01/15/1999	2011	12,420,000	12,420,000	4.500	12/01/2009	0.0
01/15/1999	2012	8,990,000	8,990,000	4.750	12/01/2009	0.0
01/15/1999	2013	9,475,000	9,475,000	4.500	12/01/2009	0.0
01/15/1999	2014	7,080,000	7,080,000	4.125	12/01/2009	0.0
01/15/1999	2015	10,790,000	10,790,000	4.500	12/01/2009	0.0
01/15/1999	2016	20,190,000	20,190,000	4.500	12/01/2009	0.0
01/15/1999	2020	4,560,000	4,560,000	4.500	12/01/2009	0.0
02/01/1999(2)	2021	3,585,000	3,585,000	4.750	12/01/2009	1.0
02/01/1999(2)	2022	3,390,000	3,390,000	4.750	12/01/2009	1.0
02/01/1999(2)	2023	3,575,000	3,575,000	4.750	12/01/2009	1.0

(1) Represents mandatory sinking fund payment of a term bond maturing in 2022.

(2) Represents mandatory sinking fund payment of a term bond maturing in 2023.

APPENDIX A

CITY OF PHOENIX, ARIZONA — DESCRIPTION

OVERVIEW

Phoenix is the fifth 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 7.66 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 2005 census recorded Phoenix's population at 1,475,834. As of July 1, 2009 the City encompasses 518.83 square miles, with the City of Phoenix Planning Department estimating the City's population at 1,665,320.

Population Statistics
Phoenix, Maricopa County and Arizona

								Percent Change	
Area	**1950**	**1960**	**1970**	**1980**	**1990**	**2000**	**2009(1)**	**1950-09**	**1990-09**
Phoenix	106,818	439,170	584,303	789,704	983,403	1,321,045	1,665,320	1,459.0%	69.3%
Maricopa County	331,770	663,510	971,228	1,509,175	2,122,101	3,072,149	3,987,942	1,102.0	87.9
State of Arizona	749,587	1,301,161	1,775,399	2,716,546	3,665,228	5,130,632	6,629,455	784.4	80.9

(1) Population figures for Maricopa County and the State of Arizona are as of July 1, 2008 (latest available data). Population figures for the City of Phoenix are as of July 1, 2009.

Source: Population figures prior to 2004 are from the U.S. Department of Commerce, Census Bureau. The 2008 estimated population figures for Maricopa County and the State of Arizona are from the Arizona Department of Economic Security. The July 1, 2009 estimated population figure for the City of Phoenix is from the City of Phoenix Planning Department.

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, Frontier, Great Lakes, Hawaiian, JetBlue, Mesa (dba US Airways Express), Midwest, Northwest, 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 17 schools/colleges and has a total enrollment of more than 67,000 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 9,000 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 9,600 students. The Arizona State University Downtown Phoenix campus opened August 21, 2006 and has an enrollment of more than 8,400 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 are currently focusing their attention on bringing increased housing, especially ownership housing, to downtown.

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 village. 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 will not adversely affect development in the City of Phoenix in the future, and 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.

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 26,000 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 has a confirmed 68 conventions booked for 2009 and will host more than 300,000 attendees equating to an economic impact of over $440 million in direct spending. By comparison, in 2008 the Phoenix Convention Center hosted 49 conventions.

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, image and promotion arm for all of its participants. 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 eight appointments to the GPEC Board with no other city having more than three appointments.

GPEC strives to adapt to the continually changing needs of the region's business decision makers, while staying abreast of U.S. and world competitors. The City's Community and Economic Development Department (CEDD) works closely with GPEC to attract new wealth-generating employers to Phoenix. GPEC has expanded its focus by developing and implementing "GPEC Next", a collaborative regional economic model that includes several initiatives aimed at achieving a competitive and sustainable regional economy. These initiatives include competitor market prospecting, emerging technology cluster development, international economic development, a community building consortium and a university-led technology strategy.

Since 1999, CEDD has directly assisted in the attraction of 269 new employers to the City of Phoenix. These new companies are projected to employ over 55,000 individuals and invest over $3.4 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.

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 Phoenix Museum of History and the Arizona Science Center are 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 Phoenix Museum of History is approximately 24,000 square feet and cost $3.5 million. The Phoenix Museum of History opened to the public in January 1996 and the Arizona Science Center opened in April 1997. In addition to the museums, 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 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 beautiful 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 has been 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 increases 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 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. Half of the building houses the world headquarters for Freeport-McMoRan Copper & Gold Inc. (formerly Phelps Dodge Corporation). 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 City will provide 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 is expected to be completed in November 2009.

CityScape is a 5-acre, mixed-use development that blends urban living with work, shopping and entertainment and will include restaurants, a grocery store, offices, condominiums, and outdoor event space. The project encompasses three blocks in downtown Phoenix and is adjacent to the US Airways Center and within two blocks of Chase Field. Construction on CityScape began in the fall of 2007 with the first phase expected to open in late 2009. The project will be built out over several years based on market demand, with the majority of construction planned to be completed by 2011.

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 planned over the next ten years to achieve approximately six million square feet of new 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 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 Phoenix Biomedical Campus 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 (the, *"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. Phased construction on the next two facilities and the remaining 28-acre campus has begun. The initial phase is expected to be completed in fall 2010. The two facilities will add more than 600,000 square feet to the Phoenix Biomedical Campus.

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 is on track to achieve the Leadership in Energy and Environmental Design (LEED) certified Silver or Gold status.

By August 2008, the campus had an enrollment of more than 8,400 students and 1,200 faculty and staff. In addition, a new student housing tower was constructed on the campus between First and Second streets on Taylor Street. The tower, which is 13 stories high and accommodates 750 beds, opened in August 2008. Construction of a second tower, which accommodates an additional 550 beds, was completed and opened in August 2009.

The U.S. Post Office building at Central Avenue and Fillmore Street will eventually house the student union. Retail postal services will remain in the building, and a veranda will be 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 is expected to be completed in late 2009.

When fully developed the campus is expected to serve 15,000 students with 1,800 faculty and staff and include 4,000 student housing beds. ASU Downtown Phoenix is expected to eventually create 7,700 jobs, generate more than $570 million in total economic impact and provide $7.3 million annually in City sales tax.

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 over 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 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 being built in three phases. Phase I was completed in July 2007 and consists of 54 units in a six-story condominium tower and brownstones. Phase II will consist of a 10-story condominium tower with 87 units and is scheduled to open in the fall of 2010. Phase III will follow with a 12-story condominium tower, brownstones and 8,500 square feet of retail.

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.

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. The demolition and reconstruction phase began in December 2003. The return of eligible residents began in December 2005 with final occupancy taking place 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

Construction of Central Station, a new downtown transit center located on the northeast corner of Central Avenue and Van Buren Street was completed in May 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, a children's area, push cart vending, seating and shade; and bus loading and circulation areas for 12 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. Rail stations were constructed on the east and west ends of the site, and the facility will undergo renovation in the future.

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.

The City has entered into an intergovernmental agreement with Valley Metro Rail, Inc. (METRO) to design, build, operate and maintain a 4.6-mile extension to the initial light rail system. The Northwest Extension as initially planned would extend the original light rail system northwest from 19th Avenue and Montebello (just south of Bethany Home Road) to 25th Avenue and Mountain View Road. Design, land acquisition and landscaping for 3.2-miles of the extension are scheduled to be completed by 2010. Light rail construction on the 3.2-mile extension as well as completion of the remaining 1.4-miles of the extension will be finished as funding becomes available.

Renovation of the Sunnyslope Transit Center was completed in June 2007. As part of the renovation, a security and customer information building was constructed for customer service and security staff, enabling the City to sell fare media and provide customer information. Staff began working at the transit center in July 2007. Renovation of the Paradise Valley Mall Transit Center started in the second quarter of 2008 to enhance security and customer shading. The renovation was completed in June 2009.

Construction of a new West Transit Facility was completed November 2007. 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.

Renovation of the North Transit Facility began in January 2008. The refurbishment will target safety, mechanical and electrical needs to extend the life of the facility. Completion of the project is expected in January 2011.

An additional RAPID bus service park-and-ride facility is under design near the intersection of I-17 and Happy Valley Road. RAPID bus routes provide non-stop bus service to downtown Phoenix and are very popular. Amenities will include a security building, closed circuit television monitoring, shaded parking and passenger loading areas. The park-and-ride facility is expected to be completed in December 2010.

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 22 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. The facility accommodates 1,500 additional employees. JP Morgan Chase is currently developing a new parking garage on the facility to accommodate the hiring of additional employees as it remodels and builds out the first floor of its building. The leasehold interest was acquired by Brookfield Asset Management in late 2008.

Other sizeable tenants at Phoenix Sky Harbor Center include Greyhound, 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 located 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 the Barry M. Goldwater 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). The ADP includes the design and construction of the PHX Sky Train at Phoenix Sky Harbor International Airport, development of additional gates at Sky Harbor International Airport and facility rehabilitation and maintenance. Recent downturns within the airline industry and the wider national economic downturn have resulted in reductions to passenger traffic at Sky Harbor International Airport. Sky Harbor International Airport management projects that total traffic declines over the next eighteen to twenty four months will be approximately fifteen percent. As a result of declining traffic and revenues, Sky Harbor International Airport management has reduced its operating budget by $15 million in FY2010. Management has also deferred $200 million in capital projects until FY2014 and beyond. These reductions and deferrals will enable management to continue design and construction of phase one of the PHX Sky Train project and other vital facility projects at Sky Harbor International Airport.

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, an Executive Assistant to the City Manager, a Public Safety Manager, the City Auditor, and five 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 27 departments, 25 functions and 16,155 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 2009-10 through an adopted operating budget of $3,673.5 million. Of this, the general purpose funds budget totals $1,111.8 million, which is for general municipal services and excludes enterprise activities such as water, sewer, refuse and airports. On February 3, 2009, due to sustained declines in local and state sales tax revenues, the City Council approved budget reductions for 2008-09 and 2009-10 of $212.1 million and approximately 1,093 positions. The City cut non-public safety general fund departments by 27.3%, the Police and Fire departments by 7.5%, the Municipal Court by 7.9% and the Law Department by 15.0%. The budget reductions were effective March 2, 2009.

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.

Tom Simplot, Vice Mayor, District 4

Vice Mayor Simplot will begin 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.

Sal DiCiccio, Councilmember, District 6

Councilmember DiCiccio began his most recent term on the City Council in February 2009. The Mayor and City Council appointed Mr. DiCiccio to fill the District 6 position left vacant upon the resignation of Greg Stanton. 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 interim term on the City Council in June 2009 to fill the District 3 position left vacant upon the resignation of Maria Baier. 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.

Michael Johnson, Councilmember, District 8

Councilmember Johnson will begin 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.

Peggy Neely, Councilmember, District 2

Councilmember Neely will begin her third consecutive term on the City Council in January 2010. Ms. Neely is a real estate broker and owner of Arizona Home Team, which is affiliated with the Phoenix Association of Realtors, Arizona Association of Realtors, National Association of Realtors and the Women's Council of Realtors. She has been active in the community for many years and has served as chair of the Paradise Valley Planning Committee. Ms. Neely is chair of the Maricopa Association of Governments Regional Council Executive Committee and serves on the Phoenix Women's Sports Association Board and the Greater Phoenix Convention Center & Visitors Bureau Board of Directors.

Michael Nowakowski, Councilmember, District 7

Councilmember Nowakowski began his first term on the City Council in January 2008. Mr. Nowakowski is currently the General Manager 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.

Thelda Williams, Councilmember, District 1

Councilmember 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 joining 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.

Administrative Staff

FRANK A. FAIRBANKS
City Manager

Mr. Fairbanks was appointed City Manager in April 1990. Prior to his appointment as City Manager, Mr. Fairbanks served as Assistant City Manager. He joined the City in 1972 as a Management Assistant and subsequently was appointed to the positions of Assistant to the City Manager and Executive Assistant to the City Manager before being appointed Assistant City Manager in 1988. Prior to joining the City, he served as Assistant Disaster Branch Manager for the Small Business Administration and as a consultant to the Peace Corps in Costa Rica. In October 1994, he was named the nation's top local government official by *American City & County* magazine. Mr. Fairbanks graduated from Loyola University of Los Angeles with a degree in finance and holds a master's degree in business administration from the University of California Los Angeles.

ALTON WASHINGTON
Assistant City Manager

Mr. Washington was appointed Assistant City Manager in October 2005 after serving as Special Assistant City Manager since December 2001. Mr. Washington also served as Deputy City Manager for more than three years. In his current capacity, Mr. Washington has several departments and functions reporting directly to him, as well as overseeing the Executive Assistant to the City Manager, the Public Safety Manager, and six Deputy City Managers and their respective departments. During his tenure as Deputy City Manager, he managed strategies and activities for various City departments, including Parks, Recreation and Library, Planning, Development Services and Environmental Programs. Prior to being named Deputy City Manager, Mr. Washington served as director of Human Services and deputy director of Public Works. Prior to joining the City, he worked for the State of Arizona in several director and deputy director capacities. He holds a master's degree in public administration and a bachelor's degree in political science from Arizona State University.

RUTH OSUNA
Deputy City Manager

Ms. Osuna was appointed Deputy City Manager in July 2006. Ms. Osuna began her career in city management in 1983 as an intern in the nationally-recognized City of Phoenix Management Intern Program. In 1989, she began working for the International City Management Association in Washington, DC. Since her experience in Washington, D.C., Ms. Osuna has worked for two of the largest financial institutions in the U.S., two of the largest community development and housing non-profit organizations in the country and with the U.S. Department of Housing and Urban Development Community Builder Program. Ms. Osuna received her bachelor's degree in education with a dual major in English and Journalism from Northern Arizona University and a master's degree in public administration from Arizona State University. Ms. Osuna has held local, regional and national board memberships. She currently serves on the Arizona's Children Association and Neighborhood Housing Services of Phoenix Boards of Directors.

GARY VERBURG
City Attorney

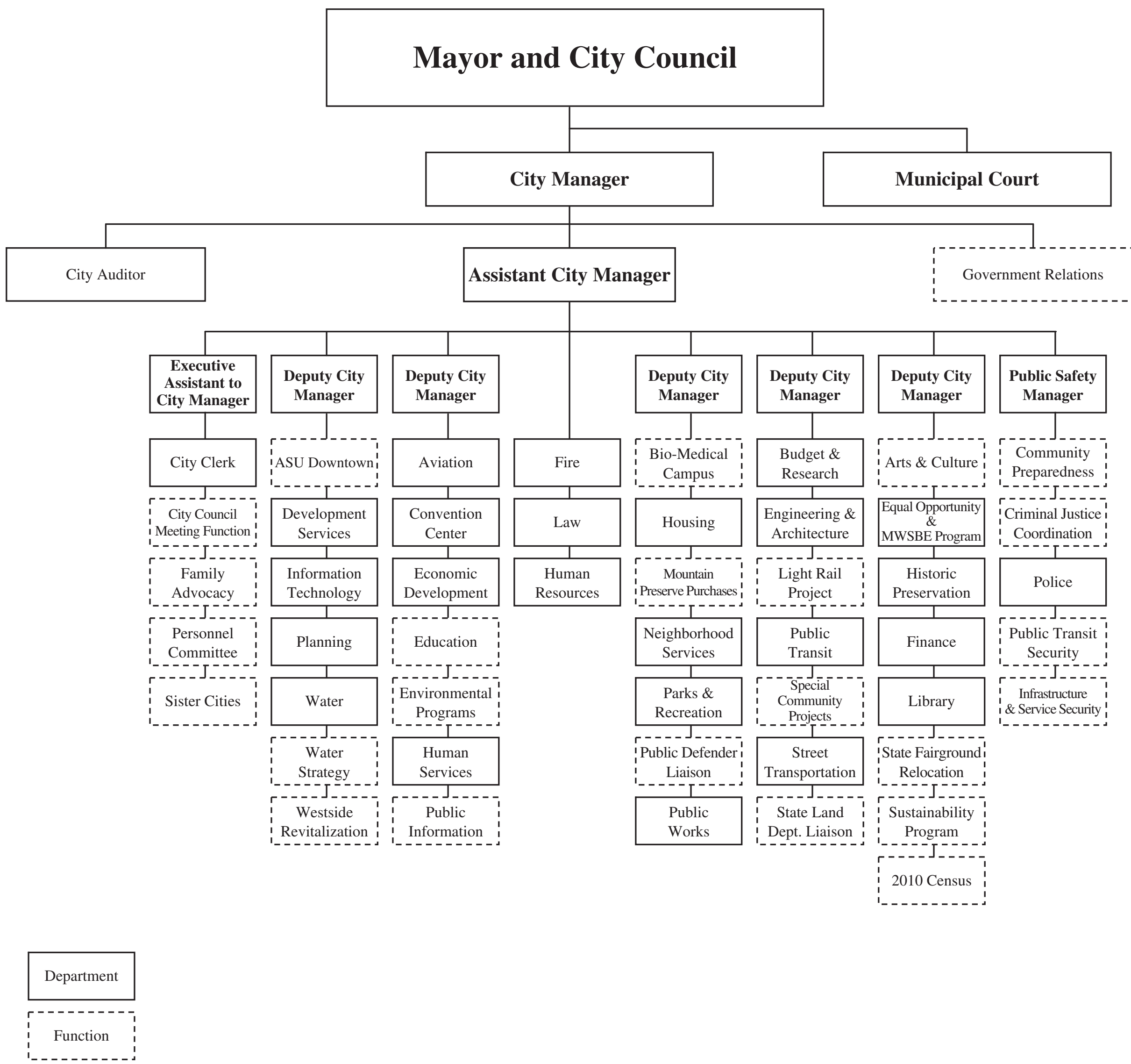
Mr. Verburg was appointed City Attorney in August 2005. Previously he worked nearly twenty years in private practice specializing in negotiations, litigation and prosecutions for Tribal Governments and municipalities. From 1997 to 2000, he was Deputy City Attorney, Assistant City Attorney, and City Attorney 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

Interim Finance Director

Mr. DeWitt was appointed Interim Finance Director in March 2009. Mr. DeWitt served as Assistant Finance Director since 2002 where he was responsible for the oversight of several areas including debt management and investments, water and wastewater financial planning and rate development, financial accounting systems (SAP) and financial accounting and reporting. Prior to his position as Assistant Finance Director, Mr. DeWitt served as Lead Economic Analyst and Deputy Finance Director in the Utilities Division. 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



Revised February 27, 2009

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 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, 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, 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.

- **1994 Municipal Leader of the Year Award**

Awarded to Frank Fairbanks, City Manager, by *American City & County* magazine in October 1994 naming him the nation's top local government official. Mr. Fairbanks was the first city manager to win the honor.

- **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.

- **2003 Technology Achievement Award**

The City of Phoenix was the recipient of a Public Technology, Inc. award for the City Clerk Department's "Automated Petition Signature Verification" solution. The automated system eliminated a cumbersome manual process that previously had taken over 400 staff hours to verify the validity of signatures contained on petition sheets, resulting in a streamlined, more efficient process.

• **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, 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. The Phoenix airport received the honor 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.

- **2008 LEEDS 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.

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. As of the first quarter 2009, median housing prices for both new and resales declined another 13.8% from fourth quarter 2008, according to data released by Arizona State University. 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, Las Vegas, Denver, Dallas, Houston, Albuquerque and Seattle. According to the National Association of Realtors, as of the first quarter of 2009, the U.S. median sales price for an existing (resale) single-family home was $169,000 and the median sales price for a similar home in Greater Phoenix was $129,200. The Greater Phoenix labor force is relatively young and well-educated. The median age in Maricopa County is 33.0 years compared to 35.3 years for the U.S. as a whole. According to the 2000 census, 82.5% of the adults in Maricopa County are high school graduates compared to the U.S. average of 80.4%. More than 59% of the high school graduates in Maricopa County have gone on to college, compared with 52% nationally.

As of year-end 2007, the Phoenix-Mesa-Scottsdale MSA accounts for approximately 66.7% of Arizona's population and more than 70.0% of Arizona's employment and personal income. Over the last five years from 2003 through 2008, the Phoenix-Mesa-Scottsdale MSA has accounted for approximately 73.9% of the increase in Arizona's population and 77.7% of the state's employment growth. From 1950 to 2008, U.S. population grew 98.1% while Greater Phoenix grew 1,057.1% from 374,961 in 1950 to approximately 4,338,500[3] people in 2008. From 1998 to 2008, population growth was 44.1% in Greater Phoenix compared to 10.2% for the U.S. as a whole. According to the U.S. Census Bureau, as of 2007 the Greater Phoenix area was the 13th largest metropolitan statistical area. According to the University of Arizona, the population of Greater Phoenix is expected to grow to 4.4 million by 2010 and 5.7 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) Beginning in 1994, the U.S. Office of Management and Budget redefined the Phoenix Metropolitan Statistical Area (MSA) to include both Maricopa and Pinal Counties. The Arizona Department of Economic Security has released historical employment data on the new Phoenix-Mesa-Scottsdale MSA from 1990 forward. Prior to 1990, detailed industry sub-sector employment data is not available for the Phoenix-Mesa-Scottsdale MSA. When historical data for the Phoenix-Mesa-Scottsdale 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-Scottsdale metro area employment and 95% of the area's population. "Greater Phoenix" refers to the Phoenix-Mesa-Scottsdale MSA, unless otherwise noted.

(3) This 2008 number is from the Arizona Department of Commerce, Research Administration released in December 2008. 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	2008(3)	Percent Growth 1980-90	1990-00	2000-08
Phoenix-Mesa-Scottsdale, AZ(1)	1,600.1	2,238.5	3,251.9	4,281.9	39.9%	45.3%	31.7%
Albuquerque, NM	485.4	589.1	729.6	845.9	21.4	23.8	15.9%
Atlanta, GA	2,233.2	2,960.0	4,248.0	5,376.3	32.5	43.5	26.6%
Austin — San Marcos, TX	585.1	846.2	1,249.8	1,652.6	44.6	47.7	32.2%
Dallas, TX	2,055.3	2,676.3	3,451.2	4,226.0	30.2	29.0	22.5%
Denver — Boulder, CO	1,618.5	1,848.3	2,179.2	2,506.6	14.2	17.9	15.0%
El Paso, TX	479.9	591.6	679.6	742.1	23.3	14.9	9.2%
Fort Worth — Arlington, TX	990.9	1,361.0	1,710.3	2,074.0	37.3	25.7	21.3%
Houston, TX	2,753.2	3,322.0	4,715.4	5,728.1	20.7	41.9	21.5%
Jacksonville, FL	737.5	906.7	1,122.8	1,313.2	22.9	23.8	17.0%
Las Vegas, NV	528.0	852.7	1,375.8	1,865.7	61.5	61.3	35.6%
Los Angeles — Long Beach, CA	7,477.2	8,863.2	9,519.3	9,862.0	18.5	7.4	3.6%
Oakland, CA	1,761.7	2,082.9	2,392.6	2,504.1	18.2	14.9	4.7%
Orange County, CA	1,932.9	2,410.6	2,846.3	3,010.8	24.7	18.1	5.8%
Orlando, FL	700.1	1,224.8	1,644.6	2,054.6	74.9	34.3	24.9%
Riverside — San Bernardino, CA	1,558.2	2,588.8	3,254.8	4,115.9	66.1	25.7	26.5%
Sacramento, CA	986.4	1,340.0	1,796.9	2,109.8	35.8	34.1	17.4%
Salt Lake City — Ogden, UT(2)	910.2	1,072.2	972.5	1,116.0	17.8	−9.3	14.8%
San Antonio, TX	1,088.9	1,324.7	1,711.7	2,031.4	21.7	29.2	18.7%
San Diego, CA	1,861.8	2,498.0	2,813.8	3,001.1	34.2	12.6	6.7%
San Francisco, CA	1,488.9	1,603.7	1,731.2	1,770.5	7.7	8.0	2.3%
San Jose, CA	1,295.1	1,497.6	1,735.8	1,819.2	15.6	15.9	4.8%
Seattle — Bellevue — Everett, WA	1,651.7	2,033.2	2,343.1	2,559.2	23.1	15.2	9.2%
Tampa, FL	1,569.1	2,067.9	2,396.0	2,733.8	31.8	15.9	14.1%
Tucson, AZ	531.4	666.9	843.7	1,012.0	25.5	26.5	19.9%

(1) In 1994, the U.S. Office of Management and Budget 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 2008 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 2008 in the Phoenix-Mesa-Scottsdale MSA was up 2,423.7% to 1,877,600 jobs, while the U.S. as a whole grew 203.7%.

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 (the latest available data), personal income increased 10.9%, 4.5%, 4.4%, 5.5%, 8.9%, 10.9%, 9.7% and 4.3%, respectively. The Greater Phoenix Blue Chip Economic Forecast, a consensus forecast of a number of local economists, estimates personal income increases of 3.0%, 1.2% and 2.7% in 2008, 2009 and 2010, respectively.

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 2006, the latest available data, total business establishments increased by 155.6%. Growth was strong in all categories: firms with employees of 100 to 499 increased 248.3% over the twenty-four year period; while employers with 500 or more employees increased 307.6% and employers with fewer than 100 employees increased 153.3%.

Employment

Historically, during periods of national economic expansion, Phoenix-Mesa-Scottsdale 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-Scottsdale MSA has usually continued to grow, albeit slowly. It has taken a national recession for the Phoenix-Mesa-Scottsdale 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. The duration of the national recession will likely define the duration of the negative growth in employment for Greater Phoenix.

Over the last thirty-four years, Greater Phoenix has become economically healthier and more diversified. During the March 1975 to January 1980 expansion, Phoenix-Mesa-Scottsdale 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-Scottsdale MSA employment growth again outpaced that of comparable fast growth areas. During the November 1982 to July 1990 expansion, Phoenix-Mesa-Scottsdale MSA employment increased 49.4% versus an increase of 22.4% nationally. During the March 1991 to March 2001 expansion, Phoenix-Mesa-Scottsdale 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-Scottsdale MSA increased 21.3% versus an increase of 5.3% nationally. During the 1980 to 1982 recession, Phoenix-Mesa-Scottsdale MSA employment increased 6.0% versus a decrease of 0.2% nationally. During the July 1990 to March 1991 recession, Phoenix-Mesa-Scottsdale MSA employment increased 3.0% versus a decrease of 1.7% nationally. During the March 2001 through November 2001 recession, Phoenix-Mesa-Scottsdale MSA employment declined 1.0% versus an increase of 0.1% nationally. Since the most recent recession began in December 2007 through May 2009, Phoenix-Mesa-Scottsdale MSA employment decreased 9.9% versus a decrease of 4.4% nationally. 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% and was down 2.4% in 2008, as the national and Greater Phoenix economies continued to be impacted by the deepening recession. For the first five months of 2009, Greater Phoenix employment decreased 7.0% compared to the similar period in 2008. Employment in Greater Phoenix will continue to be under severe pressure until a trough is reached in the local housing market, credit markets stabilize and the national economy begins to recover.

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 May 2009	Nov. 1970 to Nov. 1973	Mar. 1975 to Jan. 1980	Nov. 1982 to July 1990	Mar. 1991 to Mar. 2001	Nov. 2001 to Dec. 2007
U.S. Average	(3.7)%	(0.2)%	(1.7)%	0.1%	(4.4)%	10.9%	18.2%	22.4%	22.3%	5.3%
Phoenix, AZ(1)	(5.6)	6.0	3.0	(1.0)	(9.9)	35.3	47.1	49.4	58.4	21.3
Tucson, AZ	0.7	6.4	8.0	(0.7)	(6.7)	33.0	27.1	24.3	35.3	11.8
Albuquerque, NM(2)	(3.0)	4.6	(1.1)	0.2	(3.2)	26.0	30.2	43.7	34.9	10.0
Atlanta, GA(2)	(7.3)	7.7	(2.7)	(0.1)	(6.5)	19.2	35.3	52.7	46.5	7.7
Austin, TX	6.1	18.3	4.4	(2.0)	1.7	26.4	31.9	37.8	70.4	15.3
Dallas, TX(2)	N/A	9.6	(1.0)	(2.1)	(2.3)	16.4	32.7	28.1	43.1	8.4
Denver-Boulder, CO(2)	(2.7)	8.9	0.7	(1.5)	(3.8)	22.5	30.6	11.5	44.6	5.3
El Paso, TX	1.2	3.7	(0.9)	(1.1)	(1.4)	19.7	21.9	27.5	23.9	10.4
Houston, TX	3.7	10.3	0.6	0.7	(2.0)	19.9	39.7	19.7	28.1	13.0
Los Angeles-Long Beach, CA	(3.1)	(2.6)	(2.5)	(1.4)	(6.1)	9.5	20.5	17.4	2.8	2.9
Oakland, CA	(1.5)	0.7	0.0	(1.7)	(6.3)	—	16.9	29.6	21.2	1.2
Portland, OR(2)	(2.0)	(5.6)	(0.9)	(1.4)	(5.6)	15.0	27.6	39.6	35.2	10.0
Salt Lake City, UT	1.6	3.4	2.0	(0.8)	(5.2)	15.9	23.2	(6.1)	51.1	14.4
San Antonio, TX(2)	0.1	8.9	1.3	(0.3)	0.2	14.3	25.6	26.3	38.3	13.5
San Diego, CA	1.7	2.8	0.3	1.4	(5.0)	18.7	37.0	44.9	25.7	7.4
San Francisco, CA(3)	0.5	1.5	(1.4)	(6.1)	(5.3)	N/A	17.0	8.8	16.2	(1.3)
San Jose, CA(2)	(0.7)	7.4	(1.5)	(8.8)	(5.0)	22.6	44.3	17.6	30.0	(4.5)
Seattle, WA(2)	2.6	(1.1)	(1.2)	(1.6)	(3.9)	10.3	37.1	45.6	26.9	8.4

— = Data not available.

(1) In 1994, the U.S. Office of Management and Budget redefined the Phoenix Metropolitan Statistical Area (MSA) to include both Maricopa and Pinal counties. Historical data for the new Phoenix-Mesa-Scottsdale MSA is unavailable prior to 1974. 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 May 2009

Sector	Phoenix-Mesa-Scottsdale MSA	United States
Manufacturing	7.1%	9.2%
Natural Resources & Mining	0.2	0.6
Construction	6.1	4.7
Total Goods Producing	13.4	14.5
Transportation, Warehousing, Utilities	3.6	3.7
Trade	16.8	15.4
Information	1.7	2.2
Financial Activities	8.1	5.9
Services	42.3	41.1
Government	14.1	17.3
Total Service Producing	86.6	85.5
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-Scottsdale 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 May 2009, high technology manufacturing represents 42.2% 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. During the most recent expansion cycle, manufacturing employment grew in Greater Phoenix but never managed to turn positive for the nation as a whole. In addition, the rate of manufacturing growth was slower in Greater Phoenix during this expansion cycle compared to past cycles.

Arizona's manufacturing industry is concentrated in the Phoenix metropolitan area. According to the Arizona Department of Commerce, Research Administration, the Phoenix-Mesa-Scottsdale MSA has approximately 3,720 manufacturing firms employing approximately 129,504 workers as of the third quarter of 2008 (latest available data). This represents 74.9% of the State's total manufacturing employment. Major manufacturers located in Greater Phoenix include Honeywell, Intel, Freeport-McMoran Copper & Gold, Boeing, General Dynamics, IBM, Freescale, Avnet, Shamrock Foods and Rinker Materials. As of May 2009, employment in manufacturing accounted for 7.1% of total non-agricultural wage and salary employment in the Phoenix-Mesa-Scottsdale MSA. In 2005, manufacturing employment in Greater Phoenix grew 3.5% compared to a 0.6% decrease nationally. 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 by 1.9%, compared to a 2.0% decrease nationally and in 2008, manufacturing employment in Greater Phoenix declined 4.4% compared to a 3.2% decrease nationally. Through May 2009, manufacturing employment in Greater Phoenix declined by 5.3% over the same year-to-date period in 2008 compared to a 10.4% decrease nationally. The Greater Phoenix Blue Chip Economic Forecast estimates that total manufacturing employment in Greater Phoenix will decrease 3.2% in 2009 and increase 0.3% in 2010.

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

(Yearly Average in thousands)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009*
National Resources and Mining	2.4	2.4	2.2	2.0	2.1	2.2	2.7	3.2	3.7	3.2
Construction	123.3	128.3	126.1	129.3	141.6	163.9	180.1	169.4	140.7	107.7
Manufacturing	161.1	153.2	137.5	130.9	131.9	136.5	139.9	137.2	131.2	125.3
Trade, Transportation, and Utilities										
Wholesale Trade	78.5	79.6	78.4	77.5	79.2	82.9	87.1	89.8	89.0	85.2
Retail Trade	185.5	186.2	188.0	192.1	201.0	216.5	227.5	234.5	226.8	211.9
Transp., Warehousing, and Utilities	57.4	58.6	59.1	59.3	60.5	62.6	65.0	67.5	67.2	63.6
Information	42.0	41.6	39.4	37.4	34.6	33.3	32.4	31.2	31.6	30.6
Financial Activities	126.3	129.6	131.2	134.5	138.7	147.0	153.4	153.6	147.8	142.9
Professional and Business Services	264.1	259.4	253.5	258.6	273.8	296.8	319.1	325.3	308.9	278.6
Education and Health Services	137.5	143.7	153.0	163.3	173.6	184.1	196.3	206.2	216.9	216.1
Leisure and Hospitality	149.7	152.5	153.5	156.0	161.9	170.4	180.5	186.2	184.9	181.6
Other Services	54.9	59.3	61.6	62.5	64.2	66.0	71.0	72.1	74.1	71.2
Government	195.7	203.4	212.7	216.5	220.8	225.5	229.2	238.7	245.5	248.7
Total	1,578.4	1,597.7	1,596.1	1,619.8	1,683.8	1,787.8	1,884.1	1,914.8	1,868.2	1,766.5

* Year-to-date through May 2009.

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 6.9% in 2005, 5.1% in 2006, 2.4% in 2007 and declined 2.6% in 2008. Through May 2009, Greater Phoenix trade employment declined 7.5% over the same year-to-date period in 2008. Employment in trade, accounting for 16.8% of total non-agricultural wage and salary employment in the Phoenix-Mesa-Scottsdale 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 14.2% in 2005, 7.9% in 2006, 0.1% in 2007 but declined 10.3% in 2008. For the first four months of 2009, retail sales were down 14.5% over the similar period in 2008. The Greater Phoenix Blue Chip Economic Forecast estimates a decline in retail sales of 3.1% in 2009 and projects an increase of 4.1% in 2010.

The expansion of the Greater Phoenix economy over the last several years has generated employment in the financial activities category. This sector includes finance and insurance employment and real estate, rental and leasing employment. Employment in financial activities accounts for 8.1% of total non-agricultural wage and salary employment in the Phoenix-Mesa-Scottsdale MSA. Employment in this sector increased 6.0% in 2005, 4.4% in 2006 and 0.1% in 2007, but declined 3.8% in 2008. Through May 2009, Greater Phoenix financial activities employment declined 3.8% over the same year-to-date period in 2008. 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 decline in real estate employment is likely to continue through 2009 and the first half of 2010 given the drop in sales of new housing and resale-housing. Consolidation can be expected in terms of the number of real estate agents, mortgage companies and title agencies.

The services industry, particularly business services, has also contributed to the sustained historical growth in 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 42.3% of total non-agricultural wage and salary employment in the Phoenix-Mesa-Scottsdale MSA. During the last expansion from November 2001 through December 2007, services employment increased 28.7% in Greater Phoenix compared to 13.2% nationally. Employment in this sector increased 6.5% in 2005, 6.9% in 2006, 3.0% in 2007 and declined 0.6% in 2008. Through May 2009, Greater Phoenix services employment declined 6.0% over the same year-to-date period in 2008.

Professional and business services employment, 36.8% of total services industry employment, is a strong contributor to services growth. During the last expansion from November 2001 through December 2007, professional and business services employment increased 24.0% in Greater Phoenix. Employment in this service industry sub-category increased 8.4% in 2005, 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-Scottsdale MSA. Employment in this service industry sub-category decreased 5.0% in 2008. Through May 2009, Greater Phoenix professional and business services employment declined 11.9% over the same year-to-date period in 2008.

A significant portion of services industry employment is related to tourism. Leisure and hospitality employment, 24.7% of total services employment, has slowed due to the slowdown in the national economy. During the last expansion from November 2001 through December 2007, leisure and hospitality services employment increased 24.6% in Greater Phoenix. 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 more notable hotels scheduled to open in the second half of 2009 include Gila River Casino Hotel (260 rooms), Casino Arizona Resort and Spa (500 rooms), aloft Hotel Phoenix Airport (43 rooms) and Radisson Hotel Glendale (120 rooms). With the exception of the hotels scheduled to open in 2009, 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 2011-2012 timeframe. Employment in this services industry sub-category increased 5.3% in 2005, 5.9% in 2006, 3.2% in 2007 and declined 0.7% in 2008. Through May 2009, Greater Phoenix leisure and hospitality services employment declined 4.5% over the same year-to-date period in 2008. 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. During the last expansion from November 2001 through December 2007, educational and health services employment increased 42.9% in Greater Phoenix. Employment in this services industry sub-category increased 6.0% in 2005, 6.6% in 2006, 5.0% in 2007 and 5.2% in 2008. Educational and health services employment has begun to slow due to the current economy, the slowing population flows and the current school district budget dilemmas. Through May 2009, Greater Phoenix educational and health services employment increased 0.7% over the same year-to-date period in 2008.

The government sector includes employment in federal, state and local governments as well as state and local education categories. Employment in government accounts for 14.1% of total non-agricultural wage and salary employment in the Phoenix-Mesa-Scottsdale MSA. In 2006, total government sector employment advanced 1.6% over 2005 compared to an increase of 5.4% for all sectors combined. In 2007, total government sector employment advanced 4.1% over 2006 compared to an increase of 1.6% for all sectors combined. In 2008, total government sector employment advanced 2.8% over 2007 compared to a decrease of 2.4% for all sectors combined. Through May 2009, Greater Phoenix government sector employment declined 1.5% over the same year-to-date period in 2008. The majority of the government sector increases have been related to increases in local government sector education. See the table on the following page for major employers in Greater Phoenix within each main employment sector.

2008 GREATER PHOENIX MAJOR EMPLOYERS

SERVICES
(Excluding Resorts and Health Services)

Employer	Number of Employees
Diversified Human Resources Inc.	39,600
National PEO, LLC	22,100
Consolidated Personnel Service Inc.	21,000
AmCheck Payroll HR Benefits	18,500
PayTech Inc.	11,000
US Airways (formerly America West Airlines)	10,400
Wells Fargo & Company	9,100*
ADP TotalSource	8,000
JPMorgan Chase & Co.	7,000*
United Parcel Service	6,900
Apollo Group Inc.	5,800*
American Express	5,500
ManageStaff Inc.	5,300
Salt River Project	4,500
HEALTH SERVICES	
Banner Health Arizona	11,100*
Catholic Healthcare West	7,200
Scottsdale Health Care	6,500
St. Joseph's Hospital	5,100
Mayo Clinic	4,700
Sun Health	4,200
Vanguard Health System	4,100
Caremark	3,500*
John C. Lincoln Health Network	3,400
RESORTS	
JW Marriott Desert Ridge Resort	1,300
Pointe Hilton	1,300
The Phoenician	1,300
Arizona Biltmore Resort	1,200
Fairmount Scottsdale Princess	1,200
RETAIL TRADE	
Wal-Mart Stores Inc.	19,600*
Basha's	9,100*
Fry's Food & Drug Stores	7,700*
Home Depot	6,200
Safeway, Inc.	6,200*
Target Corp.	5,600*
Walgreens	4,500*
Petsmart	1,300
IKON Office Solutions	1,100
MANUFACTURING	
Honeywell	10,700
Intel Corporation	10,100
Freeport-McMoran Copper & Gold, Inc. (Formerly Phelps Dodge)	6,300
Boeing	4,600
General Dynamics	3,500
IBM	3,500
Freescale	3,000
GOVERNMENT/SCHOOLS	
State of Arizona	32,600*
City of Phoenix	16,155
Maricopa County	14,100
Arizona State University	12,700
Mesa Public Schools	9,000
U.S. Postal Service	7,200*
Luke Air Force Base	7,000
Maricopa County Community College District	4,400
City of Mesa	4,100

* Estimate based on total employees in the State of Arizona.
Source: Elliott D. Pollack & Co.

Unemployment

The Phoenix-Mesa-Scottsdale MSA average unemployment rate has generally been consistently below the State and national average. In 2006, the average unemployment rate in the Phoenix-Mesa-Scottsdale 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-Scottsdale 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-Scottsdale MSA was 4.9% compared to 5.5% for Arizona and 5.1% for the U.S. Nationally, unemployment rates began to increase rapidly in mid-2008. In the month of May 2009, the unemployment rate for the Phoenix-Mesa-Scottsdale MSA was 7.0% compared to 7.6% for Arizona and 8.7% for the U.S. The table below shows employment statistics for Greater Phoenix in comparison to Arizona and the nation.

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

Year	Employed Phoenix-Mesa-Scottsdale MSA	Unemployed Phoenix-Mesa-Scottsdale MSA	Unemployment Rate: Phoenix-Mesa-Scottsdale MSA	Unemployment Rate: Arizona	Unemployment Rate: U.S.
2009*	1,968,400	148,300	7.0%	7.6%	8.7%
2008	2,011,000	103,700	4.9	5.5	5.1
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
1996	1,421,200	55,300	3.8	5.5	5.4

* Data as of May 2009.

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 and 27.5% of the market in 2008. These were the highest percentages the City had attained since 1990. Through the first quarter of 2009, the City of Phoenix captured 39.2% of the market.

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 and down another 52.1% to 14,375 permits in 2008. Through the first quarter of 2009 1,115 permits were issued representing 73.8% less than the 4,258 issued through the first quarter of 2008.

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 have nationally. While the increase in housing prices in 2004 and 2005 temporarily lowered Greater Phoenix's regional affordability ranking, Greater Phoenix remains more affordable than many major metropolitan areas in the west, especially with the recent drop in housing prices in 2007 and 2008. 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 and were down another 18.4% in 2008. Downward pressure on prices continued in 2009. Through April 2009, home prices declined another 15.7% from year-end 2008 and were down 54.1% from the peak in June 2006. As of first quarter 2009, the median price of an existing single-family home in Greater Phoenix was $129,200, compared to $169,000 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 more 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. Overall, the current supply/demand imbalance has resulted in continued downward pressure on both housing prices and new housing permits. These problems appear to be slowly abating. There has been a recent upturn in the sale of existing single-family homes caused by dramatic increases in affordability. This has brought in many 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 even though the bottom of this housing cycle is expected in 2009.

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 and decreased slightly to 6,365 in 2008. Through the first quarter of 2009, only 349 multi-family permits were issued compared to 1,466 in the first quarter of 2008. The Greater Phoenix Blue Chip Economic Forecast projects multi-family permits to decrease by more than 65% in 2009 and remain flat in 2010. Despite the fluctuation in demand, multi-family housing has enjoyed low levels of vacancy since 1993 due to modest levels of construction. Vacancy rates peaked in second quarter 1988 at 14.1% but backed down to 4.5% by the end of 1996. The vacancy rate was 9.4% in 2002, 9.6% in 2003, and 7.9% in 2004. Vacancy rates declined to 5.0% in 2005 and 5.3% in 2006. However, vacancy rates turned upward again to 8.5% at year-end 2007 and 10.2% at year-end 2008. As of the first quarter 2009, multi-family vacancy rates were 10.7%. The dramatic drop in vacancy rates, despite the fact that absorption was relatively modest in 2005 and 2006, is 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 started to reverse as condominiums are being converted back to apartments, apartments experience substantial competition from single-family rental homes and population inflows slow. The Greater Phoenix Blue Chip Economic Forecast projects multi-family vacancy rates to increase to 13% in 2009 and then decrease to 12% in 2010.

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% versus 16.4% at year-end 2004. 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% versus 12.6% at year-end 2005. 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% versus 11.1% at year-end 2006. 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% versus 13.9% at year-end 2007. Through second quarter 2009, 728,000 square feet of office space was added to the market, while absorption was a negative 845,000 square feet. In addition, there is still currently 2.2 million square feet of office space in the construction pipeline. As of second quarter 2009, the office vacancy rate increased to 23.7%. According to the Greater Phoenix Blue Chip Economic Forecast, office space absorption is expected to be negative for 2009 and near zero in 2010. Greater Phoenix new office construction is expected to decline from 3.4 million square feet in 2008 to 2.2 million square feet in 2009 and less than 1 million square feet in 2010. Due to the high level of vacancy rates, it could 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% versus 6.2% at the end of 2007. The substantial construction in the pipeline relative to expected absorption, and the significant slowdown in new residential construction suggest a negative outlook for the retail market. Through second quarter 2009, 3.0 million square feet of inventory was added, while absorption was a negative 964,000 square feet, increasing the retail vacancy rate to 11.1%. According to the Greater Phoenix Blue Chip Economic Forecast, retail vacancy rates are projected to be 12.9% at year-end 2009 and 13.5% at year-end 2010, 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%. Through second quarter 2009, 1.8 million square feet of industrial space was built and absorption was a negative 4.0 million square feet, increasing the vacancy rate to 15.2%. The Greater Phoenix Blue Chip Economic Forecast projects a total of 2.5 million square feet to be completed in 2009 and 3.5 million square feet to be vacated. This would continue to push vacancy rates up in 2010 to the 15.0% range.

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 completions continue to slow, the economy as a whole is affected. Commercial construction has started to weaken 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 and was down another 15.8% in 2008. Through May 2009, Greater Phoenix construction employment declined 27.4% over the same year-to-date period in 2008.

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

Year	Residential	Commercial	Industrial	Other	Total
2009*	$ 132,187	$ 56,244	$ 64,547	$ 272,150	$ 525,128
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
1999	803,018	829,901	92,881	401,848	2,127,648
1998	801,955	816,664	124,313	479,879	2,222,811

* Year-to-date through March 2009.

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

VALUE OF BUILDING PERMITS
MARICOPA COUNTY
($ in thousands)

Year	Residential	Commercial	Industrial	Other	Total
2009*	$ 308,667	$ 412,898	$ 89,633	$ 384,634	$ 1,195,832
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
1999	5,142,869	1,878,629	210,676	1,092,337	8,324,511
1998	4,778,571	2,230,445	378,141	1,101,269	8,488,426

* Year-to-date through March 2009.

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

NEW HOUSING STARTS (1)

Year	City of Phoenix	Maricopa County
2009*	538	1,374
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
1999	9,836	47,406
1998	11,212	47,801
1997	8,253	43,013

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

*Year-to-date through March 2009.

Source: Arizona Real Estate Center, College of Business Administration, Arizona State University.

Outlook/Conclusion

The national recession continues to suppress the Greater Phoenix economy; however, signs that the economy is stabilizing are beginning to emerge and new economic stimulus programs by the federal government, though not expected to change the underlying dynamics of the national economy, are expected to add an additional boost to the economy. The City has been awarded more than $230 million in federal stimulus funding with the majority of the funds earmarked for capital projects throughout the City.

Many economic forecasters are predicting an end to the recession in 2010 and Phoenix is poised to take advantage of the turnaround. According to the Greater Phoenix Blue Chip Economic Indicators panel, the rate of employment growth is expected to decline 2.9% in 2009, but turnaround and increase 0.3% in 2010. 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 W.L. Gore, Republic Services, Shutterfly and American Presidential Lines/Neptune Orient Lines.

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.

According to the Arizona Department of Commerce, Research Administration, population in Greater Phoenix increased 4.2% in 2006, 3.5% in 2007 and 2.4% in 2008. Population growth is expected to be 1.6% in 2009. According to the Greater Phoenix Blue Chip Economic Forecast, retail sales, which increased 14.2% in 2005, 7.9% in 2006, 0.1% in 2007 and declined 10.3% in 2008, are projected to decrease by 3.1% in 2009. Personal income grew by 4.3% in 2007 and is projected to grow by 3.0% in 2008, 1.2% in 2009 and 2.7% in 2010. In light of continued weakness in the overall economy, 2009 will be a difficult year for both the national and Greater Phoenix economies, but an end to the current recession is expected in 2010.

MARICOPA COUNTY RETAIL SALES
($ in millions)

Year	Amount	Percentage Change
2009*	$11,675	−14.5%
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 April 2009 compared to the same period in 2008.

Source: Arizona Department of Revenue.

SCHEDULED AIRLINES SERVING PHOENIX SKY HARBOR INTERNATIONAL AIRPORT

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

Source: City of Phoenix Aviation Department.

PHOENIX SKY HARBOR INTERNATIONAL AIRPORT TRAFFIC

AIR PASSENGER ARRIVALS

	2008-09	% Change Year Ago	2007-08	% Change Year Ago	2006-07	% Change Year Ago
July	1,764,788	-6.8%	1,894,069	0.5%	1,884,959	-0.3%
August	1,677,806	-8.1	1,825,818	3.0	1,772,320	-1.1
September	1,449,305	-12.1	1,648,236	7.0	1,540,840	-2.7
October	1,596,478	-9.8	1,769,457	3.6	1,708,114	-2.7
November	1,489,505	-12.7	1,706,961	-1.0	1,723,370	0.3
December	1,591,010	-2.3	1,627,891	-5.4	1,719,935	-1.1
January	1,511,668	-10.4	1,686,201	-1.8	1,717,699	2.4
February	1,429,892	-14.2	1,666,166	0.6	1,656,763	4.0
March	1,751,706	-10.2	1,949,849	-1.5	1,979,640	2.4
April	1,620,257	-8.3	1,766,118	-0.8	1,780,858	0.3
May	1,555,673	-9.8	1,724,492	-4.7	1,809,750	2.1
June	1,584,073	-7.3	1,708,692	-6.3	1,823,099	1.6
Total	19,022,161	-9.3%	20,973,950	-0.7%	21,117,347	0.4%

AIR PASSENGER DEPARTURES

	2008-09	% Change Year Ago	2007-08	% Change Year Ago	2006-07	% Change Year Ago
July	1,722,176	-6.0%	1,831,731	0.4%	1,824,814	-0.5%
August	1,638,304	-7.8	1,776,777	4.4	1,701,567	-0.4
September	1,412,132	-11.6	1,597,970	6.5	1,500,693	-3.0
October	1,569,288	-9.4	1,732,157	4.4	1,658,906	-2.2
November	1,475,675	-12.8	1,692,331	0.2	1,689,182	0.2
December	1,580,604	-2.3	1,618,250	-4.1	1,687,578	-0.4
January	1,487,884	-8.9	1,634,106	-1.4	1,657,811	1.5
February	1,394,933	-14.4	1,629,107	0.6	1,619,858	4.3
March	1,746,691	-9.2	1,922,896	0.4	1,915,064	2.1
April	1,672,307	-4.3	1,746,996	-4.3	1,825,490	1.3
May	1,608,064	-8.7	1,761,520	-4.2	1,839,401	2.1
June	1,605,749	-6.8	1,723,285	-6.2	1,837,093	1.2
Total	18,913,807	-8.5%	20,667,126	-0.4%	20,757,457	0.5%

TOTAL AIR TRAFFIC

	2008-09	% Change Year Ago	2007-08	% Change Year Ago	2006-07	% Change Year Ago
July	3,486,964	-6.4%	3,725,800	0.4%	3,709,773	-0.4%
August	3,316,110	-8.0	3,602,595	3.7	3,473,887	-0.8
September	2,861,437	-11.9	3,246,206	6.7	3,041,533	-2.8
October	3,165,766	-9.6	3,501,614	4.0	3,367,020	-2.4
November	2,965,180	-12.8	3,399,292	-0.4	3,412,552	0.2
December	3,171,614	-2.3	3,246,141	-4.7	3,407,513	-0.7
January	2,999,552	-9.7	3,320,307	-1.6	3,375,510	2.0
February	2,824,825	-14.3	3,295,273	0.6	3,276,621	4.1
March	3,498,397	-9.7	3,872,745	-0.6	3,894,704	2.2
April	3,292,564	-6.3	3,513,114	-2.6	3,606,348	0.8
May	3,163,737	-9.2	3,486,012	-4.5	3,649,151	2.1
June	3,189,822	-7.1	3,431,977	-6.2	3,660,192	1.4
Total	37,935,968	-8.9%	41,641,076	-0.6%	41,874,804	0.5%

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

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.
Meridian Bank, N.A.
BNC National Bank
Alliance Bank of Arizona
The Harris Bank, N.A.
Desert Hills Bank
The Biltmore Bank of Arizona
Copper Star Bank
Western National Bank
Mesa Bank
National Bank of Arizona
Bank of Arizona, N.A.
Arizona Bank & Trust
Legacy Bank
Bank USA, N.A.
Heritage Bank, N.A.
Goldwater Bank, N.A.
TCF National Bank of Arizona
Towne Bank of Arizona
Country Bank
MidFirst Bank
Sunrise Bank of Arizona
First Bank of Arizona
Summit Bank
SunBank, N.A.
Camelback Community Bank
UMB Bank Arizona, N.A.
Arrowhead Community Bank
Bankers Trust Company
Bank 1440
Metro Phoenix Bank
Pinnacle Bank
First Western Trust Bank
First National Bank of Scottsdale
Valley Capital Bank, N.A.
West Valley National Bank
Asian Bank of Arizona
Sonoran Bank
Gateway Commercial Bank

Savings Institutions

First Arizona Savings FSB
Nordstrom FSB

Source: Federal Deposit Insurance Corporation.

APPENDIX B

CITY OF PHOENIX, ARIZONA — FINANCIAL DATA

VALUATIONS

2009-10 Fiscal Year

Secondary Assessed Valuation	$ 18,861,238,355(1)
Primary Assessed Valuation	16,061,683,146(2)
Full Cash Value	169,320,057,644(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.

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)	Utilities(2)	Railroads	Commercial and Industrial(3)(4)	Residential(5)	Agriculture(4)
1980-82	52%	44%	34%	25.0%	10%	16%
1983	38	38	30	25.0	10	16
1984	36	36	23	25.0	10	16
1985	34	34	(6)	25.0	10	16
1986	32	32	(6)	25.0	10	16
1987-94	30	30	(6)	25.0	10	16
1995	29	29	(6)	25.0	10	16
1996	28	28	(6)	25.0	10	16
1997	27	27	(6)	25.0	10	16
1998	26	26	(6)	25.0	10	16
1999-05	25	25	(6)	25.0	10	16
2006	25	25	(6)	24.5	10	16
2007	25	25	(6)	24.0	10	16
2008	25	25	(6)	23.0	10	16
2009	25	25	(6)	22.0	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.

(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.

(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, up to $50,000 shall be exempt from taxation. The exemption amount shall be adjusted annually for inflation by the Arizona Department of Revenue. 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
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
2000-01	56,520,869,237	149,395,798,645	249,615,904,375

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
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
2000-01	7,573,211,016	20,877,715,546	32,071,738,214

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(1)	Residential	Rural & Other	Total
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
2000-01	3,868,110,167	3,392,356,918	312,743,931	7,573,211,016

(1) In 2000-01, Maricopa County began utilizing new legal class codes for the classification of property as required by legislation passed by the Arizona Legislature. Due to the change in legal class codes, Utilities have been combined with Commercial and Industrial property.

Source: Maricopa County Finance Department.

Primary Assessed Valuation History

Fiscal Year	City of Phoenix	Maricopa County	State of Arizona
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
2000-01	7,024,054,018	19,362,298,255	30,144,285,019

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

City of Phoenix, Arizona
Major Taxpayers
2008-09

Taxpayer	2008-09 Secondary Assessed Valuation	As % of City Total Secondary Assessed Valuation
Arizona Public Service Company	$ 398,769,036	2.11%
Qwest Communications	184,273,530	0.98
Southwest Gas Corporation	77,799,259	0.41
Teachers Insurance & Annuity Association of America	63,861,177	0.34
LBA Realty Fund II WBP LLC	58,504,407	0.31
Westcor Company LP	55,683,126	0.30
Host Kierland LLC	55,467,254	0.30
Metropolitan Life Insurance Company	54,664,871	0.29
Cox Communications	53,054,540	0.28
Starwood Hotels and Resorts	47,334,120	0.25
Phoenix Plaza PT LLC	46,555,016	0.25
Wells Fargo Bank	44,538,565	0.24
Riverpoint Lots LLC	43,977,999	0.23
Target Corporation	42,943,150	0.23
Safeway Inc.	42,084,890	0.22
Honeywell International Inc.	40,325,639	0.21
VHS Acquisition Subsidiary Number I Inc.	39,974,316	0.21
United Services Automobile Association	39,261,906	0.21
John C. Lincoln Hospital and Health Center	38,191,226	0.20
Mayo Clinic	37,798,921	0.20
Total	$1,465,062,947	7.77%

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 2009-10 and for the past ten fiscal years, as well as the tax collection record of the City's levy for the 2009-10 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
2009-10	$1.82	$321,817,125	$ —	0.0%	$ 2,750,073	0.9%
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
1999-00	1.82	121,581,798	118,826,076	97.7	121,038,518	99.6

(1) Reflects amounts collected on each year's levy through June 30, the end of the fiscal year, and the current fiscal year through August 2009.

(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 2008-09

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)	$ 9.1424
Inside Glendale Union High School District No. 205	
Inside Washington Elementary School District No. 6(3)	10.6219
Inside Glendale Elementary School District No. 40(3)	11.2360
Inside Phoenix Union High School District No. 210	
Inside Phoenix Elementary School District No. 1	12.6777
Inside Riverside Elementary School District No. 2	8.9024
Inside Isaac Elementary School District No. 5	13.9978
Inside Wilson Elementary School District No. 7	12.9169
Inside Osborn Elementary School District No. 8	9.9598
Inside Creighton Elementary School District No. 14	10.6133
Inside Murphy Elementary School District No. 21	11.2439
Inside Balsz Elementary School District No. 31	10.0324
Inside Madison Elementary School District No. 38	10.0090
Inside Laveen Elementary School District No. 59	10.4459
Inside Roosevelt Elementary School District No. 66	10.6129
Inside Alhambra Elementary School District No. 68	10.7263
Inside Cartwright Elementary School District No. 83(3)	12.1230
Inside Tempe Union High School District No. 213	
Inside Tempe Elementary School District No. 3(2)	9.9931
Inside Kyrene Elementary School District No. 28(2)	9.3763
Inside Tolleson Union High School District No. 214	
Inside Tolleson Elementary School District No. 17	10.9150
Inside Fowler Elementary School District No. 45(3)	9.6545
Inside Union Elementary School District No. 62	10.3336
Inside Littleton Elementary School District No. 65	10.5385
Inside Pendergast Elementary School District No. 92(3)	11.7296
Inside Scottsdale Unified School District No. 48(2)	8.0963
Inside Paradise Valley Unified School District No. 69(3)	8.9306
Inside Cave Creek Unified School District No. 93	5.9549
Inside Deer Valley Unified School District No. 97(3)	9.1241

(1) Included in the computation for each of the overlapping municipalities is the Maricopa County tax rate of $1.0327, the Maricopa County Community College tax rate of $0.9386, the City of Phoenix tax rate of $1.8200, the Maricopa County Flood Control District tax rate of $0.1367, the Central Arizona Water Conservation District tax rate of $0.1000, the Maricopa Special Health Care District tax rate of $0.0856, the Volunteer Fire District Assistance tax rate of $0.0053 and the County Library District tax rate of $0.0353.

(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	$1,128,747,571	$ —	$1,128,747,571	$ —	$1,128,747,571
Various to be Issued(2)	350,000,000	—	350,000,000	—	350,000,000
Various to be Issued(3)	68,280,000	—	68,280,000	—	68,280,000
Airport	—	12,195,000	12,195,000	—	12,195,000
Sanitary Sewer	—	33,846,813	33,846,813	—	33,846,813
Sanitary Sewer to be Issued(3)	—	13,395,000	13,395,000	—	13,395,000
Solid Waste	—	13,965,000	13,965,000	—	13,965,000
Sold Waste to be Issued(3)	—	5,575,000	5,575,000	—	5,575,000
Water	—	41,529,575	41,529,575	—	41,529,575
Water to be Issued(3)	—	29,945,000	29,945,000	—	29,945,000
Street & Highway	—	—	—	70,165,920	70,165,920
Subtotal	1,547,027,571	150,451,388	1,697,478,959	70,165,920	1,767,644,879
Less: Restricted Funds	275,202,132	—	275,202,132	—	275,202,132
Direct Debt	1,271,825,439	150,451,388	1,422,276,827	70,165,920	1,492,442,747
Less: Revenue Supported	—	150,451,388	150,451,388	70,165,920	220,617,308
Net Debt	$1,271,825,439	$ —	$1,271,825,439	$ —	$1,271,825,439

(1) Represents general obligation bonds outstanding as of July 1, 2009 and includes the Bonds offered herein but does not include the Bonds Being Refunded. 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.

(2) Represents the Improvement Bonds offered herein.

(3) Represents the Refunding Bonds offered herein.

Annual Debt Service Requirements
General Obligation Bonded Debt Outstanding

Fiscal Year Ending June 30,	Total Debt Service Requirements(1)	$350,000,000 Improvement Bonds(2)			$117,195,000 Refunding Bonds(3)			Less: Enterprise Supported	Net Debt Service Requirements
		Principal	Interest	Total	Principal	Interest	Total		
2010	$ 125,951,619	$ —	$ 11,641,124	$ 11,641,124	$ —	$ 2,153,876	$ 2,153,876	$ 26,556,831	$ 113,189,788
2011	126,615,793	—	17,175,429	17,175,429	14,130,000	3,177,850	17,307,850	42,004,951	119,094,121
2012	116,387,816	—	17,175,429	17,175,429	10,450,000	2,895,250	13,345,250	15,325,899	131,582,596
2013	102,017,659	—	17,175,429	17,175,429	14,405,000	2,686,250	17,091,250	15,194,736	121,089,602
2014	93,837,898	—	17,175,429	17,175,429	8,065,000	2,347,750	10,412,750	10,878,461	110,547,616
2015	99,336,429	12,380,000	17,175,429	29,555,429	11,645,000	2,186,450	13,831,450	14,555,108	128,168,200
2016	121,430,872	12,770,000	16,786,945	29,556,945	20,840,000	1,906,150	22,746,150	29,640,282	144,093,685
2017	117,269,204	13,225,000	16,334,376	29,559,376	330,000	1,316,325	1,646,325	9,315,520	139,159,385
2018	117,746,947	13,740,000	15,814,634	29,554,634	340,000	1,308,075	1,648,075	9,383,882	139,565,774
2019	104,071,248	14,305,000	15,251,294	29,556,294	5,505,000	1,299,575	6,804,575	3,463,820	136,968,297
2020	95,685,672	14,905,000	14,650,484	29,555,484	10,290,000	1,134,425	11,424,425	2,942,757	133,722,824
2021	84,007,797	15,370,000	14,002,116	29,372,116	8,765,000	825,725	9,590,725	1,550,908	121,419,730
2022	83,934,975	15,810,000	13,321,225	29,131,225	8,815,000	479,125	9,294,125	715,825	121,644,500
2023	83,726,600	16,335,000	12,513,612	28,848,612	3,615,000	126,525	3,741,525	—	116,316,737
2024	84,151,825	16,895,000	11,652,920	28,547,920	—	—	—	—	112,699,745
2025	84,495,900	17,475,000	10,762,723	28,237,723	—	—	—	—	112,733,623
2026	55,053,575	18,070,000	9,841,965	27,911,965	—	—	—	—	82,965,540
2027	55,355,450	18,690,000	8,889,857	27,579,857	—	—	—	—	82,935,307
2028	15,161,600	19,330,000	7,905,081	27,235,081	—	—	—	—	42,396,681
2029	—	19,990,000	6,886,583	26,876,583	—	—	—	—	26,876,583
2030	—	20,675,000	5,833,310	26,508,310	—	—	—	—	26,508,310
2031	—	21,385,000	4,743,944	26,128,944	—	—	—	—	26,128,944
2032	—	22,115,000	3,617,168	25,732,168	—	—	—	—	25,732,168
2033	—	22,875,000	2,451,929	25,326,929	—	—	—	—	25,326,929
2034	—	23,660,000	1,246,645	24,906,645	—	—	—	—	24,906,645
	$1,766,238,879	$350,000,000	$290,025,080	$640,025,080	$117,195,000	$23,843,351	$141,038,351	$181,528,980	$2,365,773,330

(1) Represents debt service requirements on general obligation bonds outstanding as of July 1, 2009 but does not include debt service on the Bonds Being Refunded. 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.

(2) Represents debt service requirements on the Improvement Bonds offered herein. The Taxable Series 2009A Improvement Bonds are designated as "Qualified Build America Bonds (Direct Pay)." The City will elect to receive subsidy payments, in the amount of 35% of each interest payment on the Taxable Series 2009A Improvement Bonds, paid directly to the City by the United States of America. Debt service is shown gross of subsidy payments.

(3) Represents debt service requirements on the Refunding Bonds offered herein.

Direct General Obligation Bonded Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Bonds Outstanding As of 7-1-09(1)
12-01-89	$ 12,241,589	Various Improvements — Minibonds	7-1-00/10	$ 1,150,330
12-06-91	30,000,000	Sanitary Sewer Improvements	7-1-95/11	9,776,103
04-15-93	335,165,000	Refunding	7-1-95/10	5,500,000
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	31,195,000
07-15-00	50,000,000	Various Improvements	7-1-03/10	605,000
12-12-01	6,075,000	Sanitary Sewer Improvements	7-1-03/21	4,305,710
06-01-02	10,000,000	Various Improvements (Taxable)	7-1-10	2,000,000
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	75,405,000
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	78,500,000
03-01-04	200,000,000	Various Improvements	7-1-10/28	157,230,000
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	146,575,000
06-13-07	77,550,000	Various Improvements (Taxable)	7-1-08/13	52,115,000
10-27-09	280,955,000	Various Improvements (Taxable)	7-1-20/34	280,955,000(2)
10-27-09	69,045,000	Various Improvements (Taxable)	7-1-15/20	69,045,000(2)
10-27-09	117,195,000	Refunding	7-1-11/23	117,195,000(2)
Total Direct General Obligation Debt Outstanding				1,697,478,959
Less: Principal Redemption Funds held in Restricted Fund				275,202,132
Total Direct General Obligation Debt Outstanding				1,422,276,827
Less: General Obligation Bonded Debt Supported from Enterprise Revenues				150,451,388
Net Direct General Obligation Bonded Debt Outstanding				$1,271,825,439

(1) Represents general obligation bonds outstanding as of July 1, 2009 and includes the Bonds offered herein but does not include the Bonds Being Refunded.

(2) Represents the Bonds offered herein.

City of Phoenix
Street and Highway User Revenue Bonds Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 7-1-09
03-15-92	$117,880,000	Street & Highway Refunding (Junior Lien)	7-1-93/11	6.50%	$ 3,465,000
12-15-92	58,225,920	Street & Highway Refunding (Junior Lien)	7-1-94/13	7.96	13,390,920
01-01-99	10,375,000	Street & Highway Refunding (Junior Lien)	7-1-99/11	4.36	3,025,000
05-01-02	123,125,000	Street & Highway Refunding (Junior Lien)	7-1-03/11	4.77	28,560,000
06-01-03	47,360,000	Street & Highway Refunding	7-1-05/11	4.59	21,725,000
Total Street & Highway User Revenue Bonds Outstanding					$70,165,920

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 July 1, 2009 is shown below, based upon 2009-10 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	$3,772,247,671
Direct General Obligation Bonds Outstanding	924,723,959(1)
General Obligation Improvement Bonds	255,085,000(2)
General Obligation Refunding Bonds	111,620,000(3)
Unused 20% Limitation Borrowing Capacity	$2,480,818,712

All Other
General Obligation Bonds

6% Constitutional Limitation		$1,131,674,301
Direct General Obligation Bonds Outstanding	$305,560,000(1)	
General Obligation Improvement Bonds	94,915,000(2)	
General Obligation Refunding Bonds	5,575,000(3)	
Less: Principal Redemption Funds held in Restricted Fund as of July 1, 2009	275,202,132	
Direct General Obligation Bonds Outstanding		130,847,868
Unused 6% Limitation Borrowing Capacity		$1,000,826,433

(1) Represents general obligation bonds outstanding as of July 1, 2009 but does not include the Bonds Being Refunded.

(2) Represents the Improvement Bonds offered herein.

(3) Represents the Refunding Bonds offered herein.

NET DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT AND DEBT RATIOS

	As of July 1, 2009(1)
City of Phoenix	$1,271,825,439
Maricopa County Community College District	169,798,000
Various Elementary School Districts	472,175,000
Various High School Districts	437,259,000
Various Unified School Districts	406,681,000
Net Direct and Overlapping General Obligation Bonded Debt	$2,757,738,439

(1) Represents the net direct debt of the City of Phoenix as of July 1, 2009 and includes the Bonds offered herein, but does not include the Bonds Being Refunded. The direct debt for the various school districts is as of July 1, 2008, the latest available data.

Excludes $215,944 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 $4,125,000 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. The obligation is evidenced by a master contract between the CAWCD and the Department of the Interior. The repayment will take place over a period of 50 years. Interest will be payable at the rate of 3.342% per annum on the unpaid balance. The City of Phoenix portion is estimated to be $77.5 million, including interest, and will be paid over a fifty year period. The cost for 1997 was $4.4 million, decreasing to $3.4 million in 2005, $2.7 million in 2006, $2.6 million in 2007 and dropping to $610,600 in 2010 and remaining constant through the final payment in 2044. The United States and CAWCD recently announced an agreement to settle litigation over the amount of the construction cost repayment obligation, the amount of the respective obligations for payments of the operation, maintenance and replacement costs and the application of certain revenues and credits for amounts paid by CAWCD to the United States against such obligations and costs. Under the agreement, CAWCD's obligation for substantially all of the CAP features that have been constructed so far will be set at $1.65 billion, which amount assumes (but does not mandate) that the United States will acquire a total of 667,724 acre feet of CAP water for federal purposes. The United States will complete unfinished CAP construction work related to the water supply system and regulatory storage stages of the CAP at no additional cost to CAWCD. Of the $1.65 billion repayment obligation, 73% will be interest bearing and the remaining 27% will be non-interest bearing. These percentages will be fixed for the entire 50 year repayment period, which commenced October 1, 1993. Effectiveness of the agreement is subject to a number of conditions including settlement of certain Indian community water claims and other water claims and will require certain State of Arizona legislation. If the conditions are not met by May 9, 2012, the parties could extend such deadline or the agreement will terminate and either party may petition U.S. District Court to resume litigation. It is not possible to predict whether the agreement will be effective or if the litigation will be resumed or the outcome of any such litigation.

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 2008-09 fiscal year.

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

	Per Capita Debt (Pop. Est. @ 7-1-09 1,665,320	As Percent of City's 2009-10 Secondary Assessed Valuation	As Percent of City's 2009-10 Full Cash Valuation
Direct General Obligation Bonded Debt Outstanding as of July 1, 2009	$ 854.06	7.54%	0.84%
Net Direct General Obligation Bonded Debt Outstanding as of July 1, 2009	763.71	6.74	0.75
Net Direct and Overlapping General Obligation Bonded Debt Outstanding as of July 1, 2009	1,655.98	14.62	1.63

(1) Includes the Bonds offered herein but does not include the Bonds Being Refunded.

Overlapping General Obligation Bonded Debt, Net Assessed Valuations and Tax Rates
As of July 1, 2008
(in thousands)

Overlapping Municipality	2008-09 Net Secondary Assessed Valuation	Net Bonded Debt	Approximate Applicable Percent	Net Overlapping Bonded Debt	2008-09 Tax Rate Per $100 Assessed
State of Arizona	$86,183,352	$ —	21.9%	$ —	$ —
Maricopa County	58,303,635	—	32.3	—	1.0327
Maricopa County Community College District	58,303,635	525,690	32.3	169,798	0.9386
Elementary School Districts:					
Phoenix S.D. No. 1	1,039,881	51,240	100.0	51,240	5.4594
Riverside S.D. No. 2	408,226	14,510	96.3	13,973	1.6841
Tempe S.D. No. 3	2,148,512	110,975	16.8	18,644	3.5064
Isaac S.D. No. 5	276,131	2,640	100.0	2,640	6.7795
Washington S.D. No. 6	2,252,651	111,255	96.8	107,695	3.6919
Wilson S.D. No. 7	158,690	7,430	100.0	7,430	5.6986
Osborn S.D. No. 8	759,901	45,405	100.0	45,405	2.7415
Creighton S.D. No. 14	658,440	6,805	88.0	5,988	3.3950
Tolleson S.D. No. 17	240,867	6,995	29.4	2,057	4.1545
Murphy S.D. No. 21	162,139	4,000	100.0	4,000	4.0256
Kyrene S.D. No. 28	2,893,024	101,010	40.5	40,909	2.8896
Balsz S.D. No. 31	445,511	10,200	94.0	9,588	2.8141
Madison S.D. No. 38	1,531,863	66,405	100.0	66,405	2.7907
Fowler S.D. No. 45	345,506	13,530	89.5	12,109	2.8440
Laveen S.D. No. 59	410,713	11,625	76.3	8,870	3.2276
Union S.D. No. 62	105,366	640	96.0	614	3.5731
Littleton S.D. No. 65	408,766	14,510	15.1	2,191	3.7780
Roosevelt S.D. No. 66	1,079,105	39,070	98.6	38,523	3.3946
Alhambra S.D. No. 68	606,916	27,340	81.7	22,337	3.5080
Litchfield S.D. No. 79	1,111,726	28,565	0.6	171	2.5301
Cartwright S.D. No. 83	574,583	—	100.0	—	4.8547
Pendergast S.D. No. 92	546,774	24,225	47.0	11,386	4.9191
High School Districts:					
Glendale Union No. 205	2,865,808	107,340	76.1	81,686	2.7258
Phoenix Union No. 210	8,137,089	304,795	95.4	290,774	3.0641
Tempe Union No. 213	5,041,536	98,000	30.4	29,792	2.2825
Tolleson Union No. 214	1,647,278	71,570	48.6	34,783	2.6063
Agua Fria Union No. 216	1,638,855	56,120	0.4	224	2.4081
Unified School Districts:					
Scottsdale No. 48	7,156,544	330,305	13.8	45,582	3.8921
Paradise Valley No. 69	4,708,518	354,440	68.8	243,855	4.7264
Cave Creek No. 93	2,795,494	22,795	11.2	2,553	1.8007
Deer Valley No. 97	3,713,049	217,630	52.7	114,691	4.9199
Total Overlapping General Obligation Bonded Debt				$1,485,913	

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
Deer Valley Unified Elementary School District No. 97	148,000,000
Fowler Elementary School District No. 45	18,710,000
Kyrene Elementary School District No. 28	22,350,000
Laveen Elementary School District No. 59	38,400,000
Murphy Elementary School District No. 21	5,000,000
Paradise Valley Unified Elementary School District No. 69	25,625,000
Pendergast Elementary School District No. 92	27,800,000
Riverside Elementary School District No. 2	10,970,000
Roosevelt Elementary School District No. 66	40,000,000
Tolleson Elementary School District No. 17	12,560,000
Tolleson Union High School District No. 214	13,100,000
Union Elementary School District No. 62	12,360,000
Wilson Elementary School District No. 7	2,930,000

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. 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 2002-03 totaled $630,418,000, in 2003-04 totaled $638,598,000, in 2004-05 totaled $689,130,000, in 2005-06 totaled $801,402,000, in 2006-07 totaled $864,381,000 and in 2007-08 totaled $884,160,000. These amounts do not include revenues from various privilege license (sales) tax rate increases approved by voters 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

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 7-1-09
06-01-99	$ 79,000,000	Phoenix Municipal Courthouse	7-1-05/10	5.34%	$ 2,035,000
06-01-99	15,000,000	Adams Street Garage	7-1-05/11	5.35	800,000
05-01-03	47,600,000	New City Hall Refunding	7-1-04/29	4.73	21,735,000
06-01-07	103,605,000	Municipal Facilities Refunding(1)	7-1-09/29	4.85	103,340,000
Total City of Phoenix Improvement Corporation Senior Lien Debt Outstanding					$127,910,000

(1) Debt service requirements on $895,000 of these obligations are supported by airport revenues.

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

Fiscal Year	Principal	Interest	Total
2009-10	$ 4,025,000	$ 6,146,412	$ 10,171,412
2010-11	4,225,000	5,942,825	10,167,825
2011-12	4,415,000	5,755,825	10,170,825
2012-13	4,605,000	5,553,625	10,158,625
2013-14	4,845,000	5,323,375	10,168,375
2014-15	5,065,000	5,099,225	10,164,225
2015-16	5,295,000	4,869,550	10,164,550
2016-17	5,565,000	4,604,800	10,169,800
2017-18	5,840,000	4,326,550	10,166,550
2018-19	6,135,000	4,034,550	10,169,550
2019-20	6,435,000	3,727,800	10,162,800
2020-21	6,760,000	3,406,050	10,166,050
2021-22	7,095,000	3,068,050	10,163,050
2022-23	7,455,000	2,713,300	10,168,300
2023-24	7,805,000	2,365,312	10,170,312
2024-25	8,175,000	1,994,575	10,169,575
2025-26	8,560,000	1,606,263	10,166,263
2026-27	8,975,000	1,199,663	10,174,663
2027-28	9,385,000	780,763	10,165,763
2028-29	7,250,000	342,712	7,592,712
	$127,910,000	$72,861,225	$200,771,225

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 7-1-09
01-15-98	$ 48,740,000	Municipal Multipurpose Arena Refunding (Taxable)	7-1-98/19	6.12%	$ 32,220,000
08-01-00	65,000,000	Municipal Facilities	7-1-01/11	5.35	4,710,000
05-01-03	80,000,000	Solid Waste Improvements(2)	7-1-04/14	4.93	17,910,000
05-01-03	25,000,000	Municipal Facilities	7-1-05/25	4.37	19,195,000
05-01-03	25,000,000	Municipal Facilities (Taxable)	7-1-09/33	5.59	24,480,000
05-01-03	10,000,000	Municipal Facilities (Taxable)	7-1-09/33	5.60	9,795,000
06-01-04	22,000,000	Municipal Facilities	7-1-06/25	5.09	13,910,000
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	76,945,000
06-01-06	28,230,000	Municipal Facilities	7-1-07/13	4.47	14,790,000
06-01-06	41,920,000	Municipal Facilities (Taxable)	7-1-07/35	6.10	40,645,000
06-01-07	21,115,000	Municipal Facilities	7-1-08/27	4.74	19,790,000
06-01-07	71,820,000	Municipal Facilities Refunding(3)	7-1-09/23	4.93	69,835,000
06-01-07	35,670,000	Convention Center East Garage Refunding (Taxable)	7-1-08/22	5.73	32,980,000
Total City of Phoenix Civic Improvement Corporation Subordinated Junior Lien Debt Outstanding					$677,205,000

(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 or State of Arizona Distribution Revenue Bonds issued by the City of Phoenix Civic Improvement Corporation. See page B-21 for a schedule of outstanding subordinated junior lien debt issued by the City of Phoenix and page B-24 for a description of the State of Arizona Distribution Revenue Bonds issued by the City of Phoenix Civic Improvement Corporation. 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.

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

(3) Debt service requirements on $45,845,000 of these obligations are supported by solid waste revenues.

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

Fiscal Year	Principal	Interest	Total
2009-10	$ 23,225,000	$ 34,402,948	$ 57,627,948
2010-11	25,215,000	33,225,282	58,440,282
2011-12	23,160,000	31,934,778	55,094,778
2012-13	24,140,000	30,796,820	54,936,820
2013-14	22,515,000	29,605,542	52,120,542
2014-15	22,880,000	28,496,073	51,376,073
2015-16	22,920,000	27,359,616	50,279,616
2016-17	27,080,000	26,216,392	53,296,392
2017-18	28,330,000	24,867,412	53,197,412
2018-19	29,840,000	23,380,070	53,220,070
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	15,248,037	35,803,037
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	8,182,313	26,937,313
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
	$677,205,000	$523,313,826	$1,200,518,826

(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 or debt service on State of Arizona Distribution Revenue Bonds issued by the City of Phoenix Civic Improvement Corporation. See page B-21 for a schedule of subordinated junior lien debt issued by the City of Phoenix and page B-24 for a description of the State of Arizona Distribution Revenue Bonds issued by the City of Phoenix Civic Improvement Corporation. 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.

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

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 7-1-09
07-01-04	$35,465,000	Refunding	8-1-05/24	4.68%	$30,625,000
Total Subordinated Junior Lien Debt Outstanding					$30,625,000

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

Fiscal Year	Principal	Interest	Total
2009-10	$ 1,175,000	$ 1,425,790	$ 2,600,790
2010-11	1,230,000	1,381,727	2,611,727
2011-12	1,275,000	1,332,528	2,607,528
2012-13	1,315,000	1,281,527	2,596,527
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	988,438	2,343,438
2018-19	1,420,000	920,687	2,340,687
2019-20	3,180,000	849,688	4,029,688
2020-21	3,340,000	690,687	4,030,687
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
	$30,625,000	$14,505,727	$45,130,727

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 three 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 7-1-09
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
2009-10	$ —	$ 7,800,075.00	$ 7,800,075.00	$ —	$ 9,611,553.76	$ 9,611,553.76	$ —	$ 17,411,628.76	$ 17,411,628.76
2010-11	—	7,800,075.00	7,800,075.00	—	9,611,553.76	9,611,553.76	—	17,411,628.76	17,411,628.76
2011-12	1,470,000	7,800,075.00	9,270,075.00	3,095,000	9,611,553.76	12,706,553.76	4,565,000	17,411,628.76	21,976,628.76
2012-13	1,635,000	7,726,575.00	9,361,575.00	3,255,000	9,452,780.26	12,707,780.26	4,890,000	17,179,355.26	22,069,355.26
2013-14	1,810,000	7,644,825.00	9,454,825.00	3,420,000	9,284,822.26	12,704,822.26	5,230,000	16,929,647.26	22,159,647.26
2014-15	1,995,000	7,554,325.00	9,549,325.00	3,600,000	9,107,324.26	12,707,324.26	5,595,000	16,661,649.26	22,256,649.26
2015-16	2,190,000	7,454,575.00	9,644,575.00	3,790,000	8,919,764.26	12,709,764.26	5,980,000	16,374,339.26	22,354,339.26
2016-17	2,400,000	7,339,600.00	9,739,600.00	3,990,000	8,721,168.26	12,711,168.26	6,390,000	16,060,768.26	22,450,768.26
2017-18	2,625,000	7,213,600.00	9,838,600.00	4,200,000	8,510,895.26	12,710,895.26	6,825,000	15,724,495.26	22,549,495.26
2018-19	2,830,000	7,108,600.00	9,938,600.00	4,420,000	8,288,715.26	12,708,715.26	7,250,000	15,397,315.26	22,647,315.26
2019-20	3,045,000	6,991,862.50	10,036,862.50	4,645,000	8,064,737.50	12,709,737.50	7,690,000	15,056,600.00	22,746,600.00
2020-21	3,275,000	6,862,450.00	10,137,450.00	4,840,000	7,867,325.00	12,707,325.00	8,115,000	14,729,775.00	22,844,775.00
2021-22	3,515,000	6,723,262.50	10,238,262.50	5,085,000	7,625,325.00	12,710,325.00	8,600,000	14,348,587.50	22,948,587.50
2022-23	3,800,000	6,538,725.00	10,338,725.00	5,340,000	7,371,075.00	12,711,075.00	9,140,000	13,909,800.00	23,049,800.00
2023-24	4,105,000	6,339,225.00	10,444,225.00	5,605,000	7,104,075.00	12,709,075.00	9,710,000	13,443,300.00	23,153,300.00
2024-25	4,425,000	6,123,712.50	10,548,712.50	5,885,000	6,823,825.00	12,708,825.00	10,310,000	12,947,537.50	23,257,537.50
2025-26	4,760,000	5,891,400.00	10,651,400.00	6,180,000	6,529,575.00	12,709,575.00	10,940,000	12,420,975.00	23,360,975.00
2026-27	5,120,000	5,641,500.00	10,761,500.00	6,490,000	6,220,575.00	12,710,575.00	11,610,000	11,862,075.00	23,472,075.00
2027-28	5,480,000	5,385,500.00	10,865,500.00	6,790,000	5,920,412.50	12,710,412.50	12,270,000	11,305,912.50	23,575,912.50
2028-29	5,865,000	5,111,500.00	10,976,500.00	7,100,000	5,606,375.00	12,706,375.00	12,965,000	10,717,875.00	23,682,875.00
2029-30	6,265,000	4,818,250.00	11,083,250.00	7,430,000	5,278,000.00	12,708,000.00	13,695,000	10,096,250.00	23,791,250.00
2030-31	6,690,000	4,505,000.00	11,195,000.00	7,800,000	4,906,500.00	12,706,500.00	14,490,000	9,411,500.00	23,901,500.00
2031-32	7,140,000	4,170,500.00	11,310,500.00	8,190,000	4,516,500.00	12,706,500.00	15,330,000	8,687,000.00	24,017,000.00
2032-33	7,610,000	3,813,500.00	11,423,500.00	8,600,000	4,107,000.00	12,707,000.00	16,210,000	7,920,500.00	24,130,500.00
2033-34	8,105,000	3,433,000.00	11,538,000.00	9,030,000	3,677,000.00	12,707,000.00	17,135,000	7,110,000.00	24,245,000.00
2034-35	8,625,000	3,027,750.00	11,652,750.00	9,485,000	3,225,500.00	12,710,500.00	18,110,000	6,253,250.00	24,363,250.00
2035-36	9,170,000	2,596,500.00	11,766,500.00	9,960,000	2,751,250.00	12,711,250.00	19,130,000	5,347,750.00	24,477,750.00
2036-37	9,750,000	2,138,000.00	11,888,000.00	10,455,000	2,253,250.00	12,708,250.00	20,205,000	4,391,250.00	24,596,250.00
2037-38	10,355,000	1,650,500.00	12,005,500.00	10,980,000	1,730,500.00	12,710,500.00	21,335,000	3,381,000.00	24,716,000.00
2038-39	10,990,000	1,132,750.00	12,122,750.00	11,525,000	1,181,500.00	12,706,500.00	22,515,000	2,314,250.00	24,829,250.00
2039-40	11,665,000	583,250.00	12,248,250.00	12,105,000	605,250.00	12,710,250.00	23,770,000	1,188,500.00	24,958,500.00
	$156,710,000	$168,920,462.50	$325,630,462.50	$193,290,000	$194,485,681.10	$387,775,681.10	$350,000,000	$363,406,143.60	$713,406,143.60

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 Corporation issued bonds to fund a portion of the costs of the Phoenix Convention Center expansion 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 schedule of State distributions will be sufficient to make loan payments when due and the City has agreed to make the loan payments required to pay debt service on the bonds when due from the State distributions. The first State distribution was received on August 1, 2009.

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 7-1-09
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 7-1-09
12-10-04	$500,000,000	Light Rail Project	7-1-06/20	5.01%	$453,480,000
Total Transit Excise Tax Revenue Bonded Debt					$453,480,000

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

Fiscal Year	Principal	Interest	Total
2009-10	$ 20,560,000	$ 22,742,038	$ 43,302,038
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
	$453,480,000	$161,737,613	$615,217,613

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 7-1-09
08-01-98	$150,000,000	Airport Improvements	7-1-06/25	5.14%	$ 34,285,000
05-01-02	23,225,000	Airport Improvements	7-1-08/13	5.54	21,015,000
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	100,645,000
06-18-08	68,520,000	Airport Improvements Refunding	7-1-09/20	5.23	61,090,000
Total Senior Lien Airport Revenue Bonded Debt Outstanding					$698,425,000

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

Fiscal Year	Principal	Interest	Total
2009-10	$ 18,880,000	$ 35,708,000	$ 54,588,000
2010-11	19,990,000	34,822,700	54,812,700
2011-12	25,655,000	33,878,025	59,533,025
2012-13	21,905,000	32,519,800	54,424,800
2013-14	23,730,000	31,379,925	55,109,925
2014-15	23,670,000	30,141,575	53,811,575
2015-16	24,975,000	28,878,950	53,853,950
2016-17	26,310,000	27,567,125	53,877,125
2017-18	27,765,000	26,163,200	53,928,200
2018-19	29,255,000	24,744,212	53,999,212
2019-20	30,960,000	23,247,900	54,207,900
2020-21	27,275,000	21,664,012	48,939,012
2021-22	28,665,000	20,273,725	48,938,725
2022-23	30,470,000	18,841,100	49,311,100
2023-24	32,030,000	17,288,212	49,318,212
2024-25	33,660,000	15,655,775	49,315,775
2025-26	22,790,000	13,940,213	36,730,213
2026-27	23,960,000	12,766,437	36,726,437
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
	$698,425,000	$509,309,687	$1,207,734,687

The City entered into a city purchase agreement with the City of Phoenix Civic Improvement Corporation for the acquisition and construction of improvements at Phoenix Sky Harbor International Airport. The Corporation is currently authorized to issue up to an aggregate principal amount of $100,000,000 of its Airport Revenue Bond Anticipation Notes, Series 2008A and $100,000,000 of its Airport Revenue Bond Anticipation Notes, Series 2008B (collectively, the "Series 2008 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 $200,000,000. The notes are secured by an irrevocable, direct pay letter of credit issued by Bank of America N.A. While the City has not granted any lien on revenues of the airport to the owners of the notes, under the purchase agreement, the City has granted the bank a lien of junior subordinate lien revenues of the airport to secure its obligation to satisfy the Corporation's payment obligations under a reimbursement agreement.

City of Phoenix Civic Improvement Corporation
Airport Revenue Bond Anticipation Notes Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Notes Outstanding As of 10-6-09
12-09-08	$80,000,000	Airport Improvements	Up to 270 days	Various	$ 80,000,000
10-02-09	60,000,000	Airport Improvements	Up to 270 days	Various	60,000,000
10-06-09	60,000,000	Airport Improvements	Up to 270 days	Various	60,000,000
Total Junior Subordinate Airport Revenue Debt Outstanding					$200,000,000

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 7-1-09
06-02-04	$260,000,000	Rental Car Facility	7-1-07/29	6.08%	$241,420,000
Total Rental Car Facility Charge Bonded Debt Outstanding					$241,420,000

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

Fiscal Year	Principal	Interest	Total
2009-10	$ 6,735,000	$ 14,541,789	$ 21,276,789
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
	$241,420,000	$184,089,153	$425,509,153

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 pledged designated water system revenues to make payments sufficient to pay principal and interest on the bonds. This pledge is junior to the pledge of the net operating revenues of the water system for the payment of any City water revenue bonds, of which there are none currently outstanding. 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 7-1-09
08-01-01	$ 99,980,000	Water System Refunding	7-1-02/24	5.24%	$ 73,250,000
04-01-02	220,000,000	Water System Improvements	7-1-07/26	5.14	199,385,000
10-01-03	11,325,000	Water System Refunding	7-1-05/22	4.29	10,965,000
07-01-04	27,775,000	McMullen Valley & Water Rights Refunding	8-1-06/17	4.06	21,100,000
06-01-05	600,000,000	Water System Improvements	7-1-10/29	4.90	600,000,000
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	90,295,000
Total Junior Lien Water Revenue Bonded Debt					$1,444,995,000

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

Fiscal Year	Principal	Interest	Total
2009-10	$ 37,960,000	$ 73,605,058	$ 111,565,058
2010-11	40,085,000	69,670,343	109,755,343
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	63,863,732	118,438,732
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
	$1,444,995,000	$998,038,908	$2,443,033,908

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. 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 7-1-09
01-11-05	$102,020,000	Wastewater System Refunding	7-1-06/15	4.92%	$ 72,855,000
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					$206,255,000

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

Fiscal Year	Principal	Interest	Total
2009-10	$ 10,760,000	$10,913,500	$ 21,673,500
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
	$206,255,000	$96,693,025	$302,948,025

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 designated revenues of the wastewater system 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
Junior Lien Wastewater System Revenue Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 7-1-09
06-01-00	$135,000,000	Wastewater System Improvements	7-1-05/10	6.01%	$ 4,895,000
07-01-01	166,260,000	Wastewater System Refunding	7-1-02/24	5.14	150,005,000
12-01-04	180,000,000	Wastewater System Improvements	7-1-10/29	4.97	175,040,000
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					$629,940,000

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

Fiscal Year	Principal	Interest	Total
2009-10	$ 14,185,000	$ 31,509,954	$ 45,694,954
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
	$629,940,000	$452,251,193	$1,082,191,193

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 7-2-09
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, 2009 were $132,188,980, of which 12.8% was reimbursed by other local governmental entities that have contracted for service. The estimated liability for all contracts for 2009-10 is $150,069,107, of which approximately 12.4% 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. The grant provides from 80% to 94.3% federal funding for capital projects in the approved program of projects. The City has been the recipient of Federal Transit grants since 1975. The City has also been receiving State of Arizona aid since 1981-82 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. The State aid, along with the City's general revenues and transit sales tax, will be the source of required local funds to match the awarded grants.

In addition, on August 31, 1998, then-Governor Jane Hull signed into law a transit funding bill (LTAF II) which provides 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. Since 2003, the Power Ball lottery earnings are the single contributor to the LTAF II fund. The overall fund must exceed $31 million annually in order to distribute funding, and distributions are capped at $18 million for any fiscal year.

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 $2.6 billion in funding through May 31, 2020.

SUMMARY OF AUTHORIZED, ISSUED AND UNISSUED BONDS

Purpose	Original Authorization (1)	Bonds Issued	2009 Improvement Bonds	Remaining Authorization
GENERAL OBLIGATION BONDS:				
Affordable Housing and Neighborhood Revitalization	$ 81,000,000	$ 8,845,000	$ 48,800,000	$ 23,355,000
Computer Technology	136,400,000	118,800,000	12,685,000	4,915,000
Education Facilities	198,700,000	186,600,000	350,000	11,750,000
Environmental Cleanup	37,600,000	22,700,000	8,545,000	6,355,000
Family, Senior and Youth Cultural Facilities	170,922,000	78,075,000	49,540,000	43,307,000
Fire Protection	136,205,000	65,100,000	39,400,000	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	9,925,000	1,150,000	925,000
Library Facilities	62,178,000	33,200,000	18,575,000	10,403,000
Neighborhood Protection and Senior Centers	74,000,000	68,345,000	3,300,000	2,355,000
Parks, Open Space and Recreational Facilities	192,500,000	123,700,000	21,200,000	47,600,000
Police Protection	186,095,000	86,925,000	51,615,000	47,555,000
Street Improvements	169,700,000	90,300,000	54,890,000	24,510,000
Storm Sewer Systems and Flood Protection	131,400,000	74,830,000	39,950,000	16,620,000
Total General Obligation Bonds	$1,617,985,000	$995,630,000	$350,000,000	$272,355,000

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

2009-14 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 2009-10 capital budget, which is the first year of the CIP: (1) authorization for the 2009-10 capital projects financed with bonds and bond-related funds; and (2) authorization for all 2009-10 pay-as-you-go projects financed with operating funds.

The 2009-14 CIP, which is summarized on pages B-36 and B-37, totals $5.11 billion, and will be funded by 1988, 1989, 2001 and 2006 bond authorizations, operating funds, Federal aid and other long-term financings. The CIP was adopted by the Phoenix City Council in June of 2009.

Summary of 2009-14 Capital Improvement Program
All Sources of Funds

Program	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Arts and Cultural Facilities	$ 26,422,000	$ 271,000	$ —	$ —	$ —	$ 26,693,000
Aviation	769,847,000	149,373,000	96,535,000	73,709,000	52,113,000	1,141,577,000
Economic Development	23,397,000	13,274,000	3,732,000	2,500,000	2,500,000	45,403,000
Energy Conservation	28,345,000	1,450,000	1,450,000	1,450,000	1,450,000	34,145,000
Facilities Management	30,280,000	20,783,000	11,009,000	8,012,000	11,588,000	81,672,000
Fire Protection	29,733,000	19,610,000	—	—	—	49,343,000
Freeway Mitigation	4,080,000	—	—	—	—	4,080,000
Historic Preservation	3,796,000	2,689,000	1,412,000	426,000	—	8,323,000
Housing	65,041,000	20,043,000	18,722,000	15,078,000	15,589,000	134,473,000
Human Services	12,598,000	8,600,000	2,489,000	—	—	23,687,000
Information Technology	16,312,000	14,516,000	7,425,000	210,000	—	38,463,000
Libraries	18,859,000	8,969,000	200,000	200,000	200,000	28,428,000
Neighborhood Services	28,811,000	7,459,000	477,000	—	—	36,747,000
Parks, Recreation and Mountain Preserves	171,662,000	118,236,000	65,963,000	19,160,000	29,514,000	404,535,000
Phoenix Convention Center	22,416,000	654,000	1,607,000	3,178,000	4,951,000	32,806,000
Police Protection	69,373,000	20,783,000	—	—	—	90,156,000
Public Transit	240,011,000	87,868,000	64,808,000	44,094,000	97,580,000	534,361,000
Solid Waste Disposal	136,332,000	35,362,000	34,932,000	16,562,000	15,645,000	238,833,000
Street Transportation and Drainage	214,919,000	127,204,000	86,492,000	93,458,000	97,443,000	619,516,000
Wastewater	116,744,000	78,479,000	58,009,000	150,739,000	210,125,000	614,096,000
Water	244,407,000	257,409,000	135,103,000	126,929,000	162,107,000	925,955,000
Total CIP Costs	$2,273,385,000	$993,032,000	$590,365,000	$555,705,000	$700,805,000	$5,113,292,000

Program	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Operating Funds:						
General Funds	$ 1,019,000	$ 7,697,000	$ 7,597,000	$ 10,873,000	$ 14,489,000	$ 41,675,000
Parks and Preserves	56,053,000	17,491,000	17,815,000	19,160,000	19,614,000	130,133,000
Transit 2000	22,036,000	56,216,000	30,147,000	5,478,000	5,041,000	118,918,000
Development Services	30,000	—	443,000	—	—	473,000
Capital Construction	29,324,000	23,234,000	23,452,000	24,279,000	24,977,000	125,266,000
Arizona Highway Users	36,114,000	47,545,000	36,746,000	38,404,000	82,223,000	241,032,000
Public Transit	14,768,000	7,983,000	10,178,000	6,821,000	30,171,000	69,921,000
Community Reinvestment	7,182,000	2,500,000	2,500,000	2,500,000	2,500,000	17,182,000
Community Development Block Grants (CDBG)	4,746,000	491,000	531,000	171,000	171,000	6,110,000
Hope Grant	2,628,000	2,265,000	3,757,000	54,000	—	8,704,000
Other Restricted	10,280,000	9,250,000	9,250,000	3,247,000	3,000,000	35,027,000
Grant Funds	164,895,000	11,256,000	7,756,000	7,756,000	7,756,000	199,419,000
Enterprise Funds:						
Aviation	25,057,000	16,330,000	10,361,000	9,342,000	7,125,000	68,215,000
Convention Center	4,463,000	700,000	1,762,000	1,220,000	3,200,000	11,345,000
Solid Waste	5,116,000	2,642,000	2,393,000	3,013,000	3,369,000	16,533,000
Wastewater	55,399,000	58,784,000	44,561,000	56,782,000	71,340,000	286,866,000
Water	94,076,000	168,369,000	86,707,000	118,954,000	139,467,000	607,573,000
Total Operating Funds	$ 533,186,000	$432,753,000	$295,956,000	$308,054,000	$414,443,000	$1,984,392,000
Bond Funds:						
Property Tax Supported:						
2006 Various Purpose	$ 304,667,000	$131,373,000	$ 15,621,000	$ 636,000	$ —	$ 452,297,000
2001 Various Purpose	24,896,000	5,286,000	139,000	—	—	30,321,000
1989 Various Purpose	125,000	—	—	—	—	125,000
1988 Various Purpose	2,254,000	—	—	—	—	2,254,000
Nonprofit Corporation Bonds:						
Aviation	468,348,000	61,640,000	25,288,000	9,150,000	9,260,000	573,686,000
Convention Center	4,539,000	—	—	—	—	4,539,000
Parks and Preserves	—	59,125,000	10,000,000	—	9,900,000	79,025,000
Solid Waste	34,286,000	30,728,000	31,300,000	12,849,000	10,991,000	120,154,000
Transit 2000	102,013,000	—	—	—	—	102,013,000
Wastewater	28,777,000	10,082,000	9,688,000	74,513,000	119,801,000	242,861,000
Water	90,130,000	88,824,000	46,539,000	6,220,000	20,141,000	251,854,000
Other	29,696,000	—	—	—	—	29,696,000
Total Bond Funds	$1,089,731,000	$387,058,000	$138,575,000	$103,368,000	$170,093,000	$1,888,825,000
Other Capital Sources:						
Impact Fees	$ 136,706,000	$ 12,281,000	$ —	$ —	$ 485,000	$ 149,472,000
Passenger Facility Charge	42,533,000	55,080,000	60,917,000	55,217,000	20,219,000	233,966,000
Other Cities' Share — SROG and Val Vista	14,443,000	12,466,000	7,815,000	22,099,000	21,498,000	78,321,000
Solid Waste Remediation	3,176,000	700,000	1,244,000	700,000	1,285,000	7,105,000
Capital Grants	411,549,000	77,448,000	58,519,000	35,892,000	52,539,000	635,947,000
Federal, State and Other Participation	29,212,000	15,246,000	27,339,000	30,375,000	20,243,000	122,415,000
Private Participation	3,710,000	—	—	—	—	3,710,000
Capital Reserves	2,035,000	—	—	—	—	2,035,000
Parks Capital Gifts	993,000	—	—	—	—	993,000
Other Capital	6,111,000	—	—	—	—	6,111,000
Total Other Capital Sources	$ 650,468,000	$173,221,000	$155,834,000	$144,283,000	$116,269,000	$1,240,075,000
TOTAL CIP SOURCES	$2,273,385,000	$993,032,000	$590,365,000	$555,705,000	$700,805,000	$5,113,292,000

COMBINED FINANCIAL SCHEDULES

The schedules summarized on pages B-39 through B-49 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 2006-07 through 2007-08, preliminary unaudited amounts for fiscal year 2008-09 and revised budgeted amounts for fiscal year 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.

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 2007	Actual 2008	Preliminary Unaudited 2009	Revised Budgeted 2010
REVENUES				
City Taxes				
Sales, Use and Franchise	$ 739,467	$ 744,697	$ 693,354	$ 655,691
Property-Primary-Operating	95,060	103,033	110,085	121,015
-Secondary-Debt Service	117,337	161,413	196,568	198,722
Other City Taxes	2,785	3,155	3,070	1,340
Other				
Licenses and Permits	15,786	14,949	18,924	12,554
Charges for Services	141,454	149,971	153,264	168,044
Fines and Forfeitures	19,143	18,582	17,416	20,209
Parks, Recreation and Library	9,870	7,033	13,420	7,883
Dwelling Rentals	7,998	8,958	12,276	6,399
Interest	28,017	22,831	15,520	21,637
Regional Transit	29,654	72,483	45,243	60,663
Other	31,020	28,394	29,775	41,953
State-Shared Revenues				
Highway User Tax	130,223	125,289	109,620	115,275
State Sales Tax	141,466	135,134	122,593	113,949
State Income Tax	167,560	207,694	220,806	190,540
Vehicle License Tax	61,158	59,244	53,629	57,407
Local Transportation Assistance	6,969	6,910	6,506	6,790
Grant Revenues				
Human Resources Federal Trust	34,215	34,353	37,255	38,651
Federal Transit Administration	12,024	13,153	10,803	11,582
Community Development	16,000	19,586	22,319	37,361
Public Housing Grants	59,328	58,879	65,617	66,636
Other Grants and Participation	36,559	44,349	52,990	209,532
Federal Administrative Cost Recovery	75	69	—	75
Enterprise Funds				
Aviation	322,870	336,071	317,052	324,076
Phoenix Convention Center	13,341	14,321	29,795	16,362
Water System and Val Vista	311,935	331,905	328,180	364,166
Wastewater and SROG	198,083	208,348	210,321	221,237
Solid Waste	127,411	135,708	136,164	140,009
Golf Courses	7,629	7,026	5,972	6,122
Total Revenues	2,884,437	3,073,538	3,038,537	3,235,880
RECOVERIES				
Prior Year Expenditures	10,295	13,231	27,195	2,900
TRANSFERS (TO) FROM OTHER FUNDS				
Long Term Disability Trust	—	9,500	—	—
MERP Trust	—	—	(17,456)	—
Self Insurance Retention Reserve	—	—	4,979	—
Special Risk Fund	(1,077)	—	—	—
Capital Projects Funds	(17,320)	(13,111)	44,333	(11,276)
Bus Acquisition Reserve Fund	1,832	—	—	—
Early Redemption Debt Service Fund	—	(868)	—	—
Street and Highway Debt Service Fund	20	—	22	—
Infrastructure Repayment Agreement Trust	(6,549)	(9,170)	(3,720)	(3,606)
Net Deposit to Refunding Escrow	4,416	—	—	—
FUND BALANCES, BEGINNING OF YEAR	888,832	992,899	995,319	1,025,788
Total Resources Available for Expenditures	3,764,886	4,066,019	4,089,209	4,249,686

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 2007	Actual 2008	Preliminary Unaudited 2009	Revised Budgeted 2010
EXPENDITURES AND ENCUMBRANCES				
Operating Expenditures				
General Government	$ 95,626	$ 97,066	$ 85,567	$ 78,861
Criminal Justice	36,643	38,829	37,308	35,194
Public Safety	692,203	770,245	807,589	815,116
Transportation				
Streets and Traffic	63,928	68,562	60,759	58,228
Transit	142,994	167,113	188,328	201,417
Community and Economic Development				
Development Services	52,878	49,415	37,543	37,088
Neighborhood Services and Housing	103,767	110,722	118,257	134,411
Other Economic Development	17,470	18,248	19,284	30,187
Community Enrichment				
Parks and Recreation	108,006	116,227	102,612	92,717
Libraries	36,235	37,305	34,820	33,205
Other Community Enrichment	10,255	10,328	8,301	4,117
Human Services	60,766	62,772	61,082	59,827
Environmental Services	22,507	22,687	20,453	19,742
Contingencies	—	—	—	98,250
Total Governmental Expenditures	1,443,278	1,569,519	1,581,903	1,698,360
Enterprise Funds				
Aviation	189,388	199,593	193,640	208,751
Phoenix Convention Center	35,584	39,248	52,943	61,799
Water System and Val Vista	147,283	165,855	173,750	179,426
Wastewater and SROG	82,278	86,463	85,045	102,602
Solid Waste	99,988	106,850	100,740	126,936
Golf Courses	7,733	8,150	7,761	8,694
Total Operating Expenditures	2,005,532	2,175,678	2,195,782	2,386,568
Capital Improvement				
Governmental Funds				
General Government	724	11,760	10,417	9,167
Public Safety	—	121	—	—
Transportation	102,734	112,380	88,320	101,143
Public Works	3,577	9,784	630	35,082
Community and Economic Development	13,007	9,254	7,648	53,909
Community Enrichment	9,474	52,419	57,201	57,048
Enterprise Funds				
Aviation	47,855	43,478	19,100	24,943
Phoenix Convention Center	34,983	13,577	—	4,325
Water System and Val Vista	46,076	95,371	86,829	93,749
Wastewater and SROG	28,984	28,679	37,189	55,042
Solid Waste	6,865	2,102	2,889	98,778
Total Capital Improvement	294,279	378,925	310,223	533,186

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 2007	Actual 2008	Preliminary Unaudited 2009	Revised Budgeted 2010
EXPENDITURES AND ENCUMBRANCES (Continued)				
Debt Service				
General Obligation Bonds				
Various Purpose				
Principal	$ 23,690	$ 54,551	$ 56,137	$ 47,163
Interest	39,386	63,654	65,690	69,207
Early Redemption	55,506	47,573	73,967	82,342
Arbitrage Rebate and Fees	664	49	2,083	10
Airport				
Principal	3,590	3,780	1,385	845
Interest	1,104	770	563	498
Water				
Principal	8,975	—	—	11,483
Interest	5,722	2,594	—	5,357
Solid Waste				
Principal	4,365	5,515	—	3,785
Interest	2,596	1,499	—	930
Sanitary Sewer				
Principal	4,733	—	—	10,825
Interest	2,937	1,293	—	1,964
Revenue Bonds				
Street & Highway User				
Principal	24,375	25,840	27,005	28,285
Interest	6,867	5,405	4,235	2,961
Public Housing				
Principal	480	500	—	—
Interest	74	43	—	—
Airport				
Principal	14,750	15,892	25,430	18,880
Interest	38,483	37,833	52,123	35,708
Water				
Principal	17,815	19,580	18,310	37,960
Interest	52,409	51,681	50,600	73,605
Sanitary Sewer				
Principal	13,380	16,330	18,640	24,945
Interest	28,604	38,355	44,999	42,423
Total Debt Service	350,505	392,737	441,167	499,176
Lease-Purchase Payments	121,671	123,360	116,249	123,992
Total Expenditures	2,771,987	3,070,700	3,063,421	3,542,922
FUND BALANCES, END OF YEAR	$ 992,899	$ 995,319	$1,025,788	$ 706,764

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

Funds	Actual 2007	Actual 2008	Preliminary Unaudited 2009	Revised Budgeted 2010
GENERAL FUND	$ 68,689	$ 39,130	$ 45,580	$ —
SPECIAL REVENUE FUNDS				
Highway User Revenue	34,341	16,984	10,903	21,790
Parks and Recreation	89,016	74,375	41,547	13,388
Development Services	28,056	21,730	13,726	5,549
Community Reinvestment	8,498	10,849	14,141	9,203
Local Transportation Assistance	3	—	—	—
Transit	198,923	246,356	243,382	222,551
Public Housing	32,348	22,701	22,200	11,663
Court Awards	1,198	547	1,263	1,259
Sports Facilities	22,957	29,264	32,663	38,014
Capital Construction	9,310	9,652	7,109	37
Other Restricted	27,261	32,671	35,368	23,907
Neighborhood Protection	2,953	2,274	(5,031)	(13,112)
Public Safety Enhancement	7,277	2,873	(4,152)	(7,760)
Public Safety Expansion	—	13,127	22,183	12,759
DEBT SERVICE FUNDS				
Secondary Property Tax	3,640	100	100	100
City Improvement	2,682	701	701	701
ENTERPRISE FUNDS				
Aviation	113,463	134,518	173,633	166,732
Phoenix Convention Center	43,807	42,009	50,800	26,916
Water System and Val Vista	177,479	148,258	145,364	64,488
Wastewater and SROG	89,136	120,083	136,640	95,024
Solid Waste	34,777	32,232	45,013	24,650
Golf Courses	(2,915)	(5,115)	(7,345)	(11,095)
Total Operating Funds	$992,899	$995,319	$1,025,788	$706,764

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, Phoenix 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.

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

	Actual		Preliminary Unaudited	Revised Budgeted
	2007	2008	2009	2010
GENERAL FUND				
Transfers From				
Excise Tax	$ 715,340	$ 734,609	$ 712,703	$ 639,611
Development Services	4,258	3,869	3,500	3,325
Public Housing	325	302	314	302
Sports Facilities	197	184	184	179
Public Safety Enhancement	—	1,125	—	—
Self Insurance Retention Reserve	—	—	605	—
Capital Projects	—	—	7,800	—
Other Restricted	—	—	—	520
Community Reinvestment	—	—	—	1,181
Aviation	6,188	6,388	5,897	5,602
Phoenix Convention Center	2,194	2,331	2,556	2,428
Water System and Val Vista	16,694	27,629	26,137	25,796
Wastewater and SROG	9,528	13,078	13,764	16,482
Solid Waste	5,608	5,798	9,338	8,116
Golf Courses	397	264	279	279
Long Term Disability Trust	—	7,229	—	—
Total	760,729	802,806	783,077	703,821
Transfers To				
Public Housing	—	302	—	—
Capital Projects	—	4,600	—	—
City Improvement	—	1,291	—	—
Neighborhood Protection	—	1,984	—	—
Infrastructure Repayment Agreement Trust	3,550	5,146	1,675	1,435
Special Risk	781	—	—	—
MERP Trust	—	—	17,456	—
Total	4,331	13,323	19,131	1,435
HIGHWAY USER REVENUE				
Transfers From				
Capital Projects	882	2,373	151	—
Street and Highway Debt Service	20	—	22	—
Water System and Val Vista	—	—	10	—
Total	902	2,373	183	—
Transfers To				
Capital Projects	—	1,191	—	—
Aviation	—	1,843	—	—
Total	—	3,034	—	—
PARKS AND RECREATION				
Transfers From				
Excise Tax	31,106	28,979	24,335	23,727
Transfers To				
Infrastructure Repayment Agreement Trust	333	381	84	92
Golf Courses	—	—	5,738	—
Total	333	381	5,822	92
COMMUNITY REINVESTMENT				
Transfers To				
General Fund	—	—	—	1,181
REGIONAL TRANSIT				
Transfers To				
Transit	—	—	34,505	44,223
Capital Projects	—	—	38	—
Total	—	—	34,543	44,223

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

	Actual 2007	Actual 2008	Preliminary Unaudited 2009	Revised Budgeted 2010
EXCISE TAX				
Transfers To				
General Fund	$ 715,340	$ 734,609	$ 712,703	$639,611
Parks and Recreation	31,106	28,979	24,335	23,727
Transit	124,432	115,914	97,324	94,892
Sports Facilities	15,992	16,010	14,203	13,283
Capital Construction	18,975	20,710	19,803	19,308
Neighborhood Protection	31,105	28,981	24,334	23,727
Public Safety Enhancement	23,656	24,653	24,361	23,752
Public Safety Expansion	—	32,214	46,579	45,414
City Improvement	28,770	30,052	28,378	35,150
Phoenix Convention Center	61,648	58,126	47,417	44,246
Total	1,051,024	1,090,248	1,039,437	963,110
DEVELOPMENT SERVICES				
Transfers From				
Self Insurance Retention Reserve	—	—	119	—
Long Term Disability Trust	—	351	—	—
Total	—	351	119	—
Transfers To				
General Fund	4,258	3,869	3,500	3,325
Special Risk	37	—	—	—
Total	4,295	3,869	3,500	3,325
TRANSIT				
Transfers From				
Excise Tax	124,432	115,914	97,324	94,892
Capital Construction	1,203	1,546	—	—
Aviation	—	—	394	—
Regional Transit	—	—	34,505	44,223
Self Insurance Retention Reserve	—	—	1,531	—
Long Term Disability Trust	—	67	—	—
Capital Projects	—	1,784	57	—
Total	125,635	119,311	133,811	139,115
Transfers To				
Infrastructure Repayment Agreement Trust	1,334	1,525	335	367
City Improvement	38,126	39,987	41,898	43,960
Special Risk	7	—	—	—
Total	39,467	41,512	42,233	44,327
PUBLIC HOUSING				
Transfers From				
General Fund	—	302	—	—
Grants	—	147	—	—
Self Insurance Retention Reserve	—	—	18	—
Total	—	449	18	—
Transfers To				
General Fund	325	302	314	302
City Improvement	71	70	70	—
Capital Projects	238	4,600	—	—
Special Risk	11	—	—	—
Total	645	4,972	384	302

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

	Actual 2007	Actual 2008	Preliminary Unaudited 2009	Revised Budgeted 2010
CAPITAL CONSTRUCTION				
Transfers From				
Excise Tax	$ 18,975	$ 20,710	$ 19,803	$ 19,308
Capital Projects	—	—	30	—
Total	18,975	20,710	19,833	19,308
Transfers To				
Transit	1,203	1,546	—	—
Capital Projects	91	—	—	—
Aviation	—	741	—	—
Infrastructure Repayment Agreement Trust	1	—	—	—
Total	1,295	2,287	—	—
OTHER RESTRICTED				
Transfers From				
Capital Projects	—	53	—	—
Transfers To				
Capital Projects	—	900	949	—
General Fund	—	—	—	520
Total	—	900	949	520
NEIGHBORHOOD PROTECTION				
Transfers From				
General Fund	—	1,984	—	—
Excise Tax	31,105	28,981	24,334	23,727
Self Insurance Retention Reserve	—	—	368	—
Long Term Disability Trust	—	209	—	—
Total	31,105	31,174	24,702	23,727
Transfers To				
Infrastructure Repayment Agreement Trust	382	464	157	166
Special Risk	13	—	—	—
Total	395	464	157	166
PUBLIC SAFETY ENHANCEMENT				
Transfers From				
Excise Tax	23,656	24,653	24,361	23,752
Self Insurance Retention Reserve	—	—	273	—
Total	23,656	24,653	24,634	23,752
Transfers To				
General Fund	—	1,125	—	—
Special Risk	5	—	—	—
Total	5	1,125	—	—
PUBLIC SAFETY EXPANSION				
Transfers From				
Excise Tax	—	32,214	46,579	45,414
Transfers To				
Infrastructure Repayment Agreement Trust	—	10	168	190
CITY IMPROVEMENT				
Transfers From				
General Fund	—	1,291	—	—
Excise Tax	28,770	30,052	28,378	35,150
Transit	38,126	39,987	41,898	43,960
Public Housing	71	70	70	—
Capital Projects	—	74	15	—
Total	66,967	71,474	70,361	79,110
Transfers To				
Capital Projects	—	5,795	—	—

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

	Actual 2007	Actual 2008	Preliminary Unaudited 2009	Revised Budgeted 2010
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	—	—
CAPITAL PROJECTS				
Transfers From				
General Fund	—	4,600	—	—
Highway User Revenue	—	1,191	—	—
Capital Construction	91	—	—	—
Sports Facilities	—	167	—	—
Regional Transit	—	—	38	—
Public Housing	238	4,600	—	—
Other Restricted	—	900	949	—
City Improvement	—	5,795	—	—
Aviation	—	4,697	8,347	—
Phoenix Convention Center	—	644	—	—
Water System and Val Vista	20,000	—	—	—
Wastewater and SROG	11,900	—	—	10,000
Solid Waste	—	1,231	1,241	1,276
Golf Courses	—	7	—	—
Total	32,229	23,832	10,575	11,276
Transfers To				
General Fund	—	—	7,800	—
Transit	—	1,784	57	—
Highway User Revenue	882	2,373	151	—
City Improvement	—	74	15	—
Capital Construction	—	—	30	—
Other Restricted	—	53	—	—
Aviation	1,254	—	23,943	
Water System and Val Vista	12,628	—	11,990	—
Wastewater and SROG	—	6,437	4,943	—
Solid Waste	145	—	1,038	—
Golf Courses	—	—	4,941	—
Total	14,909	10,721	54,908	—
EARLY REDEMPTION				
Transfers From				
Secondary Property Tax	—	868	—	—
GRANTS				
Transfers To				
Public Housing	—	147	—	—
SECONDARY PROPERTY TAX				
Transfers To				
Early Redemption	—	868	—	—

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

	Actual		Preliminary Unaudited	Revised Budgeted
	2007	2008	2009	2010
AVIATION				
Transfers From				
Highway User Revenue	$ —	$ 1,843	$ —	$ —
Capital Construction	—	741	—	—
Self Insurance Retention Reserve	—	—	136	—
Long Term Disability Trust	—	447	—	—
Capital Projects	1,254	—	23,943	—
Total	1,254	3,031	24,079	—
Transfers To				
General Fund	6,188	6,388	5,897	5,602
Transit	—	—	394	—
Special Risk	60	—	—	—
Capital Projects	—	4,697	8,347	—
Total	6,248	11,085	14,638	5,602
PHOENIX CONVENTION CENTER				
Transfers From				
Excise Tax	61,648	58,126	47,417	44,246
Self Insurance Retention Reserve	—	—	34	—
Long Term Disability Trust	—	114	—	—
Total	61,648	58,240	47,451	44,246
Transfers To				
General Fund	2,194	2,331	2,556	2,428
Infrastructure Repayment Agreement Trust	709	1,227	941	996
Special Risk	14	—	—	—
Capital Projects	—	644	—	—
Total	2,917	4,202	3,497	3,424
WATER SYSTEM AND VAL VISTA				
Transfer From				
Capital Projects	12,628	—	11,990	—
Self Insurance Retention Reserve	—	—	1,009	—
Long Term Disability Trust	—	589	—	—
Total	12,628	589	12,999	—
Transfers To				
General Fund	16,694	27,629	26,137	25,796
Special Risk	78	—	—	—
Highway User Revenue	—	—	10	—
Capital Projects	20,000	—	—	—
Total	36,772	27,629	26,147	25,796
WASTEWATER AND SROG				
Transfer From				
Capital Projects	—	6,437	4,943	—
Self Insurance Retention Reserve	—	—	164	—
Long Term Disability Trust	—	209	—	—
Total	—	6,646	5,107	—
Transfers To				
General Fund	9,528	13,078	13,764	16,482
Special Risk	26	—	—	—
Capital Projects	11,900	—	—	10,000
Total	21,454	13,078	13,764	26,482

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

	Actual 2007	Actual 2008	Preliminary Unaudited 2009	Revised Budgeted 2010
STREET AND HIGHWAY DEBT SERVICE				
Transfer To				
Highway User Revenue	$ 20	$ —	$ 22	$ —
SOLID WASTE				
Transfer From				
Self Insurance Retention Reserve	—	—	691	—
Long Term Disability Trust	—	247	—	—
Capital Projects	145	—	1,038	—
Total	145	247	1,729	—
Transfers To				
General Fund	5,608	5,798	9,338	8,116
Special Risk	39	—	—	—
Capital Projects	—	1,231	1,241	1,276
Total	5,647	7,029	10,579	9,392
GOLF COURSES				
Transfer From				
Parks and Recreation	—	—	5,738	—
Self Insurance Retention Reserve	—	—	31	—
Long Term Disability Trust	—	38	—	—
Capital Projects	—	—	4,941	—
Total	—	38	10,710	—
Transfers To				
General Fund	397	264	279	279
Special Risk	6	—	—	—
Capital Projects	—	7	—	—
Total	403	271	279	279
SPECIAL RISK				
Transfer From				
General Fund	781	—	—	—
Transit	7	—	—	—
Public Housing	11	—	—	—
Development Services	37	—	—	—
Public Safety Enhancement	5	—	—	—
Neighborhood Protection	13	—	—	—
Aviation	60	—	—	—
Phoenix Convention Center	14	—	—	—
Water System and Val Vista	78	—	—	—
Wastewater and SROG	26	—	—	—
Solid Waste	39	—	—	—
Golf Courses	6	—	—	—
Total	1,077	—	—	—
SPORTS FACILITIES				
Transfers From				
Excise Tax	15,992	16,010	14,203	13,283
Transfers To				
General Fund	197	184	184	179
Infrastructure Repayment Agreement Trust	240	417	360	360
Capital Projects	—	167	—	—
Total	437	768	544	539
MERP TRUST				
Transfers From				
General Fund	—	—	17,456	—

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

	Actual 2007	Actual 2008	Preliminary Unaudited 2009	Revised Budgeted 2010
SELF INSURANCE RETENTION RESERVE				
Transfers To				
General Fund	$ —	$ —	$ 605	$ —
Public Housing	—	—	18	—
Neighborhood Protection	—	—	368	—
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	—	—	4,979	—
INFRASTRUCTURE REPAYMENT AGREEMENT TRUST				
Transfers From				
General Fund	3,550	5,146	1,675	1,435
Parks and Recreation	333	381	84	92
Transit	1,334	1,525	335	367
Sports Facilities	240	417	360	360
Capital Construction	1	—	—	—
Neighborhood Protection	382	464	157	166
Public Safety Expansion	—	10	168	190
Phoenix Convention Center	709	1,227	941	996
Total	6,549	9,170	3,720	3,606
Total Transfers From	$1,190,597	$1,253,218	$1,275,681	$1,130,385
Total Transfers To	$1,190,597	$1,253,218	$1,275,681	$1,130,385

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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 $543,709,000 from all privilege license tax categories in fiscal year 2003-04, $593,605,000 in fiscal year 2004-05, $697,213,000 in fiscal year 2005-06, $739,467,000 in fiscal year 2006-07 and $744,697,000 in fiscal year 2007-08. The preliminary unaudited for 2008-09 is $693,354,000. The estimate for 2009-10 is $655,691,000.

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(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, telecommunications and mining and became effective December 1, 1993. The increase generated $23.1 million in 2003-04, $25.3 million in 2004-05, $29.6 million in 2005-06, $31.1 million in 2006-07 and $29.0 million in 2007-08. The preliminary unaudited for 2008-09 is $24.3 million. The estimate for 2009-10 is $23.7 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 $23.1 million in 2003-04, $25.4 million in 2004-05, $29.6 million in 2005-06, $31.1 million in 2006-07 and $29.0 million in 2007-08. The preliminary unaudited for 2008-09 is $24.3 million. The estimate for 2009-10 is $23.7 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 $92.3 million in 2003-04, $101.5 million in 2004-05, $118.5 million in 2005-06, $124.4 million in 2006-07 and $115.9 million in 2007-08. The preliminary unaudited for 2008-09 is $97.3 million. The estimate for 2009-10 is $94.9 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. The preliminary unaudited for 2008-09 is $46.6 million. The estimate for 2009-10 is $45.4 million.

(2) Sales of food are exempt from the 2.0% tax.

State Shared Revenues

The City received a total of $403,237,000 in State-shared revenues in fiscal year 2003-04, $426,380,000 in fiscal year 2004-05, $474,440,000 in fiscal year 2005-06, $507,376,000 in fiscal year 2006-07 and $534,271,000 in fiscal year 2007-08. The preliminary unaudited for 2008-09 is $513,154,000. The estimate for 2009-10 is $483,961,000.

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	Distribution Share
Mining — Severance	2.5%	80%
Mining, Oil & Gas	3.125	32
Transportation & Towing	5.6	20
Utilities	5.6	20
Communications	5.6	20
Railroads & Aircraft.	5.6	20
Publishing	5.6	20
Printing	5.6	20
Private Car/Pipelines	5.6	20
Contracting	5.6	20
Restaurants and Bars	5.6	40
Amusements	5.6	40
Rentals/Personal Property	5.6	40
Retail(1)	5.6	40
Hotel/Motel	5.5	50
Membership Camping	5.6	40
Rental Occupancy	3.0	66.67
Use	5.6	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) Effective July 1, 1980, sales of food were exempted from the tax.

State Sales Tax Receipts

Fiscal Year	Amount
2009-10 (Estimate)	$113,949,000
2008-09 (Preliminary Unaudited)	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
1999-00	101,708,000

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
2009-10 (Estimate)	$190,540,000
2008-09 (Preliminary Unaudited)	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). Effective 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 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.

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, the Arizona Department of Transportation (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).

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**
2009-10 (Estimate)	$115,275,000	2009-10 (Estimate)	$57,407,000
2008-09 (Preliminary Unaudited)	109,620,000	2008-09 (Preliminary Unaudited)	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
1999-00	100,348,000	1999-00	41,243,000

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. 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 and 6,910,000 in 2007-08. The preliminary unaudited for 2008-09 is $6,506,000. The estimate for 2009-10 is $6,790,000. 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.

In addition, on August 31, 1998, then-Governor Jane Hull signed into law a transit funding bill 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 remains, the City did not receive any funding in 2001-02 or 2002-03. The City received $1,796,695 for 2003-04, $3,327,527 for 2004-05, $1,286,510 for 2005-06, $4,356,918 for 2006-07 and $2,411,209 for 2007-08. The preliminary unaudited for 2008-09 is $4,923,664. The estimate for 2009-10 is $2,007,957.

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 2007-08 expenditure limit supplied by the Economic Estimates Commission was $1,220,301,846. The City increased this limit to $7,578,633,000 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.

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, Arizona Employees' Retirement Plan, the State of Arizona Public Safety Personnel Retirement System or the Elected Officials' Retirement Plan.

City of Phoenix, Arizona Employees' Retirement Plan

The City of Phoenix, Arizona Employees' Retirement Plan, a single-employer defined benefit pension plan, covers all full-time general employees of the City, with the exception of sworn City police and fire personnel. 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, 2008. 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 2007-08 were $64,198,136, equivalent to 12.12% of the estimated annual active member payroll, compared with 11.66% in 2006-07. The annual active member covered payroll for the year ended June 30, 2008 was $566,512,000.

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, 2008, net assets available for benefits were less than the actuarial accrued liability by $504,950,000, compared with a lack of $349,611,000 at June 30, 2007. The total actuarial accrued liability increased $247,245,000 from 2007 to 2008.

Rodwan Consulting Company, Actuaries & Consultants commented in their June 30, 2008 valuation report of the Plan:

> The overall experience of the Retirement Plan during the year ended June 30, 2008 was less favorable than expected based on long-term assumptions. The recognized rate of return on the smoothed market value of assets was less than the long-term assumed rate and was the primary source of the unfavorable experience, along with the rate of retirements during the year.

State of Arizona Public Safety Personnel Retirement System

The City of Phoenix also contributes to an agent multiple-employer retirement 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 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, 28 years remaining as of June 30, 2008. 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 one-year set-back, female table with two-year set-back. 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. The City contributes normal cost less a credit (spread over twenty years) for the amount by which valuation assets exceed the actuarial accrued liability or plus a debit (spread over thirty years) for the amount by which the actuarial accrued liability exceeds the valuation assets. In 2007-08 the City's contribution amounted to 19.03% for police and 20.13% for fire.

For the year ended June 30, 2008, covered payroll was $238,513,000 for police and $117,583,000 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, 2008 and June 30, 2007 by $559,385,000 and $522,337,000, respectively.

For fire, net assets available for benefits were less than the actuarial accrued liability as of June 30, 2008 and June 30, 2007 by $291,211,000 and $280,883,000, 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.

The City contributes an actuarially determined rate, 20.21% for the year ended June 30, 2008, to fully fund benefits for active members. Total contributions for the fiscal year ended June 30, 2008 were $164,000, which consisted of $122,000 from the City and $42,000 from members.

APPENDIX F

HEALTH CARE BENEFITS FOR RETIRED EMPLOYEES

The City provides certain health care benefits for its retired employees. Retired employees meeting certain qualifications are eligible to participate in the City Health Insurance Program along with the City's active employees. In addition, retirees receive a direct subsidy to offset health care costs during retirement. This subsidy, known as the Medical Expense Reimbursement Plan (MERP), generally ranges from $117 to $202 per month for each retiree. City subsidies for the current, pay-as-you-go benefits were $21 million for the fiscal year ended June 30, 2008.

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.

In May 2006, the City contracted with an actuarial firm to determine its preliminary liability assuming no changes to the benefit package in place at the time. The preliminary results yielded a funded actuarial accrued liability (AAL) of $516 million with an annual required contribution (ARC) of $55 million. Over half of the AAL related to the implicit subsidy arising from the blending of active employee and retiree health insurance premiums.

Using the preliminary actuarial data as a starting point, the City embarked on a comprehensive review of its health care benefits for retired employees to assure that the City maintains quality benefits for its retirees for the long term. A team made up of employee unions and associations, the City's Health Care Task Force, and City staff worked collaboratively for several months to craft a new program. The program, which went into effect on August 1, 2007, has the following key components:

- Establishment of separate rates for active employee and retiree health insurance. This approach eliminates the "implicit subsidy" component of the preliminary AAL.
- Current retirees will continue to receive MERP.
- Active employees with 15 years or less until retirement eligibility will receive MERP once they retire.
- Current and future retirees who are eligible to receive MERP and choose to purchase health insurance through the City's plan during retirement will receive a City contribution to minimize the initial impact of unblending health insurance rates.
- Employees with more than 15 years until retirement eligibility will not be eligible for MERP or the monthly City contribution, but will instead receive $150 per month while employed by the City as a defined contribution to a Post Employment Health Plan (PEHP).

In March 2007, the City contracted with an actuarial firm to value the revised post employment medical plan. Results of the valuation are as follows:

Actuarial Accrued Liability (AAL)	**$345 million**
Annual Required Contribution (ARC)	**$39 million**
Amortization Period	**28 years**

The ARC is made up of two components — the Normal Cost and the Amortization Amount. The Normal Cost, which is the present value of the benefits deemed to accrue in the plan year, is $10.5 million. The Amortized Amount, which is the present value of the accrued benefit, is $28.5 million. The Amortized Amount has been calculated on a level dollar basis over a 28 year amortization period. The City has established a trust for the MERP benefits and fully intends to contribute 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 Benefit for Retired Employees in accordance with GASB 45 beginning with the fiscal year ended June 30, 2008.

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APPENDIX G

FORM OF CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (B)(5) OF RULE 15C2-12

This Continuing Disclosure Undertaking (the *"Undertaking"* or the *"Agreement"*) dated as of October 1, 2009 is executed and delivered by the City of Phoenix, Arizona (the *"City"*) in connection with the issuance of its Various Purpose General Obligation Bonds, Taxable Series 2009A (Build America Bonds) (the *"Taxable Series 2009A Improvement Bonds"*), Various Purpose General Obligation Bonds, Taxable Series 2009B (the *"Taxable Series 2009B Improvement Bonds"* and together with the Taxable Series 2009A Improvement Bonds, the *"Taxable Bonds"*) and General Obligation Refunding Bonds, Series 2009C (the *"Refunding Bonds"* and together with the Taxable Bonds the *"Bonds"*). The Refunding Bonds are being issued pursuant to Ordinance No. S-35920 adopted by the Mayor and Council of the City on March 4, 2009 (the *"Refunding Ordinance"*) and the Taxable Bonds are being issued pursuant to Ordinance No. S-36381 adopted by the Mayor and Council of the City on July 1, 2009, (the *"Improvement Ordinance"* and together with the Refunding Ordinance, the *"Ordinances"*). The City covenants and agrees as follows.

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

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

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

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

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

Commission means the Securities and Exchange Commission.

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

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

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

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

Material Event means the occurrence of events set forth in *Exhibit II* that are material, as materiality is interpreted under the Exchange Act.

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

MSRB means the Municipal Securities Rulemaking Board.

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

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

State means the State of Arizona.

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

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

Taxable Series 2009A Improvement Bonds

Maturity Date	CUSIP No.	Coupon	Maturity Date	CUSIP No.	Coupon
07/01/20	718814ZW9	4.350%	07/01/22	718814ZY5	4.500%
07/01/21	718814ZX7	4.430%	07/01/34	718814ZZ2	5.269%

Taxable Series 2009B Improvement Bonds

Maturity Date	CUSIP No.	Coupon	Maturity Date	CUSIP No.	Coupon
07/01/15	718814A22	3.138%	07/01/18	718814A55	4.100%
07/01/16	718814A30	3.544%	07/01/19	718814A63	4.200%
07/01/17	718814A48	3.930%	07/01/20	718814A71	4.350%

Refunding Bonds

Maturity Date	CUSIP No.	Coupon	Maturity Date	CUSIP No.	Coupon
07/01/11	718814A89	2.000%	07/01/17	718814B62	2.500%
07/01/12	718814A97	2.000%	07/01/18	718814B70	2.500%
07/01/13	718814B21	2.000%	07/01/19	718814B88	3.000%
07/01/13	718814C53	2.500%	07/01/20	718814B96	3.000%
07/01/14	718814B39	2.000%	07/01/21	718814C20	3.000%
07/01/15	718814B47	2.000%	07/01/21	718814C87	4.000%
07/01/15	718814C61	2.500%	07/01/22	718814C38	4.000%
07/01/16	718814B54	2.500%	07/01/23	718814C46	3.500%
07/01/16	718814C79	3.000%			

The Final Official Statement relating to the Bonds is dated October 7, 2009 (the *"Final Official Statement"*).

4. Annual Financial Information Disclosure. Subject to Section 9 and Section 14 of this Undertaking, the City shall disseminate its Annual Financial Information and its Audited Financial Statements, if any, (in the form and by the dates set forth in *Exhibit I*) to the MSRB through EMMA, in an electronic format. 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. Material Events Disclosure. Subject to Section 9 and Section 14 of this Undertaking, the City hereby covenants that it will disseminate in a timely manner Material Events Disclosure to the MSRB through EMMA. 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 Ordinances.

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 to the MSRB through EMMA, of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

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

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

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

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

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

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

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

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 notice of occurrence of a Material Event, 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 Material 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 Material Events Disclosure.

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

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

14. Authorization; Non-Appropriation. Execution and performance of this Agreement have been authorized pursuant to Section 12 of Ordinance No. S-36381 and Section 10 of Ordinance No. S-35920.

The City's obligations hereunder for fiscal years beginning on or after July 1, 2010 are subject to the appropriation of funds by the City Council for such purpose and do not represent a general obligation or indebtedness of the City. If the City Council of the City does not appropriate funds for performance hereunder, the City shall promptly provide notice of such non-appropriation to the MSRB through EMMA.

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

CITY OF PHOENIX, ARIZONA

By Frank Fairbanks
Its City Manager

By: ______________________________
Jeff DeWitt
Interim Finance Director

ATTEST:

By: ______________________________
City Clerk

APPROVED AS TO FORM:

By: ______________________________
City Attorney

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means financial information and operating data of the type contained in the Final Official Statement under the following captions: APPENDIX A — CITY OF PHOENIX, ARIZONA — DESCRIPTION — Phoenix City Government (p. A-13) (fourth paragraph only), — Value of Building Permits (City of Phoenix) (p. A-34), — New Housing Starts (City of Phoenix Only) (p. A-35), APPENDIX B — CITY OF PHOENIX, ARIZONA — FINANCIAL DATA-Valuations,-Basis of Property Assessments,-Full Cash Value History,-Secondary Assessed Valuation History,-Net Secondary Assessed Valuation by Classification, City of Phoenix,-Primary Assessed Valuation History (City of Phoenix only)-Tax Data (Collections),-Statement of Bonded Indebtedness,-Annual Debt Service Requirements (General Obligation Bonded Debt Outstanding)-Direct General Obligation Bonded Debt Outstanding,-Debt Limitation,-Net Direct and Overlapping General Obligation Bonded Debt and Debt Ratios (Direct only),-Other Long-Term Obligations,-Short-Term Debt,-Summary of Authorized, Issued and Unissued Bonds,-2009-14 Capital Improvement Program Summary,-Summary of 2009-14 Capital Improvement Program (All Sources of Funds),-Combined Schedules of Revenues, Expenditures and Encumbrances, Fund Balances and Transfers (All Operating Funds-Non-GAAP Budgetary Basis),-Fund Balances (All Operating Funds-Non-GAAP Budgetary Basis),-Transfers (All Operating Funds-Non-GAAP Budgetary Basis), APPENDIX D — STATE EXPENDITURE LIMITATION, APPENDIX E — RETIREMENT AND PENSION PLANS AND APPENDIX F — HEALTH CARE BENEFITS FOR RETIRED EMPLOYEES.

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

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB through EMMA by February 1 of each year, commencing February 1, 2010, 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 Issuer.

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 MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults
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 or events affecting the tax-exempt status of the Refunding Bonds
7. Modifications to the rights of security holders
8. Bond calls
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities
11. Rating changes

APPENDIX H

FORM OF LEGAL OPINION OF BOND COUNSEL

[LETTERHEAD OF GREENBERG TRAURIG, LLP]

[BOND ISSUANCE DATE]

We hereby certify that we have examined certified copy of the proceedings of the Council of the City of Phoenix, Maricopa County, Arizona, passed preliminary to the issue by said City of its Various Purpose General Obligation Bonds, Taxable Series 2009A (Build America Bonds) in the amount of $280,955,000 (the *"Taxable Series 2009A Improvement Bonds"*), its Various Purpose General Obligation Bonds, Taxable Series 2009B in the amount of $69,045,000 (the *"Taxable Series 2009B Improvement Bonds"* and together with the Taxable Series 2009A Improvement Bonds, the *"Taxable Bonds"*) and its General Obligation Refunding Bonds, Series 2009C in the amount of $117,195,000 (the *"Refunding Bonds"* or the *"Tax-Exempt Bonds"*) in fully registered form, dated the date of initial authentication and delivery in the denomination of $5,000 each or authorized whole multiples thereof, maturing on July 1 of each of the years, in the amounts and bearing interest at the respective rates per annum as follows:

$280,955,000
Various Purpose General Obligation Bonds,
Taxable Series 2009A
(Build America Bonds)

Maturity July 1	Principal Amount	Interest Rate	Maturity July 1	Principal Amount	Interest Rate
2020	$12,280,000	4.350%	2022	$ 3,305,000	4.500%
2021	15,370,000	4.430	2034	250,000,000	5.269

$69,045,000
Various Purpose General Obligation Bonds,
Taxable Series 2009B

Maturity July 1	Principal Amount	Interest Rate	Maturity July 1	Principal Amount	Interest Rate
2015	$12,380,000	3.138%	2018	$13,740,000	4.100%
2016	12,770,000	3.544	2019	14,305,000	4.200
2017	13,225,000	3.930	2020	2,625,000	4.350

$117,195,000
General Obligation Refunding Bonds,
Series 2009C

Maturity July 1	Principal Amount	Interest Rate	Maturity July 1	Principal Amount	Interest Rate
2011	$14,130,000	2.000%	2017	$ 330,000	2.500%
2012	10,450,000	2.000	2018	340,000	2.500
2013	4,325,000	2.000	2019	5,505,000	3.000
2013	10,080,000	2.500	2020	10,290,000	3.000
2014	8,065,000	2.000	2021	400,000	3.000
2015	2,165,000	2.000	2021	8,365,000	4.000
2015	9,480,000	2.500	2022	8,815,000	4.000
2016	7,075,000	2.500	2023	3,615,000	3.500
2016	13,765,000	3.000			

The Taxable Bonds are being issued for the purpose of financing various public improvement projects of the City and the Refunding Bonds are being issued for the purpose of refunding certain outstanding general obligation bonds of the City.

Based on such examination we are of the opinion that said proceedings show lawful authority for the issuance of the Taxable Bonds and the Refunding Bonds (collectively, the *"Bonds"*) under the laws of the State of Arizona now in force.

We further certify that we have examined the forms of Bond prescribed for said issues and find the same in due form of law and in our opinion the Bonds, to the amount named, are valid and legally binding upon said City of Phoenix and all taxable property in said City is subject to the levy of taxes without limitation as to rate, but with respect to the Refunding Bonds, limited to a total amount not greater than the total aggregate principal and interest to become due on the bonds being refunded with proceeds of the sale of the Refunding Bonds (the *"Bonds Being Refunded"*) from the date of issuance of the Refunding Bonds to the final date of maturity of the Bonds Being Refunded.

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

In rendering the opinions expressed above, we have relied upon the certificate of even date herewith of the City with respect to certain material facts solely within the City's knowledge relating to the application of the proceeds of the Tax-Exempt Bonds.

We are of the opinion that interest on the Taxable Bonds is includible in gross income of the owners thereof for federal income tax purposes and therefore is not exempt from present federal income taxation. We are further of the opinion that interest on the Taxable Bonds is exempt from income taxation under the laws of the State of Arizona. Ownership of the Taxable Bonds may result in other federal or State of Arizona income tax consequences to certain taxpayers and we express no opinion regarding any such collateral consequences arising with respect to the Taxable Bonds.

In rendering the foregoing opinions, we have assumed and relied upon compliance with the City's covenants and the accuracy, which we have not independently verified, of the City's representations and certifications contained in the transcript. The accuracy of those representations and certifications, and the City's compliance with those covenants, may be necessary for the interest on the Tax-Exempt Bonds to be and remain excluded from gross income for federal and State income tax purposes and for certain of the other tax effects stated above. Failure to comply with certain requirements subsequent to issuance of the Bonds could cause interest on the Tax-Exempt Bonds to be included in gross income for federal and State income tax purposes retroactively to the date of issuance of the Bonds. We have also relied upon the Verification Report of Grant Thornton, LLP certified public accountants, as to the adequacy of the obligations issued or guaranteed by the United States Government in which proceeds of the

Tax-Exempt Bonds have been invested to provide for retirement of the Bonds Being Refunded and as to the yield on such investments and the yield on the Tax-Exempt Bonds.

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

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

Respectfully submitted,

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