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

OFFICIAL STATEMENT DATED MAY 31, 2012

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

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

$15,205,000	$17,510,000	$33,095,000
Senior Lien Excise Tax Revenue Refunding Bonds Series 2012	**Subordinated Excise Tax Revenue Refunding Bonds Series 2012A**	**Subordinated Excise Tax Revenue Refunding Bonds Series 2012B (Taxable)**

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

The Senior Lien Excise Tax Revenue Refunding Bonds, Series 2012 (the "Senior Lien Bonds"), the Subordinated Excise Tax Revenue Refunding Bonds, Series 2012A (the "Tax-Exempt Subordinated Lien Bonds") and the Subordinated Excise Tax Revenue Refunding Bonds, Series 2012B (Taxable) (the "Taxable Subordinated Lien Bonds" and, together with the Tax-Exempt Subordinated Lien Bonds, the "Subordinated Lien Bonds" and, together with the Senior Lien Bonds, the "Bonds") are being issued by the City of Phoenix Civic Improvement Corporation (the "Corporation") only in fully registered form without coupons and, when issued, will be registered in the name of The Depository Trust Company ("DTC") or its nominee and will be available to purchasers initially only through the book-entry-only system maintained by DTC. So long as the book-entry-only system is maintained, no physical delivery of the Bonds will be made to the ultimate purchasers thereof and all payments of principal of and premium, if any, and interest on the Bonds will be made to such purchasers through DTC. Payment of the principal of and premium, if any, and interest on the Bonds will be paid by U.S. Bank National Association, Phoenix, Arizona, as trustee (the "Trustee," also referred to herein as the "Registrar" and "Paying Agent"). The Senior Lien Bonds and the Subordinated Lien Bonds are being issued pursuant to two separate Trust Indentures, each dated as of June 1, 2012, (the "Indentures"), between the Corporation and the Trustee.

The Senior Lien Bonds and the Tax-Exempt Subordinated Bonds are collectively referred to herein as the "Tax-Exempt Bonds."

Interest on the Bonds is payable semiannually on January 1 and July 1 of each year, commencing January 1, 2013.

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

The principal of and premium, if any, and interest on the Senior Lien Bonds are payable solely from payments to be made by the City of Phoenix, Arizona (the "City"), to the Corporation pursuant to a loan agreement, dated as of June 1, 2012 (the "Senior Loan Agreement"), between the City and the Corporation. The principal of and premium, if any, and interest on the Subordinated Lien Bonds are payable solely from payments to be made by the City to the Corporation pursuant to a loan agreement, dated as of June 1, 2012 (the "Subordinated Loan Agreement"), between the City and the Corporation. The obligations of the City to make payments under the Senior Loan Agreement and the Subordinated Loan Agreement (collectively, the "Loan Agreements"), are absolute and unconditional but do not constitute a pledge of the full faith and credit or the ad valorem taxing power of the City. Except to the extent the City appropriates other lawfully available funds for such payments, the City's payments under the Loan Agreements are payable solely from Excise Taxes. The pledge of Excise Taxes to amounts due under the Senior Loan Agreement and other Senior Obligations (defined herein) of the City represents a first lien on such amounts. The pledge of Excise Taxes to amounts due under the Subordinated Loan Agreement and other Subordinated Junior Obligations (defined herein) of the City are junior and subordinate to amounts due under the Senior Loan Agreement, other Senior Obligations and Junior Obligations (defined herein). See "SECURITY AND SOURCE OF PAYMENT" herein.

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

The Bonds are offered when, as and if issued and received by the Underwriters, and subject to the legal opinions of Squire Sanders (US) LLP, Bond Counsel, as to validity and, with respect to the Tax-Exempt Bonds, tax exemption. Certain legal matters will be passed upon for the Underwriters by Greenberg Traurig, LLP, 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 June 21, 2012.

RBC Capital Markets

J.P. Morgan **Morgan Stanley**

Blaylock Robert Van, LLC **Ramirez & Co., Inc**

MATURITY SCHEDULES

$15,205,000
Senior Lien Excise Tax Revenue Refunding Bonds, Series 2012

Maturity (July 1)	Principal Amount	Interest Rate	Price or Yield	Maturity (July 1)	Principal Amount	Interest Rate	Price or Yield
2014	$1,385,000	4.00%	0.530%	2027	$2,540,000	5.00%	2.870%*
2015	1,705,000	4.00	0.710	2028	3,085,000	5.00	2.950*
2016	1,770,000	4.00	0.860	2029	425,000	3.00	3.150
2017	1,845,000	4.00	1.110	2029	245,000	3.50	3.150*
2023	2,205,000	5.00	2.460*				

$17,510,000
Subordinated Excise Tax Revenue Refunding Bonds, Series 2012A

Maturity (July 1)	Principal Amount	Interest Rate	Price or Yield	Maturity (July 1)	Principal Amount	Interest Rate	Price or Yield
2014	$ 715,000	3.00%	0.680%	2020	$1,175,000	5.00%	2.180%
2015	2,795,000	4.00	0.890	2021	1,235,000	5.00	2.400
2016	2,745,000	4.00	1.090	2022	1,300,000	5.00	2.570
2017	1,450,000	4.00	1.340	2023	1,365,000	5.00	2.720*
2018	1,505,000	4.00	1.600	2024	1,435,000	5.00	2.850*
2019	1,570,000	5.00	1.870	2025	220,000	3.00	3.150

$33,095,000
Subordinated Excise Tax Revenue Refunding Bonds, Series 2012B (Taxable)

Maturity (July 1)	Principal Amount	Interest Rate	Price or Yield	Maturity (July 1)	Principal Amount	Interest Rate	Price or Yield
2016	$ 850,000	1.834%	1.834%	2021	$1,570,000	3.060%	3.060%
2017	1,425,000	2.084	2.084	2022	1,620,000	3.260	3.260
2018	1,455,000	2.348	2.348	2023	1,680,000	3.460	3.460
2019	1,495,000	2.648	2.648	2024	1,735,000	3.610	3.610
2020	1,535,000	2.910	2.910	2025	1,800,000	3.710	3.710

$ 7,930,000 4.110% Term Bonds Due July 1, 2029, Price 100.000

$10,000,000 4.394% Term Bonds Due July 1, 2033, Price 100.000

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* Yield to July 1, 2022, the first optional redemption date.

CITY OF PHOENIX, ARIZONA
CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

Wallace Estfan
President and Director

Michael R. Davis
Vice President and Director

James H. Lundy
Secretary-Treasurer and Director

Barbara Barone
Director

Bruce Covill
Director

Karlene Keogh
Director

CITY OF PHOENIX, ARIZONA
CITY COUNCIL

Greg Stanton**,** *Mayor*

Michael Johnson, *Vice Mayor*
District 8

Sal DiCiccio, *Member*
District 6

Bill Gates, *Member*
District 3

Michael Nowakowski, *Member*
District 7

Tom Simplot, *Member*
District 4

Daniel Valenzuela, *Member*
District 5

Jim Waring, *Member*
District 2

Thelda Williams, *Member*
District 1

ADMINISTRATIVE OFFICIALS

David Cavazos
City Manager

Ed Zuercher
Assistant City Manager

Gary Verburg
City Attorney

Jeff DeWitt
Finance Director

Cris Meyer
City Clerk

SPECIAL SERVICES

SQUIRE, SANDERS (US) LLP
Phoenix, Arizona
Bond Counsel

PUBLIC RESOURCES ADVISORY GROUP
New York, New York
Financial Advisor

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

GRANT THORNTON LLP
Minneapolis, Minnesota
Escrow Verification Consultant

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

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

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

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

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

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Official Statement
Relating to

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

$15,205,000	$17,510,000	$33,095,000
Senior Lien Excise Tax Revenue Refunding Bonds Series 2012	Subordinated Excise Tax Revenue Refunding Bonds Series 2012A	Subordinated Excise Tax Revenue Refunding Bonds Series 2012B (Taxable)

INTRODUCTION

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

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The Corporation and the City warrant that this Official Statement contains no untrue statements of a material fact and does not omit any material fact necessary to make such statements, in light of the circumstances under which this Official Statement is made, not misleading. The presentation of financial and other information, including tables of receipts from taxes and other sources, is intended to show recent historical information and, except as expressly stated otherwise, is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

References to provisions of Arizona law, whether codified in the Arizona Revised Statutes (A.R.S.) or uncodified, or to the Arizona Constitution, are references to current provisions. Those provisions may be amended, repealed or supplemented.

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

THE BONDS

Authorization and Purpose

The Senior Lien Excise Tax Revenue Refunding Bonds, Series 2012 (the "Senior Lien Bonds") are being issued by the Corporation pursuant to the terms of a Senior Trust Indenture, dated as of June 1, 2012 (the "Senior Indenture"), between the Corporation and U.S. Bank National Association, as trustee (the "Senior Indenture Trustee"). The Subordinated Excise Tax Revenue Refunding Bonds, Series 2012A (the "Tax-Exempt Subordinated Lien Bonds") and the Subordinated Excise Tax Revenue Refunding Bonds, Series 2012B (Taxable) (the "Taxable Subordinated Lien Bonds" and, together with the Tax-Exempt Subordinated Lien Bonds, the "Subordinated Lien Bonds" and, together with the Senior Lien Bonds, the "Bonds"), are being issued by the

Corporation pursuant to the terms of a Subordinated Trust Indenture, dated as of June 1, 2012 (the "Subordinated Indenture" and, together with the Senior Indenture, the "Indentures"), between the Corporation and U.S. Bank National Association (the "Subordinate Indenture Trustee"). The Senior Indenture Trustee and the Subordinated Indenture Trustee, together with any successor, is referred to herein as the "Trustee," "Registrar" and "Paying Agent"). The Senior Lien Bonds and the Tax-Exempt Subordinated Lien Bonds are collectively referred to herein as the "Tax-Exempt Bonds."

The Bonds are being issued for the purpose of refunding all or a portion of certain issues of the Corporation's outstanding excise tax revenue bonds. See "PLAN OF REFUNDING." Allocable costs of issuance of the Bonds will be paid from each series of the Bonds.

General Description

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

The Bonds will be dated the date of initial delivery thereof, will bear interest payable semiannually on January 1 and July 1 of each year (each an "Interest Payment Date"), commencing January 1, 2013. The Bonds will bear interest at the rates and will mature on the dates and in the amounts set forth on the inside front cover of this Official Statement. The Bonds may be issued in fully registered form in the denomination of $5,000 each or any whole multiple thereof (but no Bond may represent installments of principal maturing on more than one date).

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

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

If the Corporation fails to pay the interest due on any Interest Payment Date, that interest shall cease to be payable to the person who was the Owner as of the Regular Record Date. When moneys become available for payment of the interest, the Registrar will establish a special record date (the "Special Record Date") preceding payment which Special Record Date will be not more than 15 nor fewer than 10 days prior to the date of the proposed payment and the interest will be payable to the persons who are Owners on the Special Record Date. The Registrar will mail notice of the proposed payment and of the Special Record Date to each Owner.

Book-Entry-Only System

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

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

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

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

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

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

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

Redemption proceeds, principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Corporation or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

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

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

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

OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; (E) CONSENTS OR OTHER ACTION TAKEN BY DTC OR CEDE & CO., AS REGISTERED OWNER OR (F) ANY OTHER MATTER.

Redemption Provisions

Optional Redemption. Bonds maturing on or prior to July 1, 2022 are not subject to optional redemption prior to maturity. Bonds maturing on and after July 1, 2023 are subject to redemption at the option of the Corporation, as directed by the City, on July 1, 2022 and thereafter, in whole or in part at any time, in increments of $5,000, in any order of maturity within a series of bonds, as directed by the City, and by lot within a maturity, by payment of the redemption price of each Bond called for redemption (expressed as a percentage of the principal amount thereof) plus accrued interest to the date fixed for redemption, but without premium.

Mandatory Sinking Fund Redemption. The Taxable Subordinated Lien Bonds maturing on July 1, 2029 and July 1, 2033 (collectively, the "Term Bonds") are subject to mandatory redemption and will be redeemed on July 1 of the respective years set forth below (the "Sinking Fund Retirement Dates") and in the amounts set forth below (the "Sinking Fund Requirements"), by payment of a redemption price of the principal amount of such Term Bonds called for redemption plus the interest accrued to the date fixed for redemption, but without premium, as follows:

Taxable Subordinated Lien Bonds Maturing July 1, 2029

Sinking Fund Retirement Date	Sinking Fund Requirement
2026	$1,865,000
2027	1,940,000
2028	2,020,000
2029*	2,105,000

* Maturity

Taxable Subordinated Lien Bonds Maturing July 1, 2033

Sinking Fund Retirement Date	Sinking Fund Requirement
2030	$2,340,000
2031	2,445,000
2032	2,550,000
2033*	2,665,000

* Maturity

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

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

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

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

PLAN OF REFUNDING

The proceeds of the sale of the Senior Lien Bonds remaining after deduction of allocable issuance costs, will be placed in an irrevocable trust account (the "Senior Trust Account") with U.S. Bank National Association, as depository trustee (the "Senior Depository Trustee"), to be applied to refund and redeem the Senior Obligations of the Corporation identified below (the "Senior Bonds Being Refunded"). The proceeds of the sale of the Subordinated Lien Bonds remaining after deduction of allocable issuance costs, will be placed in an irrevocable trust account (the "Subordinated Trust Account" and, together with the Senior Trust Account, the "Trust Accounts") with U.S. Bank National Association, as depository trustee (the "Subordinated Depository Trustee" and, together with the Senior Depository Trustee, the "Depository Trustee"), to be applied (a) to refund and redeem or pay at maturity the Subordinated Obligations of the Corporation identified below (the "Subordinated Bonds Being Refunded" and, together with the Senior Bonds Being Refunded, the "Bonds Being Refunded").

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

Issue Date	Maturity	Principal Amount Outstanding	Principal Amount Refunded	Coupon	Call Date	Call Premium (as a Percentage of Principal)
Series 2003						
05/01/03	07/01/13	$1,530,000	$ 540,000	5.000%	N/A	N/A
05/01/03	07/01/14	1,610,000	1,610,000	4.000	07/01/13	0.00%
05/01/03	07/01/15	1,675,000	1,675,000	4.000	07/01/13	0.00
05/01/03	07/01/16	1,740,000	1,740,000	5.000	07/01/13	0.00
05/01/03	07/01/17	1,830,000	1,830,000	5.000	07/01/13	0.00
05/01/03	07/01/23	2,450,000	2,450,000	4.500	07/01/13	0.00
05/01/03	07/01/27(1)	2,965,000	2,965,000	4.500	07/01/13	0.00
05/01/03	07/01/28(1)	3,095,000	3,095,000	4.500	07/01/13	0.00
05/01/03	07/01/29(1)	665,000	665,000	4.500	07/01/13	0.00

(1) Represents mandatory sinking fund payment of a term bond maturing in 2029.

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

Issue Date	Maturity	Principal Amount Outstanding	Principal Amount Refunded	Coupon	Call Date	Call Premium (as a Percentage of Principal)
Series 2003B						
05/01/03	07/01/14	$1,610,000	$1,610,000	3.800%	07/01/13	0.00%
05/01/03	07/01/15	1,105,000	1,105,000	3.900	07/01/13	0.00
05/01/03	07/01/16	985,000	985,000	4.000	07/01/13	0.00
05/01/03	07/01/17	1,025,000	1,025,000	4.000	07/01/13	0.00
05/01/03	07/01/18	1,065,000	1,065,000	4.200	07/01/13	0.00
05/01/03	07/01/19	1,115,000	1,115,000	4.300	07/01/13	0.00
05/01/03	07/01/20	1,160,000	1,160,000	4.375	07/01/13	0.00
05/01/03	07/01/21	1,210,000	1,210,000	4.400	07/01/13	0.00
05/01/03	07/01/22	1,265,000	1,265,000	4.500	07/01/13	0.00
05/01/03	07/01/23	1,325,000	1,325,000	4.500	07/01/13	0.00
05/01/03	07/01/24	1,385,000	1,385,000	4.600	07/01/13	0.00
05/01/03	07/01/25	220,000	220,000	4.625	07/01/13	0.00
Series 2003C						
05/01/03	07/01/14	645,000	645,000	4.800	07/01/13	0.00
05/01/03	07/01/15	675,000	675,000	4.900	07/01/13	0.00
05/01/03	07/01/16	710,000	710,000	5.000	07/01/13	0.00
05/01/03	07/01/17	745,000	745,000	5.150	07/01/13	0.00
05/01/03	07/01/18	780,000	780,000	5.250	07/01/13	0.00
05/01/03	07/01/19(1)	825,000	825,000	5.500	07/01/13	0.00
05/01/03	07/01/20(1)	870,000	870,000	5.500	07/01/13	0.00
05/01/03	07/01/21(1)	915,000	915,000	5.500	07/01/13	0.00
05/01/03	07/01/22(1)	965,000	965,000	5.500	07/01/13	0.00
05/01/03	07/01/23(1)	1,020,000	1,020,000	5.500	07/01/13	0.00

Issue Date	Maturity	Principal Amount Outstanding	Principal Amount Refunded	Coupon	Call Date	Call Premium (as a Percentage of Principal)
Series 2003C (continued)						
05/01/03	07/01/24(2)	$1,075,000	$1,075,000	5.750%	07/01/13	0.00%
05/01/03	07/01/25(2)	1,140,000	1,140,000	5.750	07/01/13	0.00
05/01/03	07/01/26(2)	1,205,000	1,205,000	5.750	07/01/13	0.00
05/01/03	07/01/27(2)	1,270,000	1,270,000	5.750	07/01/13	0.00
05/01/03	07/01/28(2)	1,345,000	1,345,000	5.750	07/01/13	0.00
05/01/03	07/01/29(2)	1,425,000	1,425,000	5.750	07/01/13	0.00
05/01/03	07/01/30(2)	1,505,000	1,505,000	5.750	07/01/13	0.00
05/01/03	07/01/31(2)	1,590,000	1,590,000	5.750	07/01/13	0.00
05/01/03	07/01/32(2)	1,685,000	1,685,000	5.750	07/01/13	0.00
05/01/03	07/01/33(2)	1,780,000	1,780,000	5.750	07/01/13	0.00
Series 2003D						
05/01/03	07/01/14	255,000	255,000	4.875	07/01/13	0.00
05/01/03	07/01/15	270,000	270,000	4.950	07/01/13	0.00
05/01/03	07/01/16	285,000	285,000	5.050	07/01/13	0.00
05/01/03	07/01/17	295,000	295,000	5.150	07/01/13	0.00
05/01/03	07/01/18(1)	315,000	315,000	5.500	07/01/13	0.00
05/01/03	07/01/19(1)	330,000	330,000	5.500	07/01/13	0.00
05/01/03	07/01/20(1)	350,000	350,000	5.500	07/01/13	0.00
05/01/03	07/01/21(1)	365,000	365,000	5.500	07/01/13	0.00
05/01/03	07/01/22(1)	385,000	385,000	5.500	07/01/13	0.00
05/01/03	07/01/23(1)	410,000	410,000	5.500	07/01/13	0.00
05/01/03	07/01/24(2)	430,000	430,000	5.750	07/01/13	0.00
05/01/03	07/01/25(2)	455,000	455,000	5.750	07/01/13	0.00
05/01/03	07/01/26(2)	480,000	480,000	5.750	07/01/13	0.00
05/01/03	07/01/27(2)	510,000	510,000	5.750	07/01/13	0.00
05/01/03	07/01/28(2)	540,000	540,000	5.750	07/01/13	0.00
05/01/03	07/01/29(2)	570,000	570,000	5.750	07/01/13	0.00
05/01/03	07/01/30(2)	605,000	605,000	5.750	07/01/13	0.00
05/01/03	07/01/31(2)	635,000	635,000	5.750	07/01/13	0.00
05/01/03	07/01/32(2)	675,000	675,000	5.750	07/01/13	0.00
05/01/03	07/01/33(2)	715,000	715,000	5.750	07/01/13	0.00
Series 2004						
06/01/04	07/01/13	1,715,000	355,000	5.250	N/A	N/A
06/01/04	07/01/15	1,670,000	1,670,000	5.250	07/01/14	0.00
06/01/04	07/01/16	1,760,000	1,760,000	5.250	07/01/14	0.00
06/01/04	07/01/17	445,000	445,000	5.000	07/01/14	0.00
06/01/04	07/01/18	465,000	465,000	5.000	07/01/14	0.00
06/01/04	07/01/19	490,000	490,000	5.000	07/01/14	0.00
06/01/04	07/01/20	45,000	45,000	5.000	07/01/14	0.00
06/01/04	07/01/21	45,000	45,000	5.000	07/01/14	0.00
06/01/04	07/01/22	50,000	50,000	5.000	07/01/14	0.00
06/01/04	07/01/23	50,000	50,000	5.000	07/01/14	0.00
06/01/04	07/01/24	55,000	55,000	5.000	07/01/14	0.00

(1) Represents mandatory sinking fund payment of a term bond maturing in 2023.
(2) Represents mandatory sinking fund payment of a term bond maturing in 2033.

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

SECURITY AND SOURCE OF PAYMENT

General

The Bonds are special revenue obligations of the Corporation. The Senior Lien Bonds are payable as to both principal and interest solely from payments required under a Senior Loan Agreement, dated as of June 1, 2012 (the "Senior Loan Agreement"), between the City and the Corporation. The Subordinated Lien Bonds are payable as to both principal and interest solely from payments required under a Subordinated Loan Agreement, dated as of June 1, 2012 (the "Subordinated Loan Agreement" and, together with the Senior Loan Agreement, the "Loan Agreements"), between the City and the Corporation. Payments under the Loan Agreements with respect to the Bonds are to be paid by the City to the Trustee for the account of the Corporation. Under the terms of the Loan Agreements, the City is required to make semiannual payments ("Loan Payments") which will be sufficient to pay the principal of, premium, if any, and interest on the Senior Lien Bonds or the Subordinated Lien Bonds, as applicable. See "APPENDIX G — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES AND THE LOAN AGREEMENTS."

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

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

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

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

Outstanding Senior Obligations

As of March 1, 2012, there are presently outstanding $249,080,000 of Senior Obligations.

The following issues of Senior Obligations are outstanding as of March 1, 2012:

Issue Date	Original Issuance	Purpose	Obligations Outstanding as of 3-1-12
05-01-03	$ 47,600,000	New City Hall Refunding	$ 17,560,000(1)
06-01-07	103,605,000	Municipal Facilities Refunding	97,685,000
06-07-11	27,530,000	Municipal Facilities	27,530,000
06-07-11	59,195,000	Municipal Facilities (Taxable)	59,195,000
06-07-11	24,305,000	Municipal Facilities Refunding	24,305,000
06-07-11	22,805,000	Municipal Facilities Refunding (Taxable)	22,805,000
	$285,040,000		$249,080,000

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

Additional obligations may be issued under the documents securing the Senior Obligations, including the Senior Loan Agreement. So long as any of the Senior Bonds remain outstanding and the principal and interest thereon shall be unpaid or unprovided for, the City has agreed not to issue additional Senior Obligations unless the Excise Taxes collected by the City during the preceding fiscal year (the "Prior Excise Taxes") are at least four times the highest combined interest and principal requirements for any succeeding fiscal year for all outstanding Senior Obligations, including the Senior Lien Bonds, and for the Senior Obligations proposed to be issued. Additionally, in agreements related to certain outstanding, junior lien and subordinated junior lien excise tax obligations of the City, the City has agreed not to issue additional Senior Obligations unless the Prior Excise Taxes are at least two times the highest combined interest and principal requirements for any succeeding fiscal year for all outstanding Senior Obligations, Junior Obligations and Subordinated Junior Obligations, including the Subordinated Lien Bonds, and any obligations on a parity therewith. In computing the interest requirements on obligations which bear or are to bear interest at a variable interest rate, such interest shall be assumed to be a fixed interest rate equal to the greater of: (1) 9.2% or (2) (a) if any variable rate obligations requirements secured by a pledge of Excise Taxes are outstanding, the highest variable rate actually borne by such obligations over the previous 24 months, or (b) if no such variable rate obligations are outstanding, then the highest rate borne by variable rate obligations over the previous 24 months for which the interest rate is computed by reference to an index, or based on factors, comparable to that to be utilized for the proposed obligations.

Outstanding Junior Obligations

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

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

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

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

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

So long as any Subordinated Bonds remain outstanding and the principal and interest thereon shall be unpaid or unprovided for, the City has agreed not to issue additional Junior Obligations unless the Prior Excise Taxes are at least two times the highest combined interest and principal requirements for any succeeding fiscal year for all outstanding Senior Obligations, including the Senior Lien Bonds, Junior Obligations, and Subordinated Junior Obligations, including the Subordinated Lien Bonds, and any obligations on a parity therewith. In computing the interest requirements on obligations which bear or are to bear interest at a variable interest rate, such interest shall be assumed to be a fixed interest rate equal to the greater of: (1) 9.2% or (2) (a) if any variable rate obligations requirements secured by a pledge of Excise Taxes are outstanding, the highest variable rate actually borne by such obligations over the previous 24 months, or (b) if no such variable rate obligations are outstanding, then the highest rate borne by variable rate obligations over the previous 24 months for which the interest rate is computed by reference to an index, or based on factors, comparable to that to be utilized for the proposed obligations.

Pursuant to the Hotel Indenture, on January 1, 2012, a transfer of $3,433,943.51 was made from the City Lease Payment Subaccount of the Subordinate Debt Service Account to pay debt service on January 1, 2012 for the Subordinate Hotel Bonds because hotel revenues were not sufficient. An additional transfer of $4,740,026.14 will be made on July 1, 2012 needed to pay debt service on the Subordinate Hotel Bonds on July 1, 2012. Also pursuant to the Hotel Indenture, the City will be obligated to transfer Sports Facilities Taxes to replenish the City Lease Payment Subaccount so that the amount on deposit therein is equal to debt service for the succeeding bond year. Such transfers will be required on the first day of each month commencing July 1, 2012 in amounts at least equal to one-fifth of the deficiency. The City is unable to predict whether and in what amount future transfers may be necessary. A debt service schedule for the Subordinate Hotel Bonds is set forth on page B-23.

Outstanding Subordinated Junior Obligations

As of March 1, 2012, there are presently outstanding $647,630,000 principal amount of Subordinated Junior Obligations. The debt service requirements on $128,160,000 of the Subordinated Junior Obligations are supported by solid waste revenues.

The following issues of Subordinated Junior Obligations are outstanding as of March 1, 2012:

Issue Date	Original Issuance	Purpose	Obligations Outstanding as of 3-1-12
05-01-03	$ 80,000,000	Solid Waste Improvements(1)	$ 11,265,000
05-01-03	25,000,000	Municipal Facilities	15,005,000(3)
05-01-03	25,000,000	Municipal Facilities (Taxable)	23,375,000(3)
05-01-03	10,000,000	Municipal Facilities (Taxable)	9,355,000(3)
06-01-04	22,000,000	Municipal Facilities	8,595,000(3)
07-01-04	35,465,000	Municipal Facilities Refunding	26,970,000
09-13-05	300,000,000	Convention Center Expansion	300,000,000
06-01-06	84,265,000	Solid Waste Improvements(1)	71,090,000
06-01-06	28,230,000	Municipal Facilities	2,270,000
06-01-06	41,920,000	Municipal Facilities (Taxable)	39,560,000
06-01-07	21,115,000	Municipal Facilities	18,270,000
06-01-07	71,820,000	Municipal Facilities Refunding(2)	65,085,000
06-01-07	35,670,000	Convention Center East Garage Refunding (Taxable)	29,290,000
06-07-11	27,500,000	Municipal Multipurpose Arena Refunding (Taxable)	27,500,000
	$807,985,000		$647,630,000

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

(2) Debt service requirements on $45,805,000 of these obligations are supported by solid waste revenues.

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

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

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

The Senior Loan Agreement requires semiannual payments by the City to the Corporation which Loan Payments have been assigned to the Trustee. The Loan Payments are due in immediately available funds on December 31 and June 30, commencing December 31, 2012 and ending June 30, 2029. The Senior Indenture requires that the Trustee deposit the Loan Payments with respect to the Senior Lien Bonds in the Revenue Fund established in the Senior Indenture and use such amounts to pay interest on and principal of the Senior Lien Bonds due on the following day. The annual Loan Payments required under the Senior Loan Agreement with respect to the Senior Lien Bonds are as follows:

Fiscal Year	Principal	Interest	Total
2013	$ -	$ 699,942	$ 699,942
2014	1,385,000	681,025	2,066,025
2015	1,705,000	625,625	2,330,625
2016	1,770,000	557,425	2,327,425
2017	1,845,000	486,625	2,331,625
2018	-	412,825	412,825
2019	-	412,825	412,825
2020	-	412,825	412,825
2021	-	412,825	412,825
2022	-	412,825	412,825
2023	2,205,000	412,825	2,617,825
2024	-	302,575	302,575
2025	-	302,575	302,575
2026	-	302,575	302,575
2027	2,540,000	302,575	2,842,575
2028	3,085,000	175,575	3,260,575
2029	670,000	21,325	691,325
	$15,205,000	$6,934,792	$22,139,792

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

The Subordinated Loan Agreement requires semiannual payments by the City to the Corporation which Loan Payments have been assigned to the Trustee. The Loan Payments are due in immediately available funds on December 31 and June 30, commencing December 31, 2012 and ending June 30, 2033. The Subordinated Indenture requires that the Trustee deposit the Loan Payments with respect to the Subordinated Lien Bonds in the Revenue Fund established in the Subordinated Indenture and use such amounts to pay interest on and principal of the Subordinated Lien Bonds due on the following day. The annual Loan Payments required under the Subordinated Loan Agreement with respect to the Subordinated Lien Bonds are as follows:

Fiscal Year	Tax-Exempt Subordinated Lien Bonds			Taxable Subordinated Lien Bonds			Total Subordinated Lien Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2013	$ -	$ 793,290	$ 793,290	$ -	$ 1,251,241	$ 1,251,241	$ -	$ 2,044,531	$ 2,044,531
2014	715,000	771,850	1,486,850	-	1,217,424	1,217,424	715,000	1,989,274	2,704,274
2015	2,795,000	750,400	3,545,400	-	1,217,424	1,217,424	2,795,000	1,967,824	4,762,824
2016	2,745,000	638,600	3,383,600	850,000	1,217,424	2,067,424	3,595,000	1,856,024	5,451,024
2017	1,450,000	528,800	1,978,800	1,425,000	1,201,835	2,626,835	2,875,000	1,730,635	4,605,635
2018	1,505,000	470,800	1,975,800	1,455,000	1,172,138	2,627,138	2,960,000	1,642,938	4,602,938
2019	1,570,000	410,600	1,980,600	1,495,000	1,137,975	2,632,975	3,065,000	1,548,575	4,613,575
2020	1,175,000	332,100	1,507,100	1,535,000	1,098,387	2,633,387	2,710,000	1,430,487	4,140,487
2021	1,235,000	273,350	1,508,350	1,570,000	1,053,718	2,623,718	2,805,000	1,327,068	4,132,068
2022	1,300,000	211,600	1,511,600	1,620,000	1,005,676	2,625,676	2,920,000	1,217,276	4,137,276
2023	1,365,000	146,600	1,511,600	1,680,000	952,864	2,632,864	3,045,000	1,099,464	4,144,464
2024	1,435,000	78,350	1,513,350	1,735,000	894,737	2,629,737	3,170,000	973,087	4,143,087
2025	220,000	6,600	226,600	1,800,000	832,103	2,632,103	2,020,000	838,703	2,858,703
2026	-	-	-	1,865,000	765,323	2,630,323	1,865,000	765,323	2,630,323
2027	-	-	-	1,940,000	688,672	2,628,672	1,940,000	688,672	2,628,672
2028	-	-	-	2,020,000	608,938	2,628,938	2,020,000	608,938	2,628,938
2029	-	-	-	2,105,000	525,916	2,630,916	2,105,000	525,916	2,630,916
2030	-	-	-	2,340,000	439,400	2,779,400	2,340,000	439,400	2,779,400
2031	-	-	-	2,445,000	336,580	2,781,580	2,445,000	336,580	2,781,580
2032	-	-	-	2,550,000	229,147	2,779,147	2,550,000	229,147	2,779,147
2033	-	-	-	2,665,000	117,100	2,782,100	2,665,000	117,100	2,782,100
	$17,510,000	$5,412,940	$22,922,940	$33,095,000	$17,964,022	$51,059,022	$50,605,000	$23,376,962	$73,981,962

EXCISE TAXES AND COVERAGE

Excise Taxes in General

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

Potential for Reduction in State-Shared Revenues

As shown in the tables under the caption "Excise Taxes and Coverage," State-Shared Income Taxes and State-Shared Sales Taxes constitute large components of Excise Taxes. The State could reduce or alter the existing formulas for determining State-Shared Revenues in connection with balancing the current year's or future State budgets. The State has also enacted legislation in the past providing conditions under which State-Shared Sales Taxes could be withheld. The likelihood that the State might reduce or alter the existing formulas for determining State-Shared Revenues may increase in years when the State is suffering budget deficits. The City cannot predict the likelihood or estimate the potential fiscal impact of any potential reductions by the State in the amount of State-Shared Revenues distributed to the City in the future.

City Transaction Privilege (Sales) Taxes

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

State-Shared Sales Taxes

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

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

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

State-Shared Income Taxes

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

Other Excise Tax Revenues

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

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

Excise Tax Collections and Coverage

The City has provided actual Excise Tax receipts for fiscal years 2007 through 2011, and has provided a forecast of revenue to be generated over the next five fiscal years from the Excise Taxes. These figures are reflected on the following schedules. The schedule on page 19 shows the calculations of the estimated available coverage against the annual debt service requirements for all Senior Obligations and Subordinated Junior Obligations, including the Bonds, all of which are secured by the pledge of Excise Tax receipts. The schedule on page 20 reflects the estimated available coverage after debt service supported by solid waste revenues is subtracted from the annual requirements.

ACTUAL EXCISE TAX RECEIPTS FOR THE FISCAL YEARS ENDED JUNE 30

Revenue Source	2007	2008	2009	2010	2011
Privilege License Tax & Fees(1)	$417,448,000	$396,923,000	$355,066,000	$302,064,000	$344,048,000
Utility & Franchise(2)	135,376,000	141,686,000	145,716,000	142,220,000	141,930,000
Licenses & Permits	2,531,000	2,723,000	2,684,000	2,869,000	3,092,000
State-Shared Sales Taxes(3)	141,466,000	135,134,000	122,593,000	106,916,000	111,787,000
State-Shared Income Taxes(4)	167,560,000	207,694,000	220,806,000	190,546,000	143,647,000
Total	$864,381,000	$884,160,000	$846,865,000	$744,615,000	$744,504,000

PROJECTED EXCISE TAX RECEIPTS FOR THE FISCAL YEARS ENDED JUNE 30

Revenue Source	2012	2013	2014	2015	2016
Privilege License Tax & Fees(1)	$366,034,000	$391,304,000	$425,865,000	$450,743,000	$454,709,000
Utility & Franchise(2)	145,947,000	143,958,000	149,562,000	156,519,000	165,794,000
Licenses & Permits	2,878,000	2,897,000	2,966,000	3,094,000	3,233,000
State-Shared Sales Taxes(3)	115,183,000	119,646,000	128,232,000	138,670,000	150,644,000
State-Shared Income Taxes(4)	122,012,000	147,655,000	153,000,000	162,000,000	174,000,000
Total	$752,054,000	$805,460,000	$859,625,000	$911,026,000	$948,380,000

(1) Does not include revenues from the 0.1% increase in the City's privilege license (sales) tax rate approved by City of Phoenix voters on October 5, 1993. The revenues produced by the increase must be used to add police officers and firefighters and to expand neighborhood programs designed to deter crime. The increase affects all privilege license tax categories except advertising, utilities, cable television, jet fuel, telecommunications and mining and became effective December 1, 1993. The revenues resulting from this increase totaled $31.1 million in 2006-07, $29.0 million in 2007-08, $24.3 million in 2008-09 $21.6 million in 2009-10, and $25.4 million in 2010-11.

Does not include revenues from the 0.1% increase in the City's privilege license (sales) tax rate approved by City of Phoenix voters on September 7, 1999 and to be levied for a 10-year period beginning November 1, 1999. The revenues produced by the increase will be used for the acquisition of desert preserve open space and the development and improvement of regional and neighborhood parks located within the City. On May 20, 2008, City of Phoenix voters approved a 30-year extension of this tax. This extension also increased the possible uses of these funds to include operational expenses such as salaries for park rangers and maintenance workers. Forty percent of the revenues produced by the extension will be used to acquire land for Phoenix's Sonoran Preserve. The remaining sixty percent will be used to finance improvements to parks throughout the City. The extension became effective July 1, 2008. The increase affects all privilege license tax categories except advertising, utilities, cable television, jet fuel, telecommunications, and mining. The revenues resulting from the increase totaled $31.1 million in 2006-07, $29.0 million in 2007-08, $24.3 million in 2008-09, $21.6 million in 2009-10 and $25.4 million in 2010-11

Does not include revenues from the 0.4% increase in the City's privilege license (sales) tax rate approved by City of Phoenix voters on March 14, 2000 and to be levied for a 20-year period. The revenues produced by the increase will be used for expanded bus service, the construction of a light rail system and other transportation improvements. The increase affects all privilege license tax categories except advertising, utilities, cable television, jet fuel, telecommunications, and mining and became effective June 1, 2000. The revenues resulting from the increase totaled $124.4 million in 2006-07, $115.9 million in 2007-08, $97.3 million in 2008-09, $86.5 million in 2009-10 and $101.4 million in 2010-11.

Does not include revenues from the 0.2% increase in the City's privilege license (sales) tax rate approved by City of Phoenix voters on September 11, 2007. Eighty percent of the revenues produced by the increase will be used by the Phoenix Police Department to recruit, hire, train and equip at least 500 police officers and police personnel; hire crime scene investigation (CSI) forensic teams; and to make service calls more efficient. Twenty percent of the revenues produced by the increase will be used by the Phoenix Fire Department to recruit, hire, train and equip at least 100 firefighters and fire personnel to improve fire protection services. The increase affects all privilege license tax categories except advertising, utilities, cable television, jet fuel, telecommunications and mining and became effective December 1, 2007. The revenues resulting from this increase totaled $32.2 million in 2007-08, $46.6 million in 2008-09, $43.1 million in 2009-10 and $50.7 million in 2010-11.

Includes estimated revenues from a 2.0% privilege license (sales) tax rate approved by the City Council on February 2, 2010 on the sale of food for home consumption. The tax became effective April 1, 2010 to be levied for a period of five years. The revenues resulting from this tax totaled $7.0 million in 2009-10 and $46.3 million in 2010-11.

(2) On March 8, 2005, Phoenix voters approved new franchise agreements between the City and certain utilities. Effective May 1, 2005, the 2% privilege (sales) tax credit offset from franchise fees paid to the City by persons engaged in or continuing in the business of producing, providing, or furnishing utility services was eliminated. The effect of the elimination of the tax credit was an increase in utility & franchise fee collections of $23.7 million in 2006-07, $24.7 million in 2007-08, $24.4 million in 2008-09, $24.0 million in 2009-10 and $23.8 million in 2010-11 .

(3) The City entered into a loan agreement with the Corporation to finance a portion of the costs to construct, expand, modify and improve the Phoenix Convention Center to create additional rentable convention space (the "Convention Center Project"). The Corporation issued bonds (the "State Distribution Bonds") to fund a portion of the costs of the Convention Center Project. The source of revenue for the City's payment under the loan agreement is State distributions the City receives pursuant to legislation passed in 2003 authorizing up to fifty percent State funding for certain convention center developments in the State (the "2003 Legislation"). The 2003 Legislation requires the State Auditor General to conduct or contract for an economic impact analysis of the Phoenix Convention Center expansion on State revenues beginning in its fifth year of operation after completion in January 2009. Under a recent amendment to the 2003 Legislation, beginning in 2014 and each year thereafter, if the Auditor General determines that the State has paid more in cumulative distributions than has been received in incremental revenue to the State general fund as a result of the Convention Center Project, the State can withhold State-Shared Sales Taxes from the next regularly scheduled distribution in an amount necessary to remedy the cumulative deficiency. For calendar years 2006, 2007 and 2008, the average number of delegates attending the Phoenix Convention Center was almost 98,000. For calendar years 2009, 2010 and 2011, the first three years following the completion of the expansion, the average number of delegates attending the Phoenix Convention Center was almost 264,000. A debt service schedule for the State Distribution Bonds is set forth on page B-25. The City is unable to predict at this time whether the State may have paid more in cumulative distributions than received in incremental revenue as a result of the Convention Center Project and if and to what extent State-Shared Revenues may be withheld. The projected State-Shared Sales Taxes set forth above do not assume any withholding by the State.

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

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

Fiscal Year	Projected Excise Taxes Pledged	Total Outstanding Senior Lien Debt Service Requirements (2)	Debt Service Requirements on the Senior Lien Bonds	Total Senior Lien Debt Service Requirements	Projected Revenues Available for Subordinated Junior Lien Obligations	Total Outstanding Subordinated Junior Lien Debt Service Requirements (3)	Debt Service Requirements on the Subordinated Lien Bonds	Total Subordinated Junior Lien Debt Service Requirements	Coverage of Senior Lien Debt Service Requirements	Coverage of Subordinated Junior Lien Debt Service Requirements
2012	$752,054,000	$ 6,137,143	$ —	$ 6,137,143	$745,916,857	$ 41,754,227	$ —	$ 41,754,227	122.54	17.86
2013	805,460,000	14,622,421	699,942	15,322,363	790,137,637	54,589,442	2,044,531	56,633,973	52.57	13.95
2014	859,625,000	17,484,171	2,066,025	19,550,196	840,074,804	49,634,867	2,704,274	52,339,141	43.97	16.05
2015	911,026,000	20,686,521	2,330,625	23,017,146	888,008,854	47,783,611	4,762,824	52,546,435	39.58	16.90
2016	948,380,000	21,658,720	2,327,425	23,986,145	924,393,855	46,592,738	5,451,024	52,043,762	39.54	17.76
2017		24,733,866	2,331,625	27,065,491		51,026,509	4,605,635	55,632,144		
2018		26,830,294	412,825	27,243,119		50,926,611	4,602,938	55,529,549		
2019		26,827,973	412,825	27,240,798		50,935,395	4,613,575	55,548,970		
2020		25,493,885	412,825	25,906,710		48,273,337	4,140,487	52,413,824		
2021		23,064,434	412,825	23,477,259		47,180,051	4,132,068	51,312,119		
2022		20,565,888	412,825	20,978,713		46,968,612	4,137,276	51,105,888		
2023		16,137,717	2,617,825	18,755,542		43,337,638	4,144,464	47,482,102		
2024		18,483,524	302,575	18,786,099		36,942,887	4,143,087	41,085,974		
2025		15,958,865	302,575	16,261,440		32,935,388	2,858,703	35,794,091		
2026		15,925,767	302,575	16,228,342		32,957,838	2,630,323	35,588,161		
2027		11,314,351	2,842,575	14,156,926		25,955,400	2,628,672	28,584,072		
2028		11,312,949	3,260,575	14,573,524		24,296,200	2,628,938	26,925,138		
2029		10,379,269	691,325	11,070,594		24,301,000	2,630,916	26,931,916		
2030		3,472,515	—	3,472,515		24,302,600	2,779,400	27,082,000		
2031		3,467,392	—	3,467,392		24,299,500	2,781,580	27,081,080		
2032		2,845,313	—	2,845,313		24,301,350	2,779,147	27,080,497		
2033		2,849,552	—	2,849,552		24,298,849	2,782,100	27,080,949		
2034		2,846,836	—	2,846,836		24,300,150	—	24,300,150		
2035		2,847,163	—	2,847,163		24,302,900	—	24,302,900		
2036		2,844,977	—	2,844,977		21,239,750	—	21,239,750		
2037		—	—	—		21,237,250	—	21,237,250		
2038		—	—	—		21,235,250	—	21,235,250		
2039		—	—	—		21,236,750	—	21,236,750		
2040		—	—	—		21,239,500	—	21,239,500		
2041		—	—	—		21,236,250	—	21,236,250		
		$348,791,506	$22,139,792	$370,931,298		$1,029,621,850	$73,981,962	$1,103,603,812		

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

(2) Net of the Senior Bonds Being Refunded.

(3) Net of the Subordinated Bonds Being Refunded and includes debt service on $128,160,000 principal amount of subordinated obligations supported by solid waste revenues.

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

Fiscal Year	Projected Excise Taxes Pledged	Total Outstanding Senior Lien Debt Service Requirements (2)	Debt Service Requirements on the Senior Lien Bonds	Total Senior Lien Debt Service Requirements	Projected Revenues Available for Subordinated Junior Lien Obligations	Total Outstanding Subordinated Junior Lien Debt Service Net of Requirements Paid From Solid Waste Revenues (3)	Debt Service Requirements on the Subordinated Lien Bonds Net of Requirements Paid from Solid Waste Revenues	Total Subordinated Junior Lien Debt Service Net of Requirements Paid From Solid Waste Revenues	Coverage of Senior Lien Debt Service Requirements	Coverage of Subordinated Junior Lien Debt Service Requirements Net of Requirements Paid From Solid Waste Revenues
2012	$752,054,000	$ 6,137,143	$ -	$ 6,137,143	$745,916,857	$ 28,880,227	$ -	$ 28,880,227	122.54	25.83
2013	805,460,000	14,622,421	699,942	15,322,363	790,137,637	41,671,992	2,044,531	43,716,523	52.57	18.07
2014	859,625,000	17,484,171	2,066,025	19,550,196	840,074,804	36,664,717	2,704,274	39,368,991	43.97	21.34
2015	911,026,000	20,686,521	2,330,625	23,017,146	888,008,854	34,757,661	4,762,824	39,520,485	39.58	22.47
2016	948,380,000	21,658,720	2,327,425	23,986,145	924,393,855	33,509,813	5,451,024	38,960,837	39.54	23.73
2017		24,733,866	2,331,625	27,065,491		37,884,047	4,605,635	42,489,682		
2018		26,830,294	412,825	27,243,119		37,723,023	4,602,938	42,325,961		
2019		26,827,973	412,825	27,240,798		37,710,558	4,613,575	42,324,133		
2020		25,493,885	412,825	25,906,710		35,026,249	4,140,487	39,166,736		
2021		23,064,434	412,825	23,477,259		33,905,964	4,132,068	38,038,032		
2022		20,565,888	412,825	20,978,713		33,674,274	4,137,276	37,811,550		
2023		16,137,717	2,617,825	18,755,542		30,020,801	4,144,464	34,165,265		
2024		18,483,524	302,575	18,786,099		30,002,500	4,143,087	34,145,587		
2025		15,958,865	302,575	16,261,440		25,966,750	2,858,703	28,825,453		
2026		15,925,767	302,575	16,228,342		25,957,450	2,630,323	28,587,773		
2027		11,314,351	2,842,575	14,156,926		25,955,400	2,628,672	28,584,072		
2028		11,312,949	3,260,575	14,573,524		24,296,200	2,628,938	26,925,138		
2029		10,379,269	691,325	11,070,594		24,301,000	2,630,916	26,931,916		
2030		3,472,515	-	3,472,515		24,302,600	2,779,400	27,082,000		
2031		3,467,392	-	3,467,392		24,299,500	2,781,580	27,081,080		
2032		2,845,313	-	2,845,313		24,301,350	2,779,147	27,080,497		
2033		2,849,552	-	2,849,552		24,298,849	2,782,100	27,080,949		
2034		2,846,836	-	2,846,836		24,300,150	-	24,300,150		
2035		2,847,163	-	2,847,163		24,302,900	-	24,302,900		
2036		2,844,977	-	2,844,977		21,239,750	-	21,239,750		
2037		-	-	-		21,237,250	-	21,237,250		
2038		-	-	-		21,235,250	-	21,235,250		
2039		-	-	-		21,236,750	-	21,236,750		
2040		-	-	-		21,239,500	-	21,239,500		
2041		-	-	-		21,236,250	-	21,236,250		
		$348,791,506	$22,139,792	$370,931,298		$851,138,725	$73,981,962	$925,120,687		

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

(2) Net of the Senior Bonds Being Refunded.

(3) Net of the Subordinated Bonds Being Refunded and does not include debt service on $128,160,000 principal amount of subordinated obligations supported by solid waste revenues.

SOURCES AND APPLICATIONS OF FUNDS

	Senior Lien Excise Tax Revenue Refunding Bonds Series 2012	Subordinated Excise Tax Revenue Refunding Bonds Series 2012A	Subordinated Excise Tax Revenue Refunding Bonds Series 2012B (Taxable)
Sources:			
Par Amount of the Bonds	$15,205,000.00	$17,510,000.00	$33,095,000.00
Original Issue Premium	2,252,043.40	2,637,389.55	—
Total	$17,457,043.40	$20,147,389.55	$33,095,000.00
Applications:			
Purchase Price of Governmental Obligations and Beginning Cash Balance in Trust Account	$17,288,453.19	$19,959,830.38	$32,716,181.42
Cost of Issuance	98,687.42	112,050.84	208,970.19
Underwriters' Compensation	69,902.79	75,508.33	169,848.39
Total	$17,457,043.40	$20,147,389.55	$33,095,000.00

CAPITAL IMPROVEMENT PROGRAM

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

In 2011, the City's Budget and Research and Finance Departments conducted a special review of the City's CIP. The emphasis of the review was placed on the evaluation and prioritization of the general obligation bond program. As part of the analysis, each City department was required to submit detailed information regarding all programmed capital projects including, detailed project descriptions, explanation of project significance, project status, updated cost estimates, operating costs or savings, and an estimated timeline for project completion. Departments were also required to submit information on whether projects were based on previously projected population increases, and explain how projects fit within the City's strategic plan. The Budget and Research Department compiled all information and prioritized each project. City staff reviewed the prioritized projects with the Citizens' Bond Executive Committee and some projects were reprioritized before the Citizens' Bond Executive Committee passed a recommendation to ask City Council to approve moving forward with $132 million of bond funded capital projects and delay approximately $150 million of remaining bond funded projects subject to annual review of property values and financial conditions by City staff. The capital projects that are proceeding have been deemed to be most important to the City and community and possess additional factors that strengthen their justification to proceed, such as contractual commitments, legal requirements, protection of public safety and health, avoiding property damage or legal liability, result in operating savings and partial leveraging of non-City funding.

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.

Commencing with fiscal year 2012-13, the City has adopted a zero-based budgeting approach to preparing its annual budget. The City will continue its longstanding process of line-item technical budgetary reviews requiring City departments to justify all budgeted expenditures, not just changes in their budget from the previous fiscal year. Therefore, the base line is zero rather than last year's budget, which helps facilitate the reduction of costs. Additionally, under the new zero-based budgeting approach, the City will now present its entire citywide budget in budget decision packages, or in an inventory of over 400 distinct programs. This provides the City Council and the community with the ability to review the costs, staffing, performance measures, revenues and grants related to each program in the City. The enhancement provides additional transparency and outlines the City budget in a more relevant way to help guide strategic decisions and resource allocation. The City believes that utilizing zero-based budgeting will result in a more efficient allocation of resources, help the City identify cost effective ways for improving its operations, help recognize opportunities for outsourcing and improving accessibility, understandability and transparency of the City budget for Phoenix residents and other end users.

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

The City also presented a five-year General Fund forecast in January 2012 approved by the City Council. The five-year General Fund forecast shows that with moderate growth in excise taxes, even with the expiration of the food tax on April 1, 2015, the City is forecast to remain structurally balanced and can maintain current service levels.

Recent Budget Actions

On March 2, 2010, due to continuing declines in local and State-Shared Sales Taxes and a significant decline in State-Shared Income Taxes, the City Council approved general fund budget reductions for fiscal years 2009-10 and 2010-11. The original general fund budget shortfall of $277.3 million was eliminated by implementing department efficiencies, a new two percent tax on food for home consumption, employee wage and benefit concessions, the elimination of approximately 593 positions and general fund program and service cuts. These budget reductions became effective April 5, 2010.

In response to lower revenues and budgetary constraints, the Phoenix City Manager created an Innovation and Efficiency Task Force comprised of City staff and public members to explore, develop and implement innovative processes that would result in a more efficient delivery of City services and maximize the use of taxpayer dollars. Since inception, the Innovation and Efficiency Task Force's suggestions have produced over $40.5 million in savings through the end of calendar year 2011 (approximately $16.9 million in general fund savings and approximately $23.6 million in non-general fund savings).

A large component of the Task Force's effectiveness includes "rightsourcing" (using the optimal mix of private contractors and internal staff) to ensure that City services are delivered using the most efficient means possible while maintaining or enhancing service levels. Since fiscal year 2005-06, City outsourcing levels have increased 39% to an annual total of $477 million in fiscal year 2011-12. Additional savings have been achieved through consolidation of certain departments and functions, flattening organizational hierarchies and broadening the span of control within departments, operational efficiencies, and reductions in contractual services fees, to name a few. The recent budget reductions and efficiency savings have resulted in the smallest per capita workforce the City has had in over 40 years. The Task Force will continue to explore technology as an important tool in efforts to innovate and better position the City for a strong future.

In order to further strengthen the City's financial position, the City's General Fund Contingency Fund has increased from 2.7% of the General Fund operating budget in fiscal year 2009-10 to 3.4% in fiscal year 2011-12. The General Fund Contingency Fund is estimated to grow to 3.7% of the General Fund operating budget in fiscal year 2012-13 with a long-term goal of 5.0% by 2015-16 and annual increases to the General Fund Contingency Fund in future years in order to maintain the 5.0% funding level. The 5.0% long-term goal is part of the Phoenix Strategic Plan, Financial Excellence focus area.

A preliminary look at the 2012-13 budget indicates continued improvement in the City's financial position and a structurally balanced budget. Many factors have contributed to the City's financial stability, including innovation and efficiency savings of more than $40.5 million by streamlining the organization and reducing the workforce by 2,600 positions (10.3 employees per 1,000 residents), maintaining the City's high bond ratings, allowing the City to use its strong credit to refinance debt, increasing the General Fund Contingency Fund to nearly $36 million or 3.4% of the City's General Fund operating budget in 2011-12 (the highest level in the City's history), consolidating departments and functions of the City, and reducing management layers and increasing the span of control ratio from one manager for every 5.3 employees to one manager for every 8.0 employees.

The table following presents the General Fund revenues by major source for fiscal year 2010-11 and estimated General Fund revenues for fiscal year 2011-12. 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	2010-11	Estimated 2011-12
Local Taxes		
Sales Tax	$373,766	$395,094
Privilege License Fees	2,443	2,535
Other General Fund Excise Taxes	14,006	14,050
State-Shared Revenues		
Sales Tax	111,787	115,183
State Income Tax	143,647	122,012
Vehicle License Tax	48,299	46,000
Primary Property Tax	130,913	126,763
User Fees/Other Revenues	133,541	128,991
Total General Fund	$958,402	$950,628

The table below presents the General Fund balance for fiscal year 2010-11 and estimated ending General Fund balance for fiscal year 2011-12.

GENERAL FUND BALANCE
(in thousands)

	2010-11	Estimated 2011-12
Resources:		
Beginning Balances	$ 46,752	$ 92,908
Revenue	958,402	950,628
Recoveries	681	1,000
Transfers	41,868	46,580
Total Resources	$1,047,703	$1,091,116
Expenditures:		
Operating Expenditures	$ 953,673	$1,004,255
Capital	1,122	3,733
Total Expenditures	$ 954,795	$1,007,988
Ending Fund Balance	$ 92,908	$ 83,128

COMBINED FINANCIAL SCHEDULES

The schedules summarized on pages B-43 through B-53 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 2008-09, 2009-10 and 2010-11 and estimated amounts for fiscal year 2011-12. 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.

PHOENIX STRATEGIC PLAN

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

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

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

- Financial Excellence – Maintaining fiscally sound and sustainable budgets that reflect community values and residents' priorities.
- Infrastructure – Creating and maintaining high-quality and diverse infrastructure systems (airport, roads, water, etc.)
- Public Safety – Maintaining safe neighborhoods throughout Phoenix.
- Innovation and Efficiency – Seeking continuous improvement and maintaining our culture of innovation and efficiency, including right-sourcing.
- Neighborhoods/Livability – Ensuring healthy, safe and beautiful neighborhoods that enhance the quality of life for all residents.
- Economic Development and Education – Ensuring a sustainable and forward-looking economic development strategy that encourages high-wage jobs.
- Social Services Delivery – Encouraging new methods of social services that support independence, quality of life, and sustainable service.
- Phoenix Team – Supporting our employees, volunteers and community partners to work together in order to serve our residents with the highest standard of quality and customer service.
- Sustainability – Securing environmental and economic livability for future generations in the region, with an emphasis on solar energy.
- Technology – Focusing on a "Web Enabled City" that embraces technological innovation and automated city services.

The Phoenix Strategic Plan will serve as a five-year document and will be updated annually as part of the budget cycle.

Financial Excellence

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

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

THE CITY

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

THE CORPORATION

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

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

VERIFICATION OF MATHEMATICAL COMPUTATIONS

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

LITIGATION

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

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

TAX MATTERS

Tax Matters — Tax-Exempt Bonds

In the opinion of Squire Sanders (US) LLP, Bond Counsel, under existing law: (i) interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (ii) interest on the Tax-Exempt Bonds is exempt from Arizona state income tax so long as that interest is excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion as to any other tax consequences regarding the Tax-Exempt Bonds.

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

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

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

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

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

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Tax-Exempt Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Tax-Exempt Bonds will not have an adverse effect on the tax status of interest on the Tax-Exempt Bonds or the market value or marketability of the Tax-Exempt Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Tax-Exempt Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, both the American Jobs Act of 2011 proposed by President Obama on September 12, 2011, and introduced into the Senate on September 13, 2011, and the federal budget for fiscal year 2013 as proposed by President Obama on February 13, 2012, contain provisions that could, among other things, result in additional federal income tax for tax years beginning after 2012 on taxpayers that own tax-exempt obligations, including the Tax-Exempt Bonds, if they have incomes above certain thresholds.

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

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

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

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

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

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

Tax Matters — Taxable Subordinated Lien Bonds

Bond Counsel expresses no opinion as to any tax consequences regarding the Taxable Subordinated Lien Bonds for federal or State of Arizona income tax purposes. INTEREST ON THE TAXABLE SUBORDINATED LIEN BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL OR STATE OF ARIZONA INCOME TAX PURPOSES. THE LEGAL DEFEASANCE OF THE TAXABLE SUBORDINATED LIEN BONDS MAY RESULT IN A DEEMED SALE OR EXCHANGE OF THE TAXABLE SUBORDINATED LIEN BONDS UNDER CERTAIN CIRCUMSTANCES; OWNERS OF THE TAXABLE SUBORDINATED LIEN BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE FEDERAL INCOME TAX CONSEQUENCES OF SUCH AN EVENT. PROSPECTIVE PURCHASERS OF THE TAXABLE SUBORDINATED LIEN BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE FEDERAL, STATE AND LOCAL, AND FOREIGN TAX CONSEQUENCES OF THEIR ACQUISITION, OWNERSHIP AND DISPOSITION OF THE TAXABLE SUBORDINATED LIEN BONDS.

The following discussion is generally limited to “U.S. owners,” meaning beneficial owners of Bonds that for United States federal income tax purposes are individual citizens or residents of the United States, corporations or other entities taxable as corporations created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), and certain estates or trusts with specific connections to the United States. ***Partnerships holding Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Bonds (including their status as U.S. owners).***

Information Reporting and Backup Withholding

General information reporting requirements will apply to payments of principal and interest made on a Tax-Exempt Bond and the proceeds of the sale of a Tax-Exempt Bond to non-corporate holders of the Tax-Exempt Bonds, and “backup withholding,” currently at a rate of 28%, will apply to such payments if the owner fails to provide an accurate taxpayer identification number in the manner required or fails to report all interest required to be shown on its federal income tax returns. A beneficial owner of a Tax-Exempt Bond that is a U.S. owner generally can obtain complete exemption from backup withholding by providing a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

Non-U.S. Owners

Under the Code, interest on any Taxable Subordinated Lien Bond whose beneficial owner is not a U.S. owner are generally not subject to United States income tax or withholding tax (including backup withholding) if the non-U.S. owner provides the payor of interest on the Taxable Subordinated Lien Bonds with an appropriate statement as to its status as a non-U.S. owner. This statement can be made on IRS Form W-8BEN or a successor form. If, however, the non-U.S. owner conducts a trade or business in the United States and the interest on the Taxable Subordinated Lien Bonds held by the non-U.S. owner is effectively connected with such trade or business, that interest will be subject to United States income tax but will generally not be subject to United States withholding tax (including backup withholding). The foregoing is a brief summary of certain federal income tax consequences to a non-U.S. owner. ***Non-U.S. owners should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Subordinated Lien Bonds.***

Circular 230

THE FOREGOING DISCUSSION IN “TAX MATTERS” WAS NOT INTENDED OR WRITTEN BY BOND COUNSEL TO BE USED, AND IT CANNOT BE USED, FOR THE PURPOSE OF AVOIDING

PENALTIES THAT MAY BE IMPOSED ON AN OWNER OF THE BONDS. THE FOREGOING DISCUSSION IN "TAX MATTERS" WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE BONDS. EACH PROSPECTIVE PURCHASER OF THE BONDS SHOULD SEEK ADVICE BASED ON THE PROSPECTIVE PURCHASER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

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 opinions of Squire Sanders (US) LLP, Bond Counsel, who has been retained by, and acts as Bond Counsel to, the Corporation and the City. Signed copies of the opinions, dated and speaking only as of the date of delivery of the Bonds, will be delivered to the Underwriters. Certain legal matters will be passed upon for the Underwriters by Greenberg Traurig, LLP, Phoenix, Arizona as Counsel to the Underwriters.

The text of the proposed legal opinions is set forth in Appendix H. The actual legal opinions to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinions will speak only as of its date, and subsequent distribution of it by recirculation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinion subsequent to its date.

RATINGS

Standard & Poor's Financial Services LLC ("S&P") has assigned a rating of "AAA" to the Senior Lien Bonds and "AA" to the Subordinated Lien Bonds. Moody's Investors Service ("Moody's") has assigned a rating of "Aa2" to the Senior Lien Bonds and "Aa3" to the Subordinated Lien Bonds. No application was made to any other rating service for the purpose of obtaining ratings on the Bonds. The ratings reflect only the view of S&P and Moody's, respectively. An explanation of the significance of such ratings may be obtained from S&P at 55 Water Street, New York, New York 10041, and from Moody's at 7 World Trade Center at 250 Greenwich Street, 23rd Floor, New York, New York 10007. Generally, a rating agency bases its ratings on the information and material furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by S&P or Moody's if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased for reoffering by RBC Capital Markets, LLC and the other underwriting firms shown on the front cover of this Official Statement (the "Underwriters"). The Underwriters have agreed to purchase the Bonds, subject to certain conditions, at an aggregate purchase price of $70,384,173.44. If the Bonds are sold to produce the yields shown on the inside front cover hereof, the Underwriters' compensation will be $315,259.51.

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

J.P. Morgan Securities LLC has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, including the Bonds at the original issue prices. Pursuant to each Dealer Agreement (if applicable to this transaction), each of UBSFS and CS&Co. will purchase Bonds from J.P. Morgan Securities LLC at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, one of the underwriters of the Bonds, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. LLC will distribute municipal securities to retain investors through the financial advisor network of the new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. LLC will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

Blaylock Robert Van, LLC, one of the underwriters of the offered Bonds, has entered into a distribution agreement (the "Blaylock Distribution Agreement") with International Financial Solutions, Inc. for the distribution of certain municipal securities offerings at the original issue prices. Pursuant to the Blaylock Distribution Agreement, Blaylock Robert Van, LLC will share a portion of its underwriting compensation with respect to the offered Bonds with International Financial Solutions, Inc.

CONTINUING DISCLOSURE

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

The City has represented that it is in compliance with each and every undertaking previously entered into by it pursuant to the Rule. A failure by the City to comply with the Undertaking will not constitute a default under the Loan Agreements or the Indentures and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. See "APPENDIX I — FORM OF CONTINUING DISCLOSURE UNDERTAKING." A failure by the City to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

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

The financial statements of the City as of June 30, 2011 for its fiscal year then ended have been audited by Clifton Gunderson LLP, independent auditors, as stated in their report. The financial statements and auditor's report are part of the City's comprehensive annual financial report (the "CAFR"), which may be obtained from EMMA, free of charge, at http://emma.msrb.org, or from the City, free of charge, at the following location: 251 West Washington Street, 9th Floor, Phoenix, Arizona 85003, Attention: Finance Department, Telephone: (602) 262-7166. The CAFR may also be downloaded from the City's website at www.phoenix.gov under City Government-Financial Information-Financial Reports and Planning-Comprehensive Annual Financial Report. The CAFR so filed with EMMA is hereby incorporated by reference.

MISCELLANEOUS

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

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

CITY OF PHOENIX CIVIC IMPROVEMENT CORPORATION

By: /s/ WALLACE ESTFAN
President

CITY OF PHOENIX, ARIZONA

By: /s/ JEFF DEWITT
Finance Director

APPENDIX A
CITY OF PHOENIX, ARIZONA — DESCRIPTION
OVERVIEW

Phoenix is the sixth largest city in the United States, the state capital of Arizona and the center of the metropolitan area encompassed by Maricopa County. This metropolitan area also includes the cities of Mesa, Glendale, Tempe, Scottsdale, Chandler, Peoria, Goodyear, Tolleson, El Mirage, Surprise, Litchfield Park and Avondale; the towns of Buckeye and Gilbert as well as all unincorporated areas of the County. It is situated 1,117 feet above sea level in the semi-arid Salt River Valley. The area is well known for its mild, sunny winters and hot summers and receives average rainfall of 8.20 inches annually.

Phoenix was founded in 1870 as an agricultural community. In 1881, it was incorporated as a city. The City Charter under which it is presently governed was adopted in 1913 and has been amended from time to time. The City has grown steadily since its inception and has shown especially strong growth since 1950. The 1900 census recorded Phoenix's population at 5,544. In 1950, the City occupied 17 square miles with a population of almost 107,000 ranking it 99th among American cities. The 2010 census recorded Phoenix's population at 1,445,632. As of February 1, 2012 the City encompasses 519.12 square miles.

Population Statistics
Phoenix, Maricopa County and Arizona

							Percent Change	
Area	**1950**	**1970**	**1990**	**2000**	**2010**	**2011 (1)**	**1950-10**	**1990-11**
Phoenix	106,818	584,303	983,403	1,321,045	1,445,632	1,504,203	1,302.0%	53.0%
Maricopa County	331,770	971,228	2,122,101	3,072,149	3,817,117	3,843,370	1,050.5	81.1
State of Arizona	749,587	1,775,399	3,665,228	5,130,632	6,392,017	6,438,178	752.7	75.7

(1) Population figures for Maricopa County and the State of Arizona are as of July 1, 2011. Population figures for the City of Phoenix are as of December 7, 2011.

Source: Population figures prior to 2011 are from the U.S. Department of Commerce Census Bureau. The 2011 population figures for Maricopa County and the State of Arizona are from the Arizona Office of Employment and Population Statistics. The 2011 population figure for the City of Phoenix is from the City of Phoenix Planning Department and Maricopa Association of Governments (MAG) as adopted by the MAG Regional Council.

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, American Eagle, British Airways, Delta, ExpressJet (dba Continental Express), Frontier, Great Lakes, Hawaiian, JetBlue, Mesa (dba US Airways Express), Mesaba (dba Delta Connection), SkyWest (dba Delta Connection and United Express), Southwest, Sun Country, United, US Airways and WestJet. Interstate 10, Interstate 17, U.S. Highways 60, 70, 80, 89, State Highways 51, 85, 93 and State Routes 101, 202, and 303 all traverse the City.

The metropolitan area is presently served by 33 elementary school districts, 6 high school districts, 17 unified school districts and 2 technical institutes, operating over 700 schools. Education is also provided by private and parochial schools located throughout the metropolitan area. Maricopa County Community College District serves the educational needs of the Phoenix area through ten institutions. Arizona State University (ASU) houses 20 colleges, schools and institutes and has a total enrollment of more than 72,000 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 over 12,000 students. The Arizona State University Polytechnic campus opened in 1996, is located in southeast Metro Phoenix in the city of Mesa, and has an enrollment of more than 10,500 students. The Arizona State University Downtown Phoenix campus opened August 21, 2006 and has an enrollment of more than 17,000 students. The City also contains a private graduate school and a number of private universities, colleges, and technical institutions. The 2010 American Community Survey conducted by the U.S. Census Bureau indicated that more than 61.9% of the adult residents of Maricopa County attended college, compared to 57.0% nationally.

SIGNIFICANT DEVELOPMENTS

Downtown Development

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

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

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

The Downtown Phoenix Urban Form Project (the "Project") is a collaborative planning process to revise downtown zoning, to shape future growth and to help realize the City's vision for a livelier, more integrated and sustainable downtown. The City has embarked on this project due to heightened development interest in downtown Phoenix while acknowledging the unique development challenges of the infill urban environment. The main objective of the Project is to develop goals, policies and strategies that will help shape the vision of a pedestrian-oriented, dynamic urban environment that includes biomedical, educational and business centers. Another objective of the Project is to develop new zoning code to establish development guidelines for downtown Phoenix. The Project was completed in April 2010 when the Phoenix City Council approved Chapter 12 of the Phoenix Zoning Ordinance (the "Downtown Code").

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 Phoenix City Council, are comprised of 15-21 citizens, most of whom live in their respective villages. Planning activities include identifying the attitudes, problems, and issues impacting their village; formulating goals and policies that reflect the unique needs of their planning area; developing land use plans that will guide future growth in their village, and reviewing rezoning applications and development proposals.

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 five new elements as required by the two new laws. The updated General Plan was adopted by the City Council on December 5, 2001 and was approved by voters on March 12, 2002.

In the opinion of management, the Growing Smarter legislation provides processes and tools that can contribute to better planned, coordinated and balanced future development.

On July 1, 2009, the Phoenix City Council approved plans to implement a public participation process in developing the Phoenix General Plan Update. The updated General Plan will focus on the community, the economy and the environment and is expected to be presented to voters by 2015.

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 facility by adding approximately 600,000 square feet of meeting and exhibition space.

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

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

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

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

The Phoenix Convention Center surpassed its projected goals for 2009, hosting 69 conventions with approximately 309,729 delegates, which equated to an economic impact of approximately $449 million in direct spending. In 2010, the convention center hosted a total of 62 conventions with an estimated 237,974 delegates, which equated to approximately $345 million in direct spending. In 2011, the convention center hosted a total of 51 conventions with an estimated 243,344 delegates, which equated to approximately $353 million in direct spending.

Business Development

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

The City of Phoenix has been a GPEC member since its inception. The City's Community and Economic Development Department (CEDD) works closely with GPEC to attract new wealth-generating employers to Phoenix. GPEC's collaborative fiscal year 2011-12 regional economic development model, "Pursuing Jobs, Increasing Competitiveness", continues with the "Back to Basics" priorities established in fiscal year 2010-11, including several initiatives aimed at creating and maintaining high quality jobs and capital investment through industry diversification, while pursuing projects that meet community and regional objectives. The model also establishes sound economic development programs that enhance regional and statewide competitiveness, while communicating, educating and informing stakeholders, policy-makers, citizens and media of key economic development issues.

Since 2000, CEDD has directly assisted in the attraction of 216 new employers to the City of Phoenix by working with GPEC and many other economic development partners. These companies represent more than 40,500 new jobs and approximately $2.6 billion in new capital investment.

Arts, Cultural and Sports Facilities

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

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

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

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

An agreement between the City and a private company was reached for development of a 4,800-seat entertainment facility on a City owned site at the northwest corner of Washington Street and Fourth Avenue. The Comerica Theatre (formerly Dodge Theatre) totals 165,000 square feet and cost approximately $39 million. Construction began in September 2000 and was completed in April 2002.

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

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

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

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

Commercial Development

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

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

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

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

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

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

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

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

CityScape is an approximately 5-acre, mixed-use development that blends urban living with work, shopping and entertainment and will include restaurants, a hotel, offices and outdoor event space. The project encompasses two blocks in downtown Phoenix and is one block from the US Airways Center and within two blocks of Chase Field. Construction on CityScape began in the fall of 2007 and the first phase opened in March 2010. The first phase includes 660,000 square feet of Class A office space, 200,000 square feet of retail, 1,300 parking spaces and redevelopment of Patriot's Square Park. Construction of the second phase commenced in February 2011 and includes construction of the 242 room Hotel Palomar that is expected to be completed in June 2012. The second phase will also include construction of 230 residential units above Hotel Palomar and is expected to be completed in the summer of 2013. The lowest level residential units will have views from over 170-feet above the street and will have access to all Hotel Palomar amenities. The final phases of CityScape will be built out based on market demand.

Biotechnology and Education

In spring of 2002, the City of Phoenix and the State of Arizona, in partnership with Maricopa County, Arizona's three State universities, various foundations and the private sector, formalized two proposals to the International Genomics Consortium (IGC) and the Translational Genomics Research Institute (TGen) to locate their new headquarters in downtown Phoenix. The City agreed to construct a six-story, 170,000 square foot research facility for IGC and TGen located at Fifth and Van Buren Streets. Construction began in late July 2003 with occupancy occurring in December 2004. The Phoenix Biomedical Center is expected to employ approximately 350 employees earning average salaries of $70,000 annually.

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

The next phase of development on the PBC is underway as the Health Sciences Education Building (HSEB) is currently under construction. This approximately $140 million, 260,000 square foot, six-story academic facility will expand the U of A College of Medicine and will house the U of A College of Pharmacy and Northern Arizona University's Allied Health Programs. Completion of HSEB is scheduled for summer 2012. The U of A is also the recipient of a $15 million American Recovery and Reinvestment Act stimulus grant for the development of an underground research facility. Completion of this facility is anticipated in summer 2013. Build-out of, the 28-acre PBC will proceed as needed and when completed is expected to include more than six million square feet of research, academic and clinical development.

In 2004, ASU and the City of Phoenix entered into a partnership to develop the ASU Downtown Phoenix campus. Phoenix voters committed $223 million to the ASU Downtown Phoenix campus in the 2006 bond election. The campus is located in downtown Phoenix between Van Buren and Fillmore Streets on the north and south and First Avenue and Seventh Street on the west and east, respectively.

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

As part of the second phase of the ASU Downtown Phoenix campus expansion, construction was completed on the 82,000 square foot ASU College of Nursing and Healthcare Innovation facility. The innovative design creates a sense of arrival for the northeast corner of the campus and downtown. With over a third of the materials utilized for this project containing recycled content, the new facility achieved the Leadership in Energy and Environmental Design (LEED) certified Gold status and has received 14 awards including Best Education Facility in America and the LEED Building of the Year.

The second phase was completed with the addition of a student union and a student residence hall. The U.S. Post Office building at Central Avenue and Fillmore Street houses the student union for the ASU Downtown Phoenix campus. Retail postal services remain in the building, and a veranda was added along the south side of the building to be used for concerts, outdoor films and other activities. The conversion of the U.S. Post Office building was completed in March 2010. Taylor Place, a new student residence hall was constructed on the campus between First and Second Streets on Taylor Street. Taylor Place was completed in August 2009 and accomodates 1,294 beds.

The ASU Downtown Phoenix campus began its sixth year of operation on August 19, 2011. For fall 2011, approximately 9,400 students were enrolled in degree programs downtown and more than 1,100 students lived on the campus, which employs approximately 1,250 faculty and staff. Campus build-out projections call for 15,000 students, 4,000 student housing beds, 1.5 million square feet of academic and support space, 900,000 square feet of private development, at least 1,800 faculty and staff and 100,000 visitors annually.

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

Neighborhood Revitalization and Downtown Housing

The City's downtown redevelopment efforts are complemented by Neighborhood Services Department (NSD) programs through which NSD works to preserve and improve the physical, social and economic health of Phoenix neighborhoods. NSD has created programs to assist neighborhoods citywide and 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 other City designated revitalization areas.

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

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

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

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

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

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

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

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

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

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

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

In March 2004, the City entered into an agreement with Portland Place Partners to develop vacant land on Portland Street between Third Avenue and Central Avenue. Portland Place is an urban residential development that consists of 54 units in a six-story condominium tower and brownstones. Construction of Portland Place was completed in July 2007.

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

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

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

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

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

Concord Eastridge has begun development of a major multi-family, mixed-use residential project. The $52 million project will occupy a three acre site in downtown Phoenix located between Roosevelt and McKinley Streets and Third and Fourth Streets. The privately funded project will consist of two 7-8 story towers, a 5-level parking garage and several thousand square feet of street-level retail. The project is intended to serve the growing population of students attending classes at the ASU Downtown Phoenix campus and the Phoenix Biomedical Campus. Development began in the spring of 2012 and is expected to be completed in fall 2013.

Government Facilities

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

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

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

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

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

Downtown Streetscape

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

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

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

Transit/Light Rail

Central Station, the City's downtown transit center located on the northeast corner of Central Avenue and Van Buren Street was constructed in 1997. The 2.7-acre site includes a 4,000 square-foot passenger services building for ticket sales, security, and restrooms; a 16,000 square-foot passenger plaza that includes passenger information, seating and shade; and bus loading and circulation areas for 15 bus routes, Dial-a-Ride and DASH (Downtown Area Shuttle). The total cost of the project was approximately $9.3 million, with the Federal Transit Administration funding 80% and the City funding 20% of the project. Central Station received a $3.7 million renovation, completed in July 2011, to modernize the facility, improve security, and incorporate sustainable elements. The transit center improvements were one of five major transit capital projects funded by the American

Recovery and Reinvestment Act (ARRA). The other four projects include a $1.4 million expansion of the 40th Street and Pecos Road park-and-ride that was completed in June 2010, the construction of a new $3.4 million park-and-ride at the southwest corner of Interstate 17 and Happy Valley Road that was completed in January 2011, the construction of a new $2.7 million park-and-ride at the southwest corner of 27th Avenue and Baseline Road that was completed in February 2012 and a $4.0 million project to make Americans with Disabilities Act (ADA) related improvements to 400 bus stops in Phoenix that is scheduled for completion in December 2012.

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

In March 2008, the City entered into an intergovernmental agreement with Valley Metro Rail, Inc. (METRO) to design, build, operate and maintain an extension to the initial light rail system. The Northwest Extension as initially planned would extend the original light rail system 4.6 miles northwest from 19th Avenue and Montebello (just south of Bethany Home Road) to 25th Avenue and Mountain View Road. The project will be completed in two phases. Phase I will extend the light rail system 3.2 miles from 19th Avenue and Montebello to 19th Avenue and Dunlap. Phase II will extend the light rail system another 1.4 miles from 19th Avenue and Dunlap to 25th Avenue and Mountain View Road. Design, land acquisition and neighborhood mitigation projects for 3.2-miles of the extension are scheduled to be completed by spring 2012. Construction of the 3.2-mile and the 1.4-mile extensions will occur as funding becomes available.

In the last few years, the City has also made major renovations to two of its bus transit centers. Renovations to the Sunnyslope Transit Center and the Paradise Valley Mall Transit Center were completed in June 2007 and June 2009, respectively. The renovations provided much needed improvements to the facilities, including security upgrades. The City is currently developing a new park-and-ride facility along the Baseline Road corridor east of Central Avenue. In addition, the City is in the planning stages of upgrading and expanding Desert Sky Mall Transit Center to serve residents in West Phoenix. Both projects are scheduled for completion in summer 2014.

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

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

Phoenix Sky Harbor Center

The creation of Phoenix Sky Harbor Center was approved by the City Council in 1984, and in 1985, $19,150,000 in City bonds were issued for the development of 550 City-owned acres located immediately to the west of Phoenix Sky Harbor International Airport into a business/commerce park. The acquisition phase and the second phase of infrastructure development was completed in 1993. Sky Chefs Inc. (formerly Cater Air International) occupies over 120,000 square feet on the site. In the third quarter of 1990, Honeywell Inc. (formerly AlliedSignal, Inc.) began development of a 545,000 square-foot facility on a 28-acre site with the project completed in July 1991.

Bank of America established its credit card operations at Sky Harbor Center in 1991. The Bank of America Credit Card Center has approximately 2,000 employees and includes a 400,000 square-foot complex on 30 acres. In November 1995, Bank of America completed construction of an additional 150,000 square-foot structure for credit card operations, which employs approximately 1,100 employees. The leasehold interest in the property was acquired by First States Investors LLC on June 30, 2003.

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

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

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

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

In December 2005, Bank One (now JPMorgan Chase) completed a $70 million, 400,000 square-foot regional processing center to support its banking and financial operations. As of September 2008, the facility accommodates 2,874 employees. JP Morgan Chase added a fourth level (330 parking spaces) to the existing parking garage on the facility to accommodate the hiring of additional employees. The leasehold interest was acquired by Brookfield Asset Management in late 2008.

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

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

Phoenix Sky Harbor International Airport

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

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

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

The PHX SkyTrain is an automated people mover designed to carry over 35 million riders annually through five stations at Sky Harbor along a guide way spanning approximately 5 miles. Stage one of the PHX SkyTrain will connect Phoenix's light rail system, Sky Harbor's east economy parking garages and Terminal 4. Stage one has a budget of approximately $644 million and is expected to be completed in early 2013. The Terminal 3 Line Extension (Stage 1a) will run from Terminal 4 to Terminal 3 with a walkway to Terminal 2. Stage 1a has a budget of approximately $240 million and is expected to be completed in 2015. Future stages will extend the PHX Sky Train to the rental car center.

A recent report released by Airports Council International revealed that annual traffic at Phoenix Sky Harbor International Airport achieved the greatest percentage increase among the nation's ten busiest airports in 2011. Phoenix Sky Harbor International Airport's annual traffic increased 5.2% over 2010, serving 40.6 million passengers and ranking ninth in the country for passenger activity in 2011. This growth in passenger activity is a positive indication that Phoenix continues to recover from the recent economic recession.

Property Tax Supported Bond Program

In order to help meet the City's future capital financing needs, a comprehensive property tax supported general obligation bond program was initiated in the summer of 2005. A citizens bond committee consisting of approximately 700 private citizens was appointed by the Mayor and City Council to review the City's capital requirements and recommend a total bond program to the voters. This is the traditional approach used by the City for bond elections since 1950. The program culminated in a special bond election on March 14, 2006 when the voters approved all seven propositions totaling $878.5 million in new general obligation bond authorizations. The propositions and the amount of bonds authorized are shown in the following table.

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

PHOENIX CITY GOVERNMENT

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

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

The City Manager is responsible for executing Council policies and administering City operations. Reporting to the City Manager is an Assistant City Manager, two Executive Assistants to the City Manager, the City Auditor, the Finance Director, the Human Resources Director, the Government Relations Director, the City Attorney and three Deputy City Managers, each responsible for directing a set of City departments and functions.

The City government is responsible for furnishing basic municipal services. Primary services delivered by the City's 24 departments, 12 functions and 14,900 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 2011-12 through an adopted operating budget of $3,474.4 million. Of this, the general purpose funds budget totals $1,062.8 million, which is for general municipal services and excludes enterprise activities such as water, sewer, refuse and airports and special revenue funds such as grants, secondary property taxes, Arizona Highway User Revenues, impact fees and voter-approved dedicated sales taxes.

Elected Officials

GREG STANTON, MAYOR

Mayor Stanton began his first term as Mayor in January 2012. Prior to being elected Mayor, Mr. Stanton served nine years on the Phoenix City Council representing District 6. Mayor Stanton has served as a member of Big Brothers/Big Sisters of Central Arizona, Arizona Children's Association Board of Directors and the Arizona School Readiness Board. Mr. Stanton holds a bachelor's degree from Marquette University and earned his law degree from the University of Michigan.

MICHAEL JOHNSON, VICE MAYOR, DISTRICT 8

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

SAL DICICCIO, COUNCILMEMBER, DISTRICT 6

Councilmember DiCiccio began his most recent term on the City Council in January 2010. Mr. DiCiccio previously served on the City Council from 1994 to 2000. Mr. DiCiccio currently works with state, tribal, county and municipal governments as well as national business entities to develop business opportunities in Arizona.

Mr. DiCiccio has served on several boards and committees including the Arizona Municipal Tax Code Commission, the State Land Conservation Task Force, the Arizona Growing Smarter Working Advisory Committee, the Maricopa County Planning Commission and the Arizona FARE Committee. Mr. DiCiccio was also a member of the Fiesta Bowl Committee and the Board of Directors for the Arizona Center for the Blind. Mr. DiCiccio is a member of the South East Valley Regional Association of Realtors and the National Association of Realtors. Mr. DiCiccio a small business professional and holds a bachelor's degree in business from Arizona State University.

BILL GATES, COUNCILMEMBER, DISTRICT 3

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

MICHAEL NOWAKOWSKI, COUNCILMEMBER, DISTRICT 7

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

TOM SIMPLOT, COUNCILMEMBER, DISTRICT 4

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

DANIEL VALENZUELA, COUNCILMEMBER, DISTRICT 5

Councilmember Valenzuela began his first term on the City Council in January 2012. Mr. Valenzuela currently works as a special operations firefighter with the city of Glendale. In addition to his firefighter duties, Mr. Valenzuela also serves as the public information officer for the Glendale Fire Department. Mr. Valenzuela serves on a number of boards and committees, including the Arizona Department of Emergency Management, director of the National Fire and Rescue Services Information Officer Network and president of the National Association of Hispanic Firefighters.

JIM WARING, COUNCILMEMBER, DISTRICT 2

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

THELDA WILLIAMS, COUNCILMEMBER, DISTRICT 1

Councilmember Williams rejoined the City Council in January 2008, having previously served on the Council from 1989 to 1996 and as interim mayor in 1994. Before rejoining the City Council, Ms. Williams served on the Maricopa County Animal Care and Control Agency, the Governor's Commission to Prevent Violence Against Women and the Phoenix Sky Harbor International Airport Master Plan Committee.

Administrative Staff

DAVID CAVAZOS
City Manager

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

ED ZUERCHER
Assistant City Manager

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

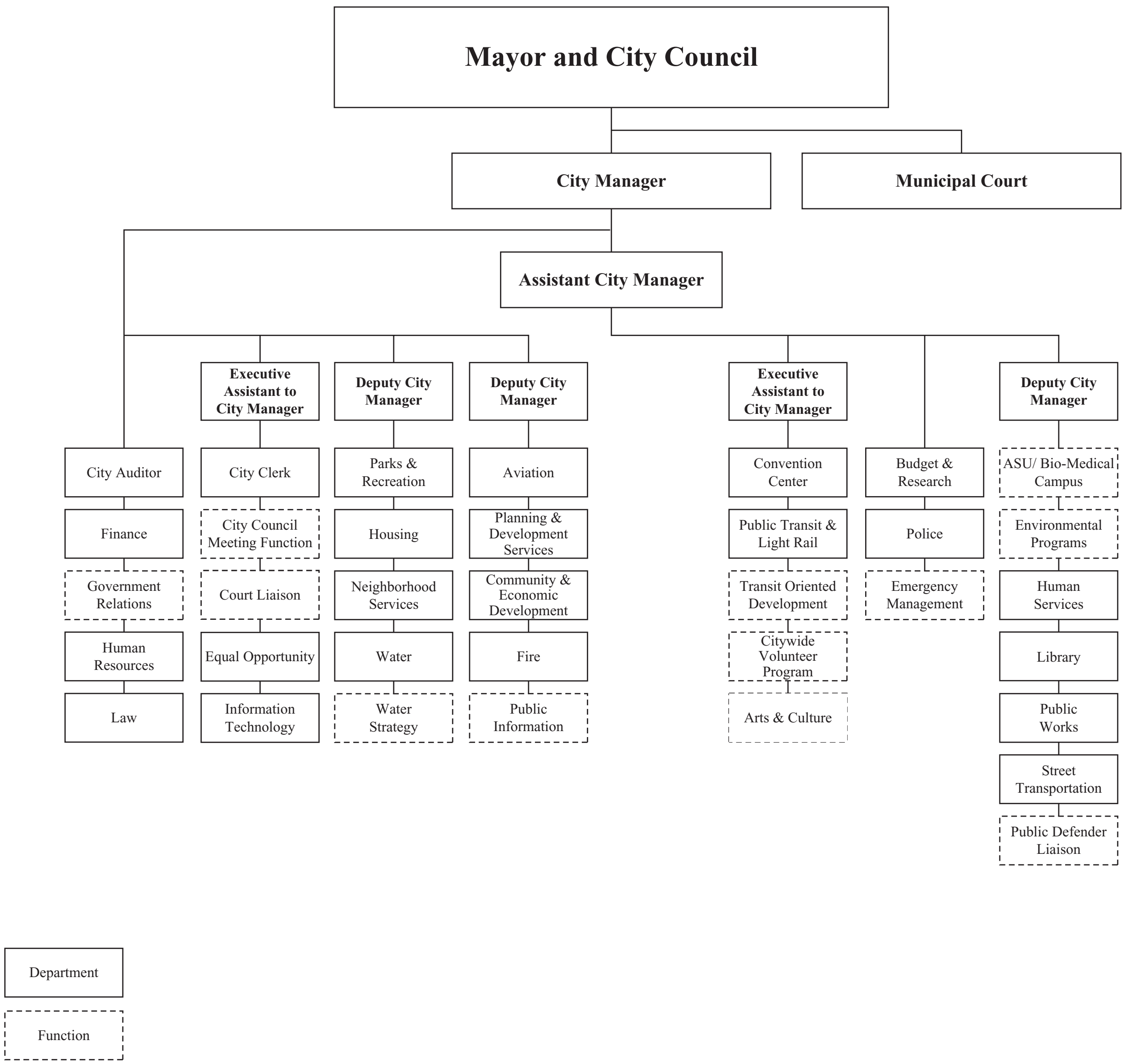
GARY VERBURG
City Attorney

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

JEFF DEWITT
Finance Director

Mr. DeWitt has been Finance Director since March 2009. Prior to his appointment to Finance Director, Mr. DeWitt served as Assistant Finance Director since 2002. Over his career with the City of Phoenix, Mr. DeWitt has had supervisory responsibility for all areas of the Finance Department including debt management, investments and cash management, water and wastewater financial planning and rate development, financial systems applications and support, tax administration, procurement, real estate, risk management and financial accounting and reporting. Throughout his career in the Finance Department, Mr. DeWitt has been involved in the planning and issuance of more than $7.5 billion of debt to fund capital expenditures. Mr. DeWitt holds a bachelor's degree from Eastern Illinois University and a master's degree from Southern Illinois University at Carbondale. He is a long time member of the Government Finance Officers Association and has served on the American Water Works Association Rates and Charges Committee for eight years where he has taught national seminars on financial planning and water rate development.

CITY OF PHOENIX



Effective December 27, 2011

Awards

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

- **2009 All-America City Award**

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

- **Carl Bertelsmann Prize**

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

- **ASPA National Public Service Award**

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

- **2003 Presidential Citation of Merit**

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

- **Government Performance Project**

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

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

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

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

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

- **Distinguished Budget Presentation Award**

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

- **2007-2008 Technology Achievement Awards**

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

- **2006-2007 Technology Achievement Awards**

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

- **2005-2006 Technology Achievement Awards**

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

- **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**

On November 2, 2010, the City received an Award of Excellence for the Housing Department's McCarty on Monroe senior housing development. McCarty on Monroe consists of 34 public housing units and 35 low-income housing tax credit units. All units are clustered around a central, landscaped courtyard, creating a sense of community and interaction among the residents. McCarty on Monroe combines quality housing for seniors, preservation of history while adding green design and building, affordable units and immediate access to light-rail.

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.

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

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

- **AMWA Gold Award for Competitiveness**

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

- **Sister Cities Innovation Award for Education**

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

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

In July 2008, the Phoenix Sister Cities Commission received the Sister Cities International Best Overall Sister City Program in the U.S. for cities with a population of 500,000 or more award, its highest honor. This is the seventh time in the past 13 years that Phoenix has won this award. Phoenix Sister Cities highlights include a new and improved Youth Ambassador Exchange Program; a significant increase in arts and culture projects including the second annual WorldFEST celebration promoting its 10 sister cities; the Vincenzo Bellini Opera project with Catania, Italy; a police training program for Hermosillo, Mexico; and economic development projects with Chengdu, China; Catania, Italy; and Calgary, Canada as well as trade missions with Calgary and Catania.

- **CIO Magazine Awards**

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

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

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

- **ASA Award of Excellence**

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

- **Air Carrier Airport Safety Award**

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

- **2007 Top Ten Digital Cities Award**

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

- **2008 Pro Patria Award**

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

- **2010 LEED Platinum Certification Award**

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

- **2008 LEED Silver Certification Award**

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

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

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

- **2010 Desert Peaks Award**

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

ECONOMY & DEMOGRAPHICS[1]

Overview

Since the end of World War II, one of the major economic and demographic trends in the United States has been the sustained growth of population and employment in the Sunbelt in excess of national levels. Phoenix has been an example of this trend as the Phoenix area has been one of the most rapidly growing metropolitan statistical areas (MSA)[2] in the country for many 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 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 have declined substantially since that period. According to data released by Arizona State University, from the peak in second quarter 2006 to third quarter 2011, median housing prices for both new and resale homes had declined 53.9%. While the decrease in home values has negative repercussions, the decline increased affordability of housing and again made the median housing price in Greater Phoenix low relative to most major western cities such as Los Angeles, San Diego, Denver, Dallas, Las Vegas, Albuquerque and Seattle. According to the National Association of Realtors, as of the third quarter of 2011, the U.S. median sales price for an existing (resale) single-family home was $169,500 and the median sales price for a similar home in Greater Phoenix was $113,700.

As of year-end 2011, the Phoenix-Mesa-Glendale MSA accounts for approximately 65.7% of Arizona's population, 71.7% of Arizona's employment and 69.2% of Arizona's personal income. Over the last five years from 2006 through 2011, the Phoenix-Mesa-Glendale MSA has accounted for approximately 80.4% of the increase in Arizona's population and approximately 75.7% of the state's employment decline. From 1950 to 2011, U.S. population grew 104.6% while Greater Phoenix grew 1,027.5% from 374,961 in 1950 to approximately 4,227,601 people in 2011. From 2001 to 2011, population growth was 25.8% in Greater Phoenix compared to 9.3% for the U.S. as a whole. According to the U.S. Census Bureau, as of 2010 the Greater Phoenix area was the 14th largest metropolitan statistical area in the nation. According to the University of Arizona, the population of Greater Phoenix is expected to grow to 4.5 million by 2015 and 5.1 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 on February 9, 2012.

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

POPULATION
Metropolitan Statistical Areas
(in thousands)

	1980	1990	2000	2010	Percent Growth 1980-90	1990-00	2000-10
Phoenix-Mesa-Glendale, AZ(1)	1,600.1	2,238.5	3,251.9	4,192.9	39.9%	45.3%	28.9%
Albuquerque, NM	485.4	589.1	729.6	887.1	21.4	23.8	21.6
Atlanta — Sandy Springs — Marietta, GA	2,233.2	2,960.0	4,248.0	5,268.9	32.5	43.5	24.0
Austin — Round Rock — San Marcos, TX	585.1	846.2	1,249.8	1,716.3	44.6	47.7	37.3
Dallas — Fort Worth — Arlington, TX(2)	3,046.2	4,037.3	5,161.5	6,371.8	32.5	27.8	23.4
Denver — Aurora — Broomfield, CO	1,618.5	1,848.3	2,179.2	2,543.5	14.2	17.9	16.7
El Paso, TX	479.9	591.6	679.6	800.6	23.3	14.9	17.8
Houston — Sugarland — Baytown, TX	2,753.2	3,322.0	4,715.4	5,946.8	20.7	41.9	26.1
Jacksonville, FL	737.5	906.7	1,122.8	1,345.6	22.9	23.8	19.8
Las Vegas — Paradise, NV	528.0	852.7	1,375.8	1,951.3	61.5	61.3	41.8
Los Angeles — Long Beach — Santa Ana, CA(2)	9,410.1	11,273.7	12,365.6	12,828.8	19.8	9.7	3.7
Orlando — Kissimmee — Sanford, FL	700.1	1,224.8	1,644.6	2,134.4	74.9	34.3	29.8
Riverside — San Bernardino — Ontario, CA	1,558.2	2,588.8	3,254.8	4,224.9	66.1	25.7	29.8
Sacramento — Arden — Arcade — Roseville, CA	986.4	1,340.0	1,796.9	2,149.1	35.8	34.1	19.6
Salt Lake City, UT(3)	910.2	1,072.2	972.5	1,124.2	17.8	–9.3	16.0
San Antonio — New Braunfels, TX	1,088.9	1,324.7	1,711.7	2,142.5	21.7	29.2	25.2
San Diego — Carlsbad — San Marcos, CA	1,861.8	2,498.0	2,813.8	3,095.3	34.2	12.6	10.0
San Francisco — Oakland — Fremont, CA(2)	3,250.6	3,686.6	4,123.7	4,335.4	13.4	11.9	5.1
San Jose — Sunnyvale — Santa Clara, CA	1,295.1	1,497.6	1,735.8	1,836.9	15.6	15.9	5.8
Seattle — Tacoma — Bellevue, WA(2)	2093.1	2559.2	3043.9	3439.8	22.3	18.9	13.0
Tampa — St. Petersburg — Clearwater, FL	1,569.1	2,067.9	2,396.0	2,783.2	31.8	15.9	16.2
Tucson, AZ	531.4	666.9	843.7	980.3	25.5	26.5	16.2

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

(2) In 2010, the OMB redefined a number of MSAs and eliminated Consolidated MSAs and Primary MSAs. This change affected the Dallas-Fort Worth-Arlington, TX MSA (to include Fort Worth), the Los Angeles — Long Beach — Santa Ana MSA (to include Orange County), the San Francisco — Oakland — Fremont MSA (to include Oakland area counties) and the Seattle — Tacoma — Bellevue MSA (to include Tacoma). Data reflects redefined MSAs.

(3) In 2006, the OMB redefined the Salt Lake City — Ogden 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.

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

The rapid population growth has been accompanied by even greater employment growth. Non-agriculture wage and salary employment from 1950 through December 2011 in the Phoenix-Mesa-Glendale MSA was up 2,242.1% to 1,742,500 jobs, while the U.S. as a whole grew 193.7%.

Employment growth has also yielded strong gains in personal income. In 2000, personal income increased by 10.9%, while in 2001, 2002, 2003, 2004, 2005, 2006 and 2007, personal income increased 4.5%, 4.4%, 5.5%, 9.1%, 10.8%, 10.6% and 5.2%, respectively. However, due to decreases in employment, increases in personal income slowed to 1.3% in 2008. According to advanced estimates by the Bureau of Economic Analysis, personal income is projected to decrease 3.0% in 2009 due to a weak labor market. The Greater Phoenix Blue Chip Economic Forecast, a consensus forecast of a number of local economists, estimates personal income to increase by 2.0% in 2010, 3.8% in 2011 and 4.4% in 2012.

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 2009, the latest available data, total business establishments increased 149.8%. Growth was strong in all categories: firms with employees of 100 to 499 increased 186.1% over the twenty-seven year period; while employers with 500 or more employees increased 277.3% and employers with fewer than 100 employees increased 148.7%.

Employment

The Phoenix-Mesa-Glendale MSA labor force is relatively young and well educated. According to the 2010 Census, the median age in Maricopa County is 34.6 years compared to 37.2 years for the U.S. as a whole. Historically, during periods of national economic expansion, Phoenix-Mesa-Glendale MSA employment has grown much more rapidly than the United States as a whole. During periods of slowing in the U.S. economy, the Phoenix-Mesa-Glendale MSA has usually continued to grow, albeit slowly. It has taken a national recession for the Phoenix-Mesa-Glendale MSA to experience employment declines. The National Bureau of Economic Research (NBER) maintains the chronology of the national business cycles and identifies the dates of expansion and recession. On December 1, 2008, the NBER declared that the nation was in a recession and that the recession began in December 2007. In September 2010, the NBER declared that the most recent recession ended in June 2009. This recent recession lasted 18 months and was the longest recession since the end of World War II.

Over the last several decades, Greater Phoenix has become economically healthier and more diversified. During the March 1975 to January 1980 expansion, Phoenix-Mesa-Glendale MSA employment increased 47.1% versus an increase of 18.2% nationally. This exceeded the expansion in other growth areas such as San Diego, Denver and Houston. During the expansion period that began in November 1982, Phoenix-Mesa-Glendale MSA employment growth again outpaced that of comparable fast growth areas. During the November 1982 to July 1990 expansion, Phoenix-Mesa-Glendale MSA employment increased 49.4% versus an increase of 22.4% nationally. During the March 1991 to March 2001 expansion, Phoenix-Mesa-Glendale MSA employment increased 58.3% versus an increase of 22.3% nationally. During the November 2001 to December 2007 expansion, employment in the Phoenix-Mesa-Glendale MSA increased 21.4% versus an increase of 5.3% nationally. Since the most recent expansion began in June 2009 through December 2011, Phoenix-Mesa-Glendale MSA employment increased 2.9% versus an increase of 1.1% nationally.

During the 1980 to 1982 recession, Phoenix-Mesa-Glendale MSA employment increased 6.0% versus a decrease of 0.2% nationally. During the July 1990 to March 1991 recession, Phoenix-Mesa-Glendale MSA employment increased 3.1% versus a decrease of 1.7% nationally. During the March 2001 through November 2001 recession, Phoenix-Mesa-Glendale MSA employment declined 0.9% versus an increase of 0.1% nationally. During the most recent recession from December 2007 to June 2009, Phoenix-Mesa-Glendale MSA employment decreased 13.0% versus a decrease of 5.4% nationally. The underperformance of Greater Phoenix employment during the last recession compared to most peer cities can be attributed to the fact that each of Greater Phoenix's major employment sectors were the most negatively impacted by the national recession and population flows slowed dramatically all at the same time. These sectors include construction, tourism, financial services, and high-tech manufacturing. See the table on the following page for historical percentage changes in wage and salary growth for Greater Phoenix and other peer MSAs during recessionary and expansion periods.

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

The years 1993 through early 2001 were strong growth years for the Greater Phoenix economy. Employment in 2001 increased 1.2% following increases of 3.5%, 4.6%, 5.4%, 5.4% and 7.2% in 2000, 1999, 1998, 1997 and 1996, respectively. Several of the economic sectors that usually hold Greater Phoenix in good stead in an economic slowdown were especially hard hit by the events of September 11, 2001, including semiconductor and aerospace manufacturing and tourism. In addition, although an end to the national recession was declared in November 2001, many national economists have suggested that this date ignores that employment levels were especially slow to recover and as a lagging indicator may more accurately describe the state of the economy. In October 2001, employment growth in Greater Phoenix turned negative for the first time since the 1991 recession and remained negative until July 2002. Overall, employment decreased 0.1% in 2002. The Phoenix economy began to rebound in 2003 and employment grew 1.5%, once again exceeding growth in the U.S. as a whole. Greater Phoenix employment was up 3.9% in 2004, 6.2% in 2005 and 6.0% in 2006. In response to the slowing economy related to problems in the subprime mortgage market and tight credit, Greater Phoenix employment began to slow in 2007. In 2007, employment increased only 1.6%. In 2008 and 2009, as the national and Greater Phoenix economies were impacted by the deep recession, employment in Greater Phoenix decreased 2.5% and 7.9% while the U.S. as a whole decreased 0.6% and 4.3%, respectively. During 2010, employment began to grow again in Greater Phoenix, but not enough to turn the average for the year positive. In 2010, employment decreased 2.1% in Greater Phoenix and 0.7% in the U.S. as a whole. In 2011, employment increased 1.2% in Greater Phoenix and 1.1% in U.S. as a whole. Employment in Greater Phoenix will continue to be under pressure until a trough is reached in the local housing and commercial real estate markets, credit markets stabilize and the national economic recovery strengthens.

NON-AGRICULTURAL WAGE & SALARY EMPLOYMENT
Metropolitan Statistical Areas
Not Seasonally Adjusted
(% Change)

	RECESSION PERIODS					EXPANSION PERIODS				
	Nov. 1973 to Mar. 1975	Jan. 1980 to Nov. 1982	July 1990 to Mar. 1991	Mar. 2001 to Nov. 2001	Dec. 2007 to June 2009	Mar. 1975 to Jan. 1980	Nov. 1982 to July 1990	Mar. 1991 to Mar. 2001	Nov. 2001 to Dec. 2007	June 2009 to Dec. 2011
U.S. Average	(3.7)%	(0.2)%	(1.7)%	0.1%	(5.4)%	18.2%	22.4%	22.3%	5.3%	1.1%
Phoenix, AZ(1)	(5.6)	6.0	3.1	(0.9)	(13.0)	47.1	49.4	58.3	21.4	2.9
Tucson, AZ	0.7	6.4	8.0	(0.7)	(9.6)	27.1	24.4	35.7	12.8	1.6
Albuquerque, NM(2)	(3.0)	4.6	(1.1)	0.2	(5.6)	30.2	40.6	34.9	10.0	(1.6)
Atlanta-Sandy Springs-Marietta, GA(2)	(7.3)	7.7	(2.7)	(0.1)	(7.7)	35.3	45.2	46.5	7.8	(1.3)
Austin-Round Rock-San Marcos, TX(2)	6.1	18.3	4.9	(2.0)	(1.6)	31.9	37.3	70.4	15.6	3.3
Dallas-Fort Worth-Arlington, TX(2)	(2.2)	8.9	(1.0)	(1.6)	(4.3)	33.8	31.5	40.6	9.3	3.0
Denver-Aurora-Broomfield, CO(2)	(2.7)	8.9	(0.5)	(1.4)	(4.0)	30.6	12.8	42.0	5.6	(0.3)
El Paso, TX	1.2	3.7	(0.7)	(1.1)	(2.9)	21.9	27.3	23.9	10.4	4.5
Houston-Sugar Land-Baytown, TX(2)	7.7	8.9	0.6	0.7	(2.6)	39.2	9.9	27.9	13.4	4.0
Jacksonville, Fl(2)	(0.7)	7.4	(0.9)	0.0	(8.6)	11.9	37.9	37.8	12.6	2.6
Las Vegas-Paradise, NV	1.1	1.5	1.6	(0.8)	(12.0)	57.3	87.6	91.3	29.5	(2.1)
Los Angeles-Long Beach-Santa Ana, CA(2)	(2.6)	(1.6)	(2.4)	(1.3)	(8.6)	25.1	21.5	7.5	4.2	0.1
Orlando-Kissimmee-Sanford, Fl(2)	(8.3)	16.3	5.9	3.4	3.1	33.2	86.7	51.0	16.9	(7.5)
Portland-Vancouver-Hillsboro, OR-WA(2)	(2.0)	(5.6)	(0.9)	(1.4)	(7.4)	27.6	39.3	34.5	9.5	1.5
Riverside-San Bernardino-Ontario, CA	(2.0)	(0.7)	1.8	2.6	(11.0)	32.6	63.8	41.8	22.0	0.3
Sacramento-Arden-Arcade-Roseville, CA	3.3	4.7	1.0	2.0	(7.3)	27.9	29.5	29.8	9.0	(3.5)
Salt Lake City, UT(3)	1.6	3.4	2.0	(0.8)	(7.0)	23.2	24.1	50.9	14.1	4.9
San Antonio-New Braunfels, TX(2)	0.1	8.9	1.1	(0.3)	(1.2)	25.6	22.7	38.3	13.5	1.0
San Diego-Carlsbad-San Marcos, CA	1.7	2.8	0.3	1.4	(6.4)	37.0	44.9	25.7	7.4	1.9
San Francisco-Oakland-Fremont, CA	(0.4)	1.1	(0.7)	(3.9)	(7.2)	16.9	17.9	18.6	0.0	(0.2)
San Jose-Sunnyvale-Santa Clara, CA(2)	(0.7)	7.4	(1.5)	(8.8)	(6.9)	44.3	16.3	30.0	(4.6)	3.4
Seattle-Tacoma-Bellevue, WA	N/A	N/A	(1.3)	(1.3)	(5.3)	N/A	47.1	26.7	9.7	0.6
Tampa-St. Petersburg-Clearwater, Fl	(3.4)	10.2	0.5	(0.7)	(9.8)	29.3	41.0	34.5	8.3	2.3

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

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

(3) In 2006, the U.S. Office of Management and Budget redefined the Salt Lake City - Ogden MSA into two separate areas, the Salt Lake City MSA and the Ogden - Clearfield MSA. Data after 2000 reflects the Salt Lake City MSA only.

Source: Labor Market Information from various states.

The diversity of the employment mix is the primary reason why one sector alone has typically not caused the Phoenix metropolitan area economy as a whole to deteriorate as rapidly as other areas of the U.S. during recessionary periods. The employment mix of the Phoenix-Mesa-Glendale MSA is well diversified and mirrors that of the United States in many respects. However, it is somewhat over-represented in construction and financial employment when compared to the U.S. as a whole, due to the rapid population and employment growth. It is under-represented in manufacturing, but its manufacturing mix is much more concentrated in high technology than that of the United States. As of December 2011, high technology manufacturing represented 45.3% of the manufacturing jobs in Greater Phoenix versus 13.7% nationally. This is a significant, positive factor in the long run because these high-technology manufacturing sectors are likely to grow at rates greater than that of non-high-tech manufacturing. However, these industries tend to be cyclical in nature and therefore, during periods of slower national economic growth, Greater Phoenix manufacturing will likely be negatively affected. In addition, manufacturing employment in the U.S. has been affected by the movement of manufacturing jobs to less expensive labor markets abroad.

Arizona's manufacturing industry is concentrated in the Phoenix-Mesa-Glendale MSA. According to the Arizona Department of Commerce, Research Administration, the Phoenix-Mesa-Glendale MSA has approximately 3,293 manufacturing firms employing approximately 110,790 workers as of the first quarter of 2011 (latest available data). This represents 74.9% of the State's total manufacturing employment. Major manufacturers located in Greater Phoenix include Honeywell, Intel, On Semiconductor, Freeport-McMoRan Copper & Gold, Boeing, General Dynamics, IBM, Freescale, Avnet, Sonora Quest Laboratories and Shamrock Foods. As of December 2011, employment in manufacturing accounted for 6.5% of total non-agricultural wage and salary employment in the Phoenix-Mesa-Glendale MSA. In 2006, manufacturing employment in Greater Phoenix grew 2.5% compared to a 0.5% decrease nationally. In 2007, manufacturing employment in Greater Phoenix declined 1.9%, compared to a 2.0% decrease nationally. In 2008, manufacturing employment in Greater Phoenix declined 5.5% compared to a 3.4% decrease nationally. In 2009, manufacturing employment in Greater Phoenix declined 11.4%, compared to an 11.6% decrease nationally. In 2010, manufacturing employment in Greater Phoenix declined 4.2%, compared to a 2.7% decrease nationally. In 2011, manufacturing employment in Greater phoenix increased 1.3%, compared to an increase of 1.7% nationally. The Greater Phoenix Blue Chip Economic Forecast estimates that total manufacturing employment in Greater Phoenix will increase 2.7% in 2012.

NON-FARM WAGE & SALARY EMPLOYMENT
Percent Distribution
2011 Annual Averages through December

Sector	Phoenix-Mesa-Glendale MSA	United States
Manufacturing	6.5%	8.9%
Natural Resources & Mining	0.2	0.6
Construction	4.8	4.2
Total Goods Producing	11.5	13.8
Transportation, Warehousing, Utilities	3.7	3.7
Trade	17.0	15.3
Information	1.6	2.0
Financial Activities	8.1	5.8
Services	44.5	42.6
Government	13.6	16.8
Total Service Producing	88.5	86.2
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.

Greater Phoenix trade employment was up 5.1% in 2006 and 3.1% in 2007, but declined 2.3% in 2008, 7.9% in 2009, and 1.8% in 2010. In 2011, trade employment increased 1.5%. Employment in trade, accounting for 17.0% of total non-agricultural wage and salary employment in the Phoenix-Mesa-Glendale MSA, is greatly affected by retail sales. Trade employment increases as retail sales rise and decreases as retail sales fall. According to the Arizona Department of Revenue, retail sales were up 7.9% in 2006 and 0.1% in 2007, but declined 10.3% in 2008 and 10.6% in 2009. In 2010, retail sales increased 0.7%. For the first eleven months of 2011, retail sales were up 10.7% over the similar period in 2010. The Greater Phoenix Blue Chip Economic Forecast estimates an increase in retail sales of 6.8% in 2012.

The expansion of the Greater Phoenix economy in the past has generated employment in the financial activities category. This sector includes finance, insurance and real estate employment and rental and leasing employment. Employment in financial activities accounts for 8.1% of total non-agricultural wage and salary employment in the Phoenix-Mesa-Glendale MSA. Employment in this sector increased 4.4% in 2006 and 0.1% in 2007, but declined 4.1% in 2008, 5.2% in 2009 and 2.5% in 2010. In 2011, employment in financial activities increased 1.3%. 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 appears to be over and employment in this sector is expected to continue growing.

The services industry, particularly business services, has also contributed to the sustained historical growth in Greater Phoenix. The services employment category has four sub-categories including professional and business, educational & health, leisure & hospitality and other services. In total, services account for 44.5% of total non-agricultural wage and salary employment in the Phoenix-Mesa-Glendale MSA. Employment in this sector increased 6.9% in 2006 and 3.0% in 2007, but declined 0.5% in 2008, 5.3% in 2009 and 0.2% in 2010. In 2011, Greater Phoenix services employment increased 2.0%.

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

(Yearly Average in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
National Resources and Mining	2.2	2.0	2.1	2.2	2.7	3.2	3.8	3.1	3.0	3.1
Construction	126.1	129.3	141.6	163.9	180.1	169.4	139.4	96.0	82.2	82.6
Manufacturing	137.5	130.9	131.9	136.5	139.9	137.2	129.7	114.9	110.1	111.5
Trade, Transportation, and Utilities										
Wholesale Trade	78.4	77.5	79.2	82.9	87.1	89.8	89.3	83.1	80.9	83.2
Retail Trade	188.0	192.1	201.0	216.5	227.5	234.5	227.4	208.5	205.5	207.5
Transp., Warehousing, and Utilities	59.1	59.3	60.5	62.6	65.0	67.5	67.0	62.8	61.4	63.0
Information	39.4	37.4	34.6	33.3	32.4	31.2	31.2	28.9	27.5	27.5
Financial Activities	131.2	134.5	138.7	147.0	153.4	153.6	147.3	139.6	136.1	137.9
Professional and Business Services	253.5	258.6	273.8	296.8	319.1	325.3	309.5	275.0	269.9	265.3
Education and Health Services	154.5	164.9	175.4	186.0	198.8	209.2	221.2	228.6	238.5	253.3
Leisure and Hospitality	153.5	156.0	161.9	170.4	180.5	186.2	184.6	174.5	172.3	178.0
Other Services	61.6	62.5	64.2	66.0	71.0	72.1	73.4	68.6	64.4	63.2
Government	212.7	216.5	220.8	225.5	229.2	238.7	246.0	239.2	235.0	231.8
Total	1,597.6	1,621.4	1,685.4	1,789.6	1,886.6	1,917.9	1,869.6	1,722.2	1,686.8	1,707.8

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.

Professional and business services employment, 35.3% of total services industry employment, is a strong contributor to services growth. Employment in this service industry sub-category increased 7.5% in 2006 and 1.9% in 2007. The slowdown in the national economy since the current recession began has affected professional and business services in the Phoenix-Mesa-Glendale MSA. Employment in this service industry sub-category decreased 4.9% in 2008, 11.1% in 2009, 1.9% in 2010 and 1.7% in 2011.

A significant portion of services industry employment in Greater Phoenix is related to tourism. Leisure and hospitality employment, 23.2% of total services employment, has slowed due to the slowdown in the national economy. Construction of three resorts within Greater Phoenix was completed in 2002. The Westin Kierland Resort, Marriott Desert Ridge and the Sheraton Wild Horse Pass added a total of 2,200 hotel rooms. A number of hotels within Greater Phoenix were completed in 2007 and early 2008. The Marriott Renaissance at Westgate, Marriott Residence Inn, Hampton Inn at Westgate, Spring Hill Suites, Holiday Inn Express and the Comfort Inn all opened in Glendale adding a total of 917 hotel rooms. Three notable hotels within Greater Phoenix were completed in the second half of 2008. The Phoenix Downtown Sheraton Hotel (1,000 rooms), The W Hotel Scottsdale (224 rooms), and the Intercontinental Montelucia Resort and Spa in Paradise Valley (293 rooms) opened adding a total of 1,517 hotel rooms. In addition, 13 select-service hotels opened throughout Greater Phoenix totaling approximately 1,500 rooms. Overall market conditions and the continued pressure on the capital markets have dramatically slowed hotel development throughout Greater Phoenix. The Hilton Phoenix Chandler and the aloft Hotel Tempe opened in the first half of 2009 adding 333 hotel rooms. In addition to a limited number of select-service hotels, the most notable hotel that opened in the second half of 2009 was Gila River Casino Hotel (260 rooms). The Talking Stick Resort at Casino Arizona (500 rooms) and a few limited service hotels such as Holiday Inn Phoenix, Legado Inn in Gilbert and Residence Inn in Surprise opened in 2010. The

Westin Phoenix downtown (242 rooms) opened in March 2011 and the Radisson Hotel Glendale (120 rooms), along with four other limited service hotels in Phoenix, Maricopa and Tempe opened in 2011. New hotel openings in 2012 for Greater Phoenix will be limited to the Hotel Palomar (250 rooms) in downtown Phoenix and The Saguaro (194 rooms) in Scottsdale. Employment in this services industry sub-category increased 5.9% in 2006 and 3.2% in 2007, but declined 0.9% in 2008, 5.5% in 2009 and 1.3% in 2010. In 2011, Greater Phoenix leisure and hospitality services employment increased 3.3%. Employment in this sub-sector is expected to improve gradually 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. Educational and health services employment is 33.3% of total services employment. Employment in this services industry sub-category increased 6.9% in 2006, 5.2% in 2007 and 5.7% in 2008. Educational and health services employment began to slow in 2009 due to the slowing economy, the slowing population flows and reduced school district budgets. Employment growth in this services industry sub-category slowed to 3.3% in 2009 and 4.3% in 2010. Educational and health services employment appears to be recovering, increasing 6.2% in 2011.

The government sector includes employment in federal, state and local governments. Employment in government accounts for 13.6% of total non-agricultural wage and salary employment in the Phoenix-Mesa-Glendale MSA. Total government sector employment advanced 1.6% in 2006, 4.1% in 2007 and 3.1% in 2008, but decreased 2.8% in 2009, 1.8% in 2010 and 1.4% in 2011. As the economy continues to slowly recover, demand for government sector services will cause government employment to turn around.

The following table lists the major employers in Greater Phoenix within each main employment sector.

2010 GREATER PHOENIX MAJOR EMPLOYERS

SERVICES

(Excluding Resorts and Health Services)

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

HEALTH SERVICES

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

RESORTS

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

RETAIL TRADE

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

MANUFACTURING

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

GOVERNMENT/SCHOOLS

State of Arizona	34,400*
City of Phoenix	14,900
Maricopa County	13,000
Arizona State University	12,000
Mesa Public Schools	9,200
Luke Air Force Base	8,000
U. S. Postal Service	5,700*
Maricopa County Community College District	4,800
City of Mesa	3,500

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

Unemployment

The Phoenix-Mesa-Glendale MSA average unemployment rate has generally been consistently below the State and national average. Due to the national and local recession, unemployment rates began to increase rapidly in mid-2008. In 2009, the average unemployment rate for the Phoenix-Mesa-Glendale MSA was 9.1% compared to 9.7% for Arizona and 9.3% for the U.S. In 2010, the average unemployment rate for the Phoenix-Mesa-Glendale MSA was 9.2% compared to 10.0% for Arizona and 9.6% for the U.S. In 2011. the unemployment rate for the Phoenix-Mesa-Glendale MSA was 8.4% compared to 9.2% for Arizona and 8.9% for the U.S. The table below shows annual average unemployment statistics for Greater Phoenix in comparison to Arizona and the nation.

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

			Unemployment Rate		
Year	Employed Phoenix-Mesa-Glendale MSA	Unemployed Phoenix-Mesa-Glendale MSA	Phoenix-Mesa-Glendale MSA	Arizona	U.S.
2011	1,946,700	179,400	8.4%	9.2%	8.9%
2010	1,929,900	196,300	9.2	10.0	9.6
2009	1,921,100	191,700	9.1	9.7	9.3
2008	1,991,600	110,400	5.3	5.9	5.8
2007	1,979,500	66,800	3.3	3.8	4.6
2006	1,930,600	71,200	3.6	4.1	4.6
2005	1,847,500	79,300	4.1	4.7	5.1
2004	1,783,700	83,200	4.5	5.0	5.5
2003	1,727,900	95,600	5.2	5.7	6.0
2002	1,687,100	100,700	5.6	6.0	5.8
2001	1,648,800	72,200	4.2	4.7	4.7
2000	1,609,100	55,500	3.3	4.0	4.0

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.

The real estate market began to improve in 2001 and the number of single-family permits issued in Greater Phoenix increased 1.1% to 32,869 and increased 7.2% to 38,745 permits in 2002. Both 2003 and 2004 were record years for single-family construction with permit issuance up 19.7% and 28.6% to 46,382 and 59,731 permits, respectively. In 2005, single-family permits issued increased 3.0% to 61,447 permits. In an over response to high demand for single-family homes between 2003 and mid-2005 and increasing home prices, an excess number of single-family housing units were built during this period, even as demand began to slow by late 2005. This excess housing inventory resulted in a reduction in the number of single-family housing permits issued in Greater Phoenix of 36.9% to 38,764 permits in 2006. In 2006, the number of single-family units built was more consistent with the demographic demand and for the first time in several years, completions (closings) exceeded new permits. This indicated that builders were beginning to work off their existing inventory. Despite the reduction in the number of single-family housing permits, 2006 was still the fourth strongest housing year on record, which appears to indicate that 2004 and 2005 were extremely robust years and that the market began to return to a more sustainable level. As further evidence of the market's return to a more sustainable level, permits were down 22.5% to 30,029 permits in 2007, down 52.1% to 14,375 permits in 2008, down 41.0% to 8,487 permits in 2009 and down an additional 16.2% to 7,112 permits in 2010. In 2011, single family permits appear to have reached the bottom with flat growth and 7,142 permits issued.

In addition to a decline in single-family permits, the City of Phoenix 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, 28.3% of the market in 2004, 27.0% of the market in 2005, 30.8% of the market in 2006, 37.4% of the market in 2007, 27.5% of the market in 2008, 25.8% of the market in 2009 and 32.7% of the market in 2010. As of third quarter 2011, the City of Phoenix captured 26.3% of the market. The long term average capture rate for the City of Phoenix is 25.6%.

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 permits in a timely manner due to high workloads and labor bottlenecks.

Housing price increases began to level in 2006 as a result of slowing demand, which increased the number of units listed in the MLS, and lessened investor activity. In fact, housing prices began declining in 2007 in Greater Phoenix as they did nationally. According to the S&P/Case-Shiller Home Price Index (a series that tracks changes in existing single-family home prices given a constant level of quality), Greater Phoenix housing prices increased only 0.3% in 2006 and declined 15.3% in 2007, 18.4% in 2008, 9.2% in 2009 and 4.3% in 2010. As of October 2011, existing single-family home prices were down 5.1% from October 2010. As a result of the sharp decline in single-family home prices over the last few years, Greater Phoenix is once again more affordable than most major metropolitan areas in the west. As of third quarter 2011, the median price of an existing single-family home in Greater Phoenix was $113,700, compared to $169,500 nationally.

As the economy remains weak both nationally and locally, both the current excess supply of single-family houses and the number of foreclosures has increased, thus adding additional inventory to an already oversupplied market. In addition, tighter credit standards, continued high unemployment and a significant slowdown in population growth have reduced the size of the buyer pool. Although still restraining the market, these problems appear to be slowly abating. In addition, there has been a recent upturn in the sale of existing single-family homes due to dramatic increases in affordability. The considerable decrease in home prices has attracted buyers that normally would not be in the market and investors that want to take advantage of the low prices.

In the past, multi-family housing has been hit harder by recession than single-family housing. Permits declined from 1984 through 1990, but a recovery in multi-family housing began in 1991. The number of permits issued increased each year from 1991 through 1996. In 1997 the number of permits issued declined 7.1% to 7,930 units and remained just under 8,000 per year for 1998 and 1999. In 2000, 2001, 2002, 2003, 2004, 2005 and 2006 there were 8,009, 7,201, 5,134, 4,682, 4,997, 3,250 and 3,922 units permitted, respectively. Multi-family housing construction was hit hard during those years by low interest rates that made single-family housing more affordable. As a result, demand for single-family homes increased while demand for multi-family homes subsided. Permits increased to 6,676 in 2007, decreased slightly to 6,365 in 2008, decreased to 637 in 2009, decreased to 408 in 2010 and increased to 1,961 in 2011. The Greater Phoenix Blue Chip Economic Forecast projects multi-family permits to increase to 3,600 in 2012. Despite the fluctuation in demand, multi-family housing has enjoyed low levels of vacancy since 1993 due to modest levels of construction. More recently, vacancy rates were 5.0% in 2005 and 5.3% in 2006, but increased to 8.5% at year-end 2007, 10.8% at year-end 2008 and 14.2% at year-end 2009. The low vacancy rates, in 2005 and 2006, despite the fact that absorption was relatively modest in those years, was due to a decrease in the number of apartments in Greater Phoenix in 2005 and again in 2006. According to the Arizona State University Real Estate Center, more than 18,500 multi-family units were converted into condominiums in 2005 and 2006. Because of this tighter market, rents for apartments increased in 2005 and 2006 and continued to increase in 2007. This trend has reversed as condominiums are being converted back to apartments, apartments experience substantial competition from single-family rental homes and population inflows slow. Multi-family vacancy rates were 10.3% in 2010 and 10.5% in 2011. The outlook for multi-family housing is positive as vacancy rates are expected to decrease putting upward pressure on rents. The Greater Phoenix Blue Chip Economic Forecast projects multi-family vacancy rates to decrease to 7.9% in 2012.

The commercial real estate market is currently experiencing the same supply and demand imbalance that exerted downward pressure on single-family housing prices and new housing permits from 2007 through 2009. The imbalance in the commercial market has lagged the residential market due to the commercial market's long lead times between project conceptualization and project completion. Most of the commercial buildings that were completed in 2008 through 2010 were conceptualized and started when the market was still strong. The decrease in demand is a result of declines in employment growth, the general economic downturn and the inability of investors to access the credit markets due to the severe credit crunch. Other factors affecting commercial real estate include increasing delinquency rates on outstanding commercial loans, an increasing number of balloon payments coming due at a time when the underlying commercial real estate collateral is worth substantially less than the amount of the outstanding loan amount and higher vacancy rates translating into poor cash flows deterring investors from buying the financially distressed properties.

The year 1996 was the first since 1991 that new office construction took place. Vacancy rates peaked in 1986 at just over 30%, but declined to 7.5% in 1997. In 2005, a total of 857,900 square feet of office space was added to the market, while 3.1 million square feet was absorbed. In addition, nearly 1.2 million square feet of office space was converted to office condominiums and residential condominiums. As a result, the office vacancy rate in 2005 declined to 12.6%. In 2006, a total of 2.2 million square feet of office space was added to the market, while 3.2 million square feet was absorbed. As of year-end 2006, the office vacancy rate declined to 11.1%. In 2007, a total of 4.9 million square feet of office space was added to the market, while 1.5 million square feet was absorbed. As of year-end 2007, the office vacancy rate increased to 13.9%. In 2008, 3.4 million square feet of office space was added to the market, while a net 603,000 square feet was vacated. As of year-end 2008, the office vacancy rate increased to 19.1%. In 2009, office vacancies began to approach levels not seen since the late-80s. In 2009, 1.8 million square feet of office space was added to the market, while absorption was a negative 2.4 million square feet. In 2009, the office vacancy rate increased to 24.5%. In 2010, 2.0 million square feet of office space was added to the market, while 849,955 square feet was absorbed. In 2010, the office vacancy rate increased to 26.2%. In 2011, 439,070 square feet of office space was built, while 1.9 million square feet was absorbed, In 2011, the office vacancy rate decreased to 25.5%. Due to the high vacancy rate, office construction has virtually halted. According to the Greater Phoenix Blue Chip Economic Forecast, office space absorption is expected to be approximately 1.2 million square feet in 2012 and 1.7 million square feet in 2013. Greater Phoenix new office construction is expected to decline to 220,000 square feet in 2012 and 330,000 square feet in 2013. Due to the high level of vacancy rates, it is likely to be several years before any significant new office space is required.

Along with the rapid growth in single-family housing over the last decade, the corresponding demand for retail space was relatively strong. More recently, additional supply has slowed due to the slowdown in overall retail sales. Retail vacancy rates were 7.4% in 1997 but declined to 6.3%, 5.5% and 5.3% in 1998, 1999 and 2000, respectively. According to CB Richard Ellis, the retail vacancy rates rose to 6.6% in 2001, 7.3% in 2002 and 7.4% in 2003, but dropped to 6.1% in 2004, 5.3% in 2005 and 5.1% in 2006 in response to the strengthening economy. In 2007, 11.1 million square feet of inventory was added, while 9.4 million square feet was absorbed. Therefore, the retail vacancy rate increased in 2007 to 6.2%. In 2008, 6.2 million square feet of inventory was added, while 3.4 million square feet was absorbed, increasing the retail vacancy rate to 7.5%. In 2009, 4.4 million square feet of inventory was added, while absorption was a negative 1.0 million square feet, increasing the retail vacancy rate to 11.4%. In 2010, 902,380 square feet of inventory was added, while absorption was a negative 1.6 million square feet, increasing the vacancy rate to 12.2%. In 2011, 362,590 square feet of inventory was added, while absorption was a negative 152,647 square feet, keeping the vacancy rate at 12.2%. The significant slowdown in new residential construction suggests a negative outlook for the retail market. According to the Greater Phoenix Blue Chip Economic Forecast, retail vacancy rates are projected to be 11.9% at year-end 2012 and 11.3% at year-end 2013.

The industrial space market experienced healthy absorption from 1991 through 2000. Vacancy rates declined from a peak of 14.8% in 1991 to 7.4% by the end of 2000. New construction increased in response to the low vacancy rates. According to CB Richard Ellis, approximately 5.1 million square feet of new industrial space was built in 2002, while only 3.4 million square feet was absorbed. Therefore, the vacancy rate increased to 10.3% in 2002 compared to 9.8% in 2001. In 2003, 3.4 million square feet was added and 4.4 million square feet was absorbed, pushing the vacancy rate down to 9.7%. In 2004, 4.5 million square feet was added while 6.3 million square feet was absorbed, reducing the vacancy rate to 8.5%. In 2005, 6.3 million square feet of industrial space was built and 12.3 million square feet was absorbed, reducing the vacancy rate to 5.6%. In 2006, 7.0 million square feet of industrial space was built and 6.0 million square feet was absorbed, increasing the vacancy rate to 6.7%. In 2007, 13.9 million square feet of industrial space was built and 8.4 million square feet was absorbed, increasing the vacancy rate to 8.4%. In 2008, 13.5 million square feet of industrial space was built and 2.3 million square feet was absorbed, increasing the vacancy rate to 12.5%. In 2009, 4.8 million square feet of industrial space was built and absorption was a negative 12.8 million square feet, increasing the vacancy rate to 16.1%. In 2010, 2.5 million square feet of industrial space was built and 7.5 million square feet was absorbed, decreasing the vacancy rate to 14.7%. During 2011, an increasing number of companies looked to Greater Phoenix industrial space as an alternative to California. In 2011, 2.0 million square feet of industrial space was built and 7.8 million square feet was absorbed, decreasing the vacancy rate to 12.4%. According to the Greater Phoenix Blue Chip Economic Forecast, industrial vacancy rates are projected to decrease to a 11.0% in 2012.

The long-term demographics of Greater Phoenix suggest that the housing market will perform well over time and that the current slowdown is cyclical in nature. Nonetheless, the slowdown is a near-term problem and as construction continues to remain low, the economy as a whole is affected. Commercial construction remains weak 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, 17.7% in 2008, 31.1% in 2009 and 14.4% in 2010. However, construction employment increased 0.5% in 2011. According to the Greater Phoenix Blue Chip Economic Forecast, construction employment is expected to increase 4.3% in 2012. The projected increase in 2012 is likely to be optimistic due to continued weakness in new residential construction combined with declines in commercial construction. The residential and commercial construction markets are not likely to return to normal until between 2014 and 2016.

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

Year	Residential	Commercial	Industrial	Other	Total
2011*	$ 340,117	$ 120,623	$ 16,209	$1,155,526	$1,632,475
2010	488,646	337,777	110,689	1,574,862	2,511,974
2009	608,734	189,887	114,331	1,083,857	1,996,809
2008	706,043	1,343,712	175,831	1,596,875	3,822,461
2007	1,376,263	1,226,910	150,945	1,356,322	4,110,440
2006	1,958,189	1,105,289	145,799	1,061,248	4,270,525
2005	2,613,500	841,115	151,348	740,718	4,346,681
2004	2,424,526	521,307	47,951	898,179	3,891,963
2003	1,633,586	401,306	41,803	692,690	2,769,385
2002	1,233,033	429,049	47,250	526,263	2,235,595

* Year-to-date through September 2011.

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

VALUE OF BUILDING PERMITS
MARICOPA COUNTY
($ in thousands)

Year	Residential	Commercial	Industrial	Other	Total
2011*	$1,257,544	$ 806,209	$115,360	$1,575,631	$ 3,754,744
2010	1,801,895	1,014,790	138,344	1,960,951	4,915,980
2009	1,879,028	1,184,110	189,970	1,482,834	4,735,942
2008	2,648,031	3,877,594	315,845	2,408,825	9,250,295
2007	5,022,311	4,375,147	321,195	2,257,246	11,975,899
2006	6,512,139	3,397,828	286,877	2,085,842	12,282,686
2005	9,125,736	3,143,475	267,259	1,470,131	14,006,601
2004	9,165,871	2,057,732	139,029	1,622,472	12,985,104
2003	7,039,184	1,541,602	87,682	1,399,822	10,068,290
2002	5,750,850	1,620,722	86,044	1,231,003	8,688,619

* Year-to-date through September 2011.

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

NEW HOUSING STARTS(1)

Year	City of Phoenix	Maricopa County
2011*	1,444	5,483
2010	2,401	7,335
2009	1,971	7,638
2008	5,046	18,366
2007	13,277	35,465
2006	12,413	40,294
2005	15,148	56,018
2004	16,664	58,822
2003	11,257	47,808
2002	9,154	43,737

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

* Year-to-date through September 2011.

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

Outlook/Conclusion

According to the National Bureau of Economic Research, the recession ended June 2009 and signs that the national economy is stabilizing are beginning to emerge. According to the National Blue Chip Economic Indicators panel, real Gross Domestic Product (GDP) growth is expected to increase by 1.7% in 2011 and 2.2% in 2012, indicating slow but steady growth.

Although the economic downturn severely affected Greater Phoenix, a recovery appears to have begun as job growth has turned positive on an annual basis. The local economy is very dependent on growth and the severe recession of 2007-2009 caused a significant decline in both population growth and jobs. In 2010, employment growth was down 2.1% but increased 1.2% in 2011. According to the Greater Phoenix Blue Chip Economic Indicators panel, the rate of employment growth is expected to increase 2.2% in 2012. According to the Greater Phoenix Blue Chip Economic Forecast, retail sales, which declined 10.6% in 2009, grew 0.7% in 2010 and were up 10.7% for the first eleven months of 2011, are projected to increase by 6.6% in 2012. According to estimates by the Bureau of Economic Analysis, personal income in Greater Phoenix is projected to decrease 3.0% in 2009, but increase 2.0% in 2010, 3.8% in 2011 and 4.4% in 2012.

Overall, it is expected that the Greater Phoenix economy will take several years to recover. Nevertheless, Phoenix continues to be an attractive place to live and work and it is expected to continue to grow at a rate greater than the U.S. as a whole. The 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 likely emerge from the recent recession stronger than many other areas of the country. 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 Amazon, Cornerstone Service, Cosma Power Systems, DIRTT Environmental Solutions, Faist Green Tek, Genco ATC, i/o Data Centers and OMCO Solar.

MARICOPA COUNTY RETAIL SALES
($ in millions)

Year	Amount	Percentage Change
2012*	$ 6,466	6.6%
2011	38,821	10.1%
2010	35,261	0.7
2009	35,028	–10.6
2008	39,199	–10.3
2007	43,712	0.1
2006	43,686	7.9
2005	40,500	14.2
2004	35,466	9.6
2003	32,371	5.5
2002	30,690	0.3

* Year-to-date through February 2012.

Source: Arizona Department of Revenue.

SCHEDULED AIRLINES SERVING PHOENIX SKY HARBOR INTERNATIONAL AIRPORT

Aeromexico
Air Canada
AirTran Airways
Alaska Airlines
American Airlines
American Eagle
British Airways
Delta Airlines
ExpressJet (dba Continental Express)
Frontier Airlines
Great Lakes Airlines
Hawaiian Airlines
JetBlue Airways
Mesa Airlines (dba US Airways Express)
Mesaba (dba Delta Connection)
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

	2011	% Change Year Ago	2010	% Change Year Ago	2009	% Change Year Ago
January	1,641,569	7.0%	1,534,535	1.5%	1,511,668	–10.4%
February	1,508,387	2.8	1,467,374	2.6	1,429,892	–14.4
March	1,893,997	4.5	1,813,268	3.5	1,751,706	–10.2
April	1,706,380	6.0	1,610,533	–0.6	1,619,912	–8.3
May	1,723,534	7.0	1,610,201	3.5	1,555,673	–9.8
June	1,751,167	6.8	1,639,182	3.5	1,584,073	–7.3
July	1,833,102	9.7	1,671,530	–0.8	1,684,927	–4.5
August	1,725,834	8.4	1,591,477	–1.3	1,612,836	–3.9
September	1,565,768	6.8	1,465,897	2.2	1,433,994	–1.1
October	1,675,291	1.8	1,645,246	1.8	1,616,310	1.2
November	1,645,677	3.1	1,595,950	3.9	1,535,721	3.1
December	1,706,895	1.4	1,683,329	3.0	1,634,551	2.7
Total	20,377,601	5.4%	19,328,522	1.9%	18,971,263	–5.5%

AIR PASSENGER DEPARTURES

	2011	% Change Year Ago	2010	% Change Year Ago	2009	% Change Year Ago
January	1,611,235	5.3%	1,530,672	2.9%	1,487,884	–8.9%
February	1,471,030	2.4	1,437,078	3.0	1,394,933	–14.4
March	1,869,971	5.6	1,771,135	1.4	1,746,691	–9.2
April	1,737,608	2.5	1,694,468	1.4	1,670,620	–4.4
May	1,760,434	6.2	1,658,410	3.1	1,608,064	–8.7
June	1,763,559	6.0	1,663,825	3.6	1,605,749	–6.8
July	1,793,382	8.8	1,648,171	–0.7	1,659,848	–3.6
August	1,686,214	9.4	1,541,016	–1.3	1,561,173	–4.7
September	1,524,246	5.7	1,442,439	2.7	1,404,465	–0.5
October	1,654,418	2.7	1,611,060	2.4	1,573,013	0.2
November	1,656,264	4.8	1,579,913	2.8	1,537,113	4.2
December	1,685,496	2.4	1,645,700	2.6	1,604,166	1.5
Total	20,213,857	5.1%	19,223,887	2.0%	18,853,719	–4.9%

TOTAL AIR TRAFFIC

	2011	% Change Year Ago	2010	% Change Year Ago	2009	% Change Year Ago
January	3,252,804	6.1%	3,065,207	2.2%	2,999,552	–9.7%
February	2,979,417	2.6	2,904,452	2.8	2,824,825	–14.4
March	3,763,968	5.0	3,584,403	2.5	3,498,397	–9.7
April	3,443,988	4.2	3,305,001	0.4	3,290,532	–6.3
May	3,483,968	6.6	3,268,611	3.3	3,163,737	–9.2
June	3,514,726	6.4	3,303,007	3.5	3,189,822	–7.1
July	3,626,484	9.2	3,319,701	–0.7	3,344,775	–4.1
August	3,412,048	8.9	3,132,493	–1.3	3,174,009	–4.3
September	3,090,014	6.2	2,908,336	2.5	2,838,459	–0.8
October	3,329,709	2.3	3,256,306	2.1	3,189,323	0.7
November	3,301,941	4.0	3,175,863	3.4	3,072,834	3.6
December	3,392,391	1.9	3,329,029	2.8	3,238,717	2.1
Total	40,591,458	5.3%	38,552,409	1.9%	37,824,982	–5.2%

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

FINANCIAL INSTITUTIONS SERVING METRO PHOENIX
TOTAL ASSETS OVER $20 MILLION

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

Savings Institutions
Nordstrom FSB

Source: Federal Deposit Insurance Corporation.

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APPENDIX B

CITY OF PHOENIX, ARIZONA — FINANCIAL DATA

VALUATIONS

2011-12 Fiscal Year

Secondary Assessed Valuation	$ 12,343,773,555(1)
Primary Assessed Valuation	12,232,482,029(2)
Full Cash Value	116,576,023,469(3)

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

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

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

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

The City's preliminary fiscal year 2012-13 secondary assessed valuation is estimated at $10,849,743,656, a 12.1% decrease from fiscal year 2011-12. The City's preliminary fiscal year 2012-13 primary assessed valuation is estimated at $10,803,375,535, an 11.7% decrease from fiscal year 2011-12. The City's net full cash value for fiscal year 2012-13 is not available at this time. These valuations are from the Maricopa County Assessor's Office and are subject to change until approved by the Maricopa County Board of Supervisors no later than August 15, 2012.

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. Legislation passed in 2012 requires a proposed amendment to the State Constitution be submitted to the voters in the November 2012 general election ("SCR 1025"). If approved by the voters, annual growth in assessed valuation of locally assessed property for tax years beginning with 2015 would be limited to 5% of the prior year's value. SCR 1025 would not apply to new construction and would not impose limits on the rate at which secondary property taxes may be assessed. If approved, SCR 1025 may adversely affect the City's ability to increase its bonding capacity from current levels and consequently its flexibility to finance capital improvements through its general obligation bond program. However, SCR 1025 would not materially adversely affect the City's ability to levy and collect secondary property taxes.

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

Basis of Property Assessments(1)

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

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

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

(3) Legislation passed in 2006 reduced the assessment factor for these properties by 0.5% in tax years 2006 and 2007. Subsequent legislation passed in 2007 reduces the assessment factor for these properties by 1.0% each year beginning in tax year 2008 through tax year 2011, with a 20% factor in effect for tax years 2011 and thereafter. Pursuant to legislation signed into law by the Governor on February 17, 2011, the assessment ratio for mines, utilities and commercial and industrial property will be reduced to 19.5% for tax year 2013 and further reduced one-half of one percent for each year to 18% for 2016 and thereafter. The assessment ratio for agricultural and vacant property will be reduced to 15% for tax year 2016 and thereafter.

(4) Legislation authorized by an amendment to the Constitution of Arizona by vote at the November 5, 1996 general election provided for a reduced assessment factor of 1% on commercial and industrial and agricultural personal property for full cash values up to $3,000 in tax year 1995 and $50,000 in tax year 1996. Thereafter, the exemption amount shall be adjusted annually for inflation by the Arizona Department of Revenue. The maximum exempt amount for tax year 2010 was $67,268. Any portion of the full cash value in excess of those amounts will be assessed at the applicable assessment factor.

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

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

Under the Primary system, annual tax levies are limited based on the nature of the property being taxed, and the nature of the taxing authority. Taxes levied for Primary purposes on residential property only are limited to 1% of the full cash value of such property. In addition, taxes levied for Primary purposes on all types of property by counties, cities, towns and community college districts are limited to a maximum increase of 2% over the prior year's levy, plus any amount directly attributable to new construction and annexation and involuntary tort judgments. On November 2006, voters of the State passed Proposition 101 which adjusts the base for the maximum allowable Primary property tax levy limit to the actual 2005 property taxes levied. The 2% limitation does not apply to taxes levied for Primary purposes on behalf of local school districts. Under the Secondary system, annual tax levies for bonded indebtedness and special district assessments are unlimited.

Tax Procedures

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

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

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

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

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

Delinquent Tax Procedures

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

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

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

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

Full Cash Value History

Fiscal Year	City of Phoenix	Maricopa County	State of Arizona
2011-12	$116,576,023,469	$359,682,345,890	$564,956,275,063
2010-11	144,772,030,661	444,097,351,502	672,005,436,964
2009-10	169,320,057,644	516,184,657,086	761,880,919,611
2008-09	167,520,964,412	516,677,464,629	754,817,457,814
2007-08	140,052,671,158	431,682,163,259	620,858,275,155
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

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
2011-12	$12,343,773,555	$38,760,296,714	$61,764,402,653
2010-11	16,092,308,323	49,662,543,618	76,644,423,588
2009-10	18,861,238,355	57,984,051,727	86,525,272,506
2008-09	18,856,072,373	58,303,635,287	86,183,351,753
2007-08	16,068,816,499	49,534,573,826	71,852,630,420
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

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

Net Secondary Assessed Valuation by Classification, City of Phoenix

Fiscal Year	Commercial/ Utilities/ Industrial	Residential	Rural & Other	Total
2011-12	$5,869,685,387	$ 6,000,142,267	$473,945,901	$12,343,773,555
2010-11	7,710,938,700	7,643,363,104	738,006,519	16,092,308,323
2009-10	8,099,847,280	9,937,630,776	823,760,299	18,861,238,355
2008-09	7,378,159,709	10,598,307,425	879,605,239	18,856,072,373
2007-08	6,466,328,588	8,915,253,350	687,234,561	16,068,816,499
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

Source: Maricopa County Finance Department.

Primary Assessed Valuation History

Fiscal Year	City of Phoenix	Maricopa County	State of Arizona
2011-12	$12,232,482,029	$38,492,098,635	$60,933,046,739
2010-11	15,102,603,682	46,842,818,990	71,379,821,611
2009-10	16,061,683,146	49,675,117,156	74,780,095,377
2008-09	14,664,583,196	44,881,602,698	67,556,592,601
2007-08	12,890,386,440	38,930,267,545	58,327,805,577
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

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

City of Phoenix, Arizona
Major Taxpayers
2010-11

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

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

TAX DATA

The tax rates provided below reflect the total property tax rate levied by the City. For a description of the Primary system and Secondary system, see "APPENDIX B — CITY OF PHOENIX, ARIZONA — FINANCIAL DATA — Arizona Property Tax System."

Fiscal Year	City's Primary Tax Rate Per $100 Assessed	City's Secondary Tax Rate Per $100 Assessed	City's Total Tax Rate Per $100 Assessed
2011-12	$1.05	$0.77	$1.82
2010-11	0.88	0.94	1.82
2009-10	0.77	1.05	1.82
2008-09	0.76	1.06	1.82
2007-08	0.80	1.02	1.82
2006-07	0.85	0.97	1.82
2005-06	0.86	0.96	1.82
2004-05	0.85	0.97	1.82
2003-04	0.85	0.97	1.82
2002-03	0.80	1.02	1.82

Maricopa County assesses and collects all City property taxes. Property taxes are payable in two installments. The first installment is due on the first business day of October and becomes delinquent on the first business day of November. The second installment is due on the first business day of March and becomes delinquent on the first business day of May. Interest at the rate of 16% per annum attaches on first and second installments following delinquent dates. The following table sets forth the City's tax levy for 2011-12 and for the past nine fiscal years, as well as the tax collection record of the City's levy for the 2011-12 fiscal year and for the previous nine fiscal years. It should be noted that the total collection figures for each fiscal year reflect amounts collected on such year's levy and amounts collected during such year on prior years' levies, but do not include penalties for delinquent payments.

Fiscal Year	Tax Rate Per $100 Assessed	Tax Levy	Current Collection(1)		Total Collection(2)	
			Amount	% of Levy	Amount	% of Levy
2011-12	$1.82	$223,483,443	$126,767,564	56.7%	$134,550,141	60.2%
2010-11	1.82	284,142,419	271,155,914	95.4	280,395,120	98.7
2009-10	1.82	321,817,125	308,113,990	95.7	317,765,358	98.7
2008-09	1.82	311,291,668	298,351,332	95.8	305,714,351	98.2
2007-08	1.82	266,891,526	258,970,653	97.0	263,352,805	98.7
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

(1) Reflects amounts collected on each year's levy through June 30, the end of the fiscal year, and the current fiscal year through March 2012.

(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 2011-12

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)	$11.1650
Inside Glendale Union High School District No. 205	
Inside Washington Elementary School District No. 6(3)	13.3748
Inside Glendale Elementary School District No. 40(3)	8.7647
Inside Phoenix Union High School District No. 210	
Inside Phoenix Elementary School District No. 1	14.7800
Inside Riverside Elementary School District No. 2	11.7057
Inside Isaac Elementary School District No. 5	15.8300
Inside Wilson Elementary School District No. 7	15.9309
Inside Osborn Elementary School District No. 8	12.6135
Inside Creighton Elementary School District No. 14	13.1615
Inside Murphy Elementary School District No. 21	12.5327
Inside Balsz Elementary School District No. 31	12.3981
Inside Madison Elementary School District No. 38	12.4597
Inside Laveen Elementary School District No. 59	13.6771
Inside Roosevelt Elementary School District No. 66	13.8974
Inside Alhambra Elementary School District No. 68	15.3685
Inside Cartwright Elementary School District No. 83(3)	17.6731
Inside Tempe Union High School District No. 213	
Inside Tempe Elementary School District No. 3(2)	11.7838
Inside Kyrene Elementary School District No. 28(2)	11.5076
Inside Tolleson Union High School District No. 214	
Inside Tolleson Elementary School District No. 17	14.1838
Inside Fowler Elementary School District No. 45(3)	13.0936
Inside Union Elementary School District No. 62	12.4576
Inside Littleton Elementary School District No. 65	13.0424
Inside Pendergast Elementary School District No. 92(3)	15.9109
Inside Scottsdale Unified School District No. 48(2)	9.2299
Inside Paradise Valley Unified School District No. 69(3)	10.9348
Inside Cave Creek Unified School District No. 93	6.8754
Inside Deer Valley Unified School District No. 97(3)	11.4728

(1) Included in the computation for each of the overlapping municipalities is the City of Phoenix tax rate of $1.8200, the Maricopa County tax rate of $1.2407, the Education Equalization District tax rate of $0.4259, the Maricopa County Flood Control District tax rate of $0.1780, the Central Arizona Water Conservation District tax rate of $0.1000, the Maricopa County Library District tax rate of $0.0492, the Volunteer Fire District Assistance tax rate of $0.0084, the Maricopa Special Health Care District tax rate of $0.1494 and the Maricopa County Community College District tax rate of $1.2082.

(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	General Obligation Bonds: Revenue Supported General Obligation Bonds	General Obligation Bonds: Total General Obligation Bonds	Revenue Bonds	Total Bonds
Various	$1,269,560,000	$ —	$1,269,560,000	$ —	$1,269,560,000
Various to be Issued(2)	120,000,000	—	120,000,000	—	120,000,000
Various to be Issued(3)	172,310,000	—	172,310,000	—	172,310,000
Airport	—	10,495,000	10,495,000	—	10,495,000
Airport to be Issued(3)	—	5,000	5,000	—	5,000
Sanitary Sewer	—	23,671,881	23,671,881	—	23,671,881
Sanitary Sewer to be Issued(3)	—	245,000	245,000	—	245,000
Solid Waste	—	7,760,000	7,760,00	—	7,760,000
Solid Waste to be Issued(3)	—	3,905,000	3,905,000	—	3,905,000
Water	—	48,466,816	48,466,816	—	48,466,816
Street & Highway	—	—	—	12,140,920	12,140,920
Subtotal	1,561,870,000	94,548,697	1,656,418,697	12,140,920	1,668,559,617
Less: Restricted Funds	344,362,802	—	344,362,802	—	344,362,802
Direct Debt	1,217,507,198	94,548,697	1,312,055,895	12,140,920	1,324,196,815
Less: Revenue Supported	—	94,548,697	94,548,697	12,140,920	106,689,617
Net Debt	$1,217,507,198	$ —	$1,217,507,198	$ —	$1,217,507,198

(1) Represents general obligation bonds outstanding as of March 1, 2012. 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 general obligation bonds sold May 23, 2012 and expected to be delivered on June 12, 2012.

(3) Represents general obligation refunding bonds sold May 23, 2012 and expected to be delivered on June 12, 2012. Schedule does not include the general obligation bonds to be refunded by such bonds.

Annual Debt Service Requirements
General Obligation Bonded Debt Outstanding

Fiscal Year Ending June 30,	Total Debt Service Requirements(1)	$120,000,000 General Obligation Bonds(2)			$176,465,000 General Obligation Refunding Bonds(3)			Less: Enterprise Supported	Net Debt Service Requirements
		Principal	Interest	Total	Principal	Interest	Total		
2012	$ 133,888,110	$ —	$ —	$ —	$ —	$ —	$ —	$ 15,226,049	$ 118,662,061
2013	101,998,563	—	4,642,775	4,642,775	—	7,155,770	7,155,770	13,562,477	100,234,631
2014	88,162,103	—	4,410,024	4,410,024	—	6,797,037	6,797,037	10,457,811	88,911,353
2015	128,447,333	—	4,410,024	4,410,024	7,475,000	6,797,037	14,272,037	16,706,957	130,422,437
2016	155,517,499	—	4,410,024	4,410,024	11,685,000	6,526,587	18,211,587	29,638,533	148,500,577
2017	130,253,605	—	4,410,024	4,410,024	12,110,000	6,107,937	18,217,937	9,317,132	143,564,434
2018	130,721,412	—	4,410,024	4,410,024	12,600,000	5,623,537	18,223,537	9,383,995	143,970,978
2019	123,946,973	—	4,410,024	4,410,024	11,350,000	5,131,912	16,481,912	3,463,820	141,375,089
2020	120,176,875	—	4,410,024	4,410,024	20,140,000	4,678,912	24,818,912	2,942,757	146,463,054
2021	106,477,264	6,785,000	4,410,024	11,195,024	20,950,000	3,873,313	24,823,313	1,550,908	140,944,693
2022	105,870,100	6,960,000	4,235,852	11,195,852	21,780,000	3,038,313	24,818,313	715,825	141,168,440
2023	111,644,737	7,150,000	4,046,749	11,196,749	10,765,000	2,234,663	12,999,663	—	135,841,149
2024	108,020,745	7,355,000	3,837,600	11,192,600	11,215,000	1,794,063	13,009,063	—	132,222,408
2025	108,057,123	7,650,000	3,543,400	11,193,400	11,660,000	1,345,463	13,005,463	—	132,255,986
2026	78,291,040	7,960,000	3,237,400	11,197,400	12,125,000	879,063	13,004,063	—	102,492,503
2027	78,262,807	8,275,000	2,919,000	11,194,000	12,610,000	394,063	13,004,063	—	102,460,870
2028	42,396,681	8,605,000	2,588,000	11,193,000	—	—	—	—	53,589,681
2029	26,876,583	8,950,000	2,243,800	11,193,800	—	—	—	—	38,070,383
2030	26,508,310	9,310,000	1,885,800	11,195,800	—	—	—	—	37,704,110
2031	26,128,944	9,680,000	1,513,400	11,193,400	—	—	—	—	37,322,344
2032	25,732,169	10,070,000	1,126,200	11,196,200	—	—	—	—	36,928,369
2033	25,326,929	10,435,000	759,175	11,194,175	—	—	—	—	36,521,104
2034	24,906,645	10,815,000	378,525	11,193,525	—	—	—	—	36,100,170
	$2,007,612,550	$120,000,000	$72,237,868	$192,237,868	$176,465,000	$62,377,670	$238,842,670	$112,966,264	$2,325,726,824

(1) Represents debt service requirements on general obligation bonds outstanding as of March 1, 2012, but does not include debt service on general obligation bonds to be refunded by general obligation refunding bonds sold May 23, 2012 and expected to be delivered on June 12, 2012. Schedule does not include debt service requirements of previously refunded general obligation bonds. The payment of the refunded debt service requirements is secured by obligations issued or fully guaranteed by the United States of America which are held in irrevocable trusts and are scheduled to mature at such times and in sufficient amounts to pay when due all principal, interest and redemption premiums where applicable, on the refunded bonds.

On October 27, 2009, the City issued $280,955,000 par amount of Qualified Build America Bonds (Direct Pay). The City elected to receive subsidy payments, in the amount of 35% of each interest payment on the Qualified Build America Bonds, paid directly to the City by the United States of America. Debt service is shown gross of subsidy payments.

(2) Represents debt service requirements on general obligation bonds sold May 23, 2012 and expected to be delivered on June 12, 2012.

(3) Represents debt service requirements on general obligation refunding bonds sold May 23, 2012 and expected to be delivered on June 12, 2012.

Direct General Obligation Bonded Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Bonds Outstanding As of 3-1-12(1)
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	22,995,000
12-12-01	6,075,000	Sanitary Sewer Improvements	7-1-03/21	3,711,881
06-01-02	144,495,000	Refunding	7-1-03/12	11,850,000
06-01-03	83,320,000	Refunding	7-1-05/16	47,195,000
03-01-04	200,000,000	Various Improvements	7-1-10/28	81,580,000
03-01-04	50,870,000	Refunding	7-1-11/19	38,520,000
07-01-05	257,000,000	Various Improvements	7-1-11/25	218,820,000
06-13-07	342,700,000	Various Improvements	7-1-13/27	317,080,000
06-13-07	151,720,000	Refunding	7-1-09/27	140,020,000
06-13-07	77,550,000	Various Improvements (Taxable)	7-1-08/13	22,865,000
10-27-09	280,955,000	Various Improvements (Taxable)	7-1-20/34	280,955,000
10-27-09	69,045,000	Various Improvements (Taxable)	7-1-15/20	69,045,000
10-27-09	117,195,000	Refunding	7-1-11/23	103,065,000
06-12-12	103,360,000	Various Improvements	7-1-23/24	103,360,000(2)
06-12-12	16,640,000	Various Improvements (Taxable)	7-1-21/23	16,640,000(2)
06-12-12	176,465,000	Refunding	7-1-15/27	176,465,000(3)
Total Direct General Obligation Debt Outstanding				1,656,418,697
Less: Principal Redemption Funds held in Restricted Fund				344,362,802
Total Direct General Obligation Debt Outstanding				1,312,055,895
Less: General Obligation Bonded Debt Supported from Enterprise Revenues				94,548,697
Net Direct General Obligation Bonded Debt Outstanding				$1,217,507,198

(1) Represents general obligation bonds outstanding as of March 1, 2012 and includes general obligation bonds and general obligation refunding bonds sold May 23, 2012 and expected to be delivered on June 12, 2012, but does not include bonds being refunded by the general obligation refunding bonds.

(2) Represents general obligation bonds sold May 23, 2012 and expected to be delivered on June 12, 2012.

(3) Represents general obligation refunding bonds sold May 23, 2012 and expected to be delivered on June 12, 2012.

City of Phoenix
Street and Highway User Revenue Bonds Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-12
12-15-92	$58,225,920	Street & Highway Refunding (Junior Lien)	7-1-94/13	7.96%	$12,140,920
Total Street & Highway User Revenue Bonds Outstanding					$12,140,920

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 June 1, 2012 is shown below, based upon 2011-12 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	$2,468,754,711
Direct General Obligation Bonds Outstanding	1,059,898,697(1)
General Obligation Bonds to be Issued	103,000,000(2)
General Obligation Refunding Bonds to be Issued	114,935,000(3)
Unused 20% Limitation Borrowing Capacity	$1,190,921,014

All Other
General Obligation Bonds

6% Constitutional Limitation		$740,626,413
Direct General Obligation Bonds Outstanding	$300,055,000(1)	
General Obligation Bonds to be Issued	17,000,000(2)	
General Obligation Refunding Bonds to be Issued	61,530,000(3)	
Less: Principal Redemption Funds held in Restricted Fund as of March 1, 2012	344,362,802	
Direct General Obligation Bonds Outstanding		34,222,198
Unused 6% Limitation Borrowing Capacity		$706,404,215

(1) Represents general obligation bonds outstanding as of March 1, 2012, but does not include general obligation bonds to be refunded by general obligation refunding bonds sold May 23, 2012 and expected to be delivered on June 12, 2012.

(2) Represents general obligation bonds sold May 23, 2012 and expected to be delivered on June 12, 2012.

(3) Represents general obligation refunding bonds sold May 23, 2012 and expected to be sold June 12, 2012.

NET DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT AND DEBT RATIOS

	As of March 1, 2012(1)
City of Phoenix	$1,217,507,198
Maricopa County Community College District	217,801,000
Various Elementary School Districts	519,365,000
Various High School Districts	348,294,000
Various Unified School Districts	295,008,000
Net Direct and Overlapping General Obligation Bonded Debt	$2,597,975,198

(1) Represents the net direct debt of the City of Phoenix as of March 1, 2012 and includes general obligation bonds and general obligation refunding bonds sold May 23, 2012 and expected to be delivered on June 12, 2012, but does not include general obligation bonds to be refunded by the general obligation refunding bonds. The direct debt for the various school districts is as of July 1, 2011, the latest available data.

Excludes $156,586 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 $2,760,000 principal of Tatum Ranch Community Facilities District bonded debt. This indebtedness is presently being paid from Special Taxing District property tax revenues.

Also does not include the obligation of the Central Arizona Water Conservation District (CAWCD) to the United States of America, Department of the Interior for repayment of capital costs for construction of the Central Arizona Project (CAP), a major reclamation project constructed by the Department of the Interior to deliver Colorado River water to central and southern Arizona. The obligation is evidenced by a master repayment agreement between the CAWCD and the Department of the Interior. The CAWCD repayment obligation was reduced from over $2 billion to $1.65 billion as a result of a settlement between the United States and CAWCD over the amount of the repayment obligations and repayment terms. The settlement provided that 73% of the repayment obligation bear interest at the rate of 3.342% per annum on the unpaid balance, and 27% of the repayment obligation be non-interest bearing. The repayment will take place over a period of 50 years with the final payment in 2046. The repayment amount is offset by revenue collected from power generation before calculating the net capital charge rate to the users, such as the City of Phoenix. In 2009 and 2010 the charge to the City of Phoenix was $1.8 million per year. The charge to the City of Phoenix is expected to be approximately $1.8 million per year in 2011, 2012 and 2013. The charge is estimated to decrease to $1.2 million in 2014, $0.6 million in 2015 and zero in 2016 and beyond, as it is assumed power generation revenue fully offsets the repayment amount.

The CAWCD is a water conservation district having boundaries coterminous with the exterior boundaries of Maricopa, Pima and Pinal Counties. It was formed for the express purpose of paying administrative costs and expenses of the District and to assist in repayment of the Central Arizona Project capital costs to the United States. Repayment will be made from a combination of power revenues, subcontract revenues (i.e., agreements with municipal, industrial and agricultural water users for delivery of Central Arizona Project water) and a tax levy against all taxable property in the District. Currently, the tax levy is limited by Arizona Revised Statutes to fourteen cents per $100 of assessed valuation. There can be no assurance that such levy limit will not be increased or removed at any time during the life of the contract. The CAWCD has levied a tax of $0.10 per $100 of assessed valuation for the 2011-12 fiscal year.

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

		As Percent of City's 2011-12	
	Per Capita Debt (Pop. Est. 1,504,203	Secondary Assessed Valuation	Full Cash Valuation
Direct General Obligation Bonded Debt Outstanding as of March 1, 2012	$ 872.26	10.63%	1.13%
Net Direct General Obligation Bonded Debt Outstanding as of March 1, 2012	809.40	9.93	1.04
Net Direct and Overlapping General Obligation Bonded Debt Outstanding as of March 1, 2012	1,727.14	21.05	2.23

(1) Includes general obligation bonds and general obligation refunding bonds sold May 23, 2012 and expected to be delivered on June 12, 2012, but does not include general obligation bonds to be refunded by the general obligation refunding bonds.

Overlapping General Obligation Bonded Debt, Net Assessed Valuations and Tax Rates
As of July 1, 2011
(in thousands)

Overlapping Municipality	2011-12 Net Secondary Assessed Valuation	Net Bonded Debt	Approximate Applicable Percent	Net Overlapping Bonded Debt	2011-12 Tax Rate Per $100 Assessed
State of Arizona	$61,764,403	$ —	19.99%	$ —	$ —
Maricopa County	38,760,297	—	31.85	—	1.2407
Maricopa County Community College District	38,760,297	683,835	31.85	217,801	1.2082
Elementary School Districts:					
Phoenix S.D. No. 1	773,205	64,645	100.00	64,645	5.8372
Riverside S.D. No. 2	403,491	22,390	97.15	21,752	2.7629
Tempe S.D. No. 3	1,582,122	129,200	15.31	19,781	3.9860
Washington S.D. No. 6	1,325,645	88,185	97.43	85,919	4.6101
Wilson S.D. No. 7	111,558	3,475	100.00	3,475	6.9881
Osborn S.D. No. 8	493,101	43,590	99.94	43,564	3.6707
Creighton S.D. No. 14	435,511	18,950	86.83	16,454	4.2187
Tolleson S.D. No. 17	194,630	12,240	21.99	2,692	4.9330
Murphy S.D. No. 21	135,841	8,460	100.00	8,460	3.5899
Kyrene S.D. No. 28	2,052,737	132,155	39.60	52,333	3.7098
Balsz S.D. No. 31	311,111	4,185	94.27	3,945	3.4553
Madison S.D. No. 38	1,033,622	64,495	100.00	64,495	3.5169
Fowler S.D. No. 45	284,970	16,735	89.65	15,003	3.7928
Laveen S.D. No. 59	215,791	15,650	79.97	12,515	4.7343
Littleton S.D. No. 65	254,814	17,050	12.18	2,077	3.7916
Roosevelt S.D. No. 66	646,608	65,865	98.67	64,989	4.9546
Alhambra S.D. No. 68	350,390	16,040	80.07	12,843	6.4257
Litchfield S.D. No. 79	644,384	38,250	0.02	8	3.2590
Cartwright S.D. No. 83	249,323	16,820	99.95	16,812	8.6803
Pendergast S.D. No. 92	310,270	19,825	38.35	7,603	6.6101
High School Districts:					
Glendale Union No. 205	1,638,565	76,925	78.82	60,632	3.5349
Phoenix Union No. 210	5,325,305	244,430	96.08	234,848	3.7630
Tempe Union No. 213	3,634,859	62,560	29.03	18,161	2.5680
Tolleson Union No. 214	1,095,581	76,375	45.36	34,644	4.0710
Agua Fria Union No. 216	1,024,995	43,295	0.02	9	2.6762
Unified School Districts:					
Scottsdale No. 48	4,960,211	281,010	13.82	38,836	4.0001
Paradise Valley No. 69	3,294,526	248,465	67.62	168,012	5.7050
Cave Creek No. 93	1,819,192	17,325	10.58	1,833	1.6956
Deer Valley No. 97	2,287,640	154,625	55.83	86,327	6.2430
Total Overlapping General Obligation Bonded Debt				$1,380,468	

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	$151,093,000
Agua Fria High School District 216	33,000,000
Balsz Elementary School District No. 31	21,000,000
Cartwright Elementary School District No. 83	10,995,000
Creighton Elementary School District No. 14	22,000,000
Deer Valley Unified Elementary School District No. 97	58,000,000
Fowler Elementary School District No. 45	12,660,000
Glendale Elementary School District No. 40	28,285,000
Glendale Union High School District No. 205	80,000,000
Kyrene Elementary School District No. 28	116,950,000
Laveen Elementary School District No. 59	38,400,000
Litchfield Elementary School District No. 79	9,675,000
Murphy Elementary School District No. 21	1,630,000
Paradise Valley Unified Elementary School District No. 69	203,000,000
Pendergast Elementary School District No. 92	7,570,000
Phoenix Elementary School District No. 1	5,400,000
Phoenix Union High School District No. 210	230,000,000
Riverside Elementary School District No. 2	25,000,000
Roosevelt Elementary School District No. 66	1,000,000
Tempe Elementary School District No. 3	37,560,000
Union Elementary School District No. 62	10,445,000
Washington Elementary School District No. 6	55,000,000

OTHER LONG-TERM OBLIGATIONS

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

Under the terms of these agreements, the City has agreed to make lease and purchase payments in amounts sufficient to pay principal and interest on bonds issued by the Corporation to finance the facilities, and has pledged its excise tax collections for these payments. The City's excise tax collections in 2006-07 totaled $864,381,000, in 2007-08 totaled $884,160,000, in 2008-09 totaled $846,865,000, in 2009-10 totaled $744,615,000 and in 2010-11 totaled $744,504,000. The amount in 2009-10 includes a 2.0% privilege license (sales) tax rate on the sale of food for home consumption approved by the Phoenix City Council on February 2, 2010. The tax became effective April 1, 2010, and will be levied for a period of five years. The revenues resulting from this tax totaled $7.0 million in 2009-10 and $46.3 million in 2010-11. These amounts do not include revenues from various privilege license (sales) tax rate increases approved by voters for specific uses and are not part of the pledge for lease and purchase payments on bonds of the Corporation. There are four such excluded voter approved tax rate increases.

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

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

On March 14, 2000, voters approved a 0.4% increase in the City's privilege license tax rate to be levied for a period of 20 years. The revenues produced by the increase will be used for expanded bus service, the construction of a light rail system and other transportation improvements.

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

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

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 6-21-12
05-01-03	$ 47,600,000	New City Hall Refunding	7-1-04/13	4.73%	$ 990,000
06-01-07	103,605,000	Municipal Facilities Refunding	7-1-09/29	4.85	97,685,000
06-07-11	27,530,000	Municipal Facilities	7-1-14/31	4.24	27,530,000
06-07-11	59,195,000	Municipal Facilities (Taxable)	7-1-15/36	4.90	59,195,000
06-07-11	24,305,000	Municipal Facilities Refunding	7-1-21/28	4.92	24,305,000
06-07-11	22,805,000	Municipal Facilities Refunding (Taxable)	7-1-15/21	3.77	22,805,000
06-21-12	15,205,000	Municipal Facilities Refunding	7-1-14/29	4.69	15,205,000(2)
Total City of Phoenix Civic Improvement Corporation Senior Lien Debt Outstanding					$247,715,000

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

(2) Represents the Senior Lien Bonds offered herein.

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

Fiscal Year	Principal	Interest	Total
2011-12	$ —	$ 6,137,143	$ 6,137,143
2012-13	4,065,000	11,257,363	15,322,363
2013-14	8,515,000	11,035,196	19,550,196
2014-15	12,275,000	10,742,146	23,017,146
2015-16	13,660,000	10,326,145	23,986,145
2016-17	17,250,000	9,815,491	27,065,491
2017-18	18,140,000	9,103,119	27,243,119
2018-19	18,925,000	8,315,798	27,240,798
2019-20	18,400,000	7,506,710	25,906,710
2020-21	16,810,000	6,667,259	23,477,259
2021-22	15,105,000	5,873,713	20,978,713
2022-23	13,615,000	5,140,542	18,755,542
2023-24	14,305,000	4,481,099	18,786,099
2024-25	12,470,000	3,791,440	16,261,440
2025-26	13,035,000	3,193,342	16,228,342
2026-27	11,590,000	2,566,926	14,156,926
2027-28	12,565,000	2,008,524	14,573,524
2028-29	9,670,000	1,400,594	11,070,594
2029-30	2,530,000	942,515	3,472,515
2030-31	2,655,000	812,392	3,467,392
2031-32	2,170,000	675,313	2,845,313
2032-33	2,295,000	554,552	2,849,552
2033-34	2,420,000	426,836	2,846,836
2034-35	2,555,000	292,163	2,847,163
2035-36	2,695,000	149,977	2,844,977
	$247,715,000	$123,216,298	$370,931,298

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

The City also entered into leases with the City of Phoenix Civic Improvement Corporation to finance the acquisition of certain municipal facilities, consisting of real property and equipment. The Corporation issued bonds for payment of the acquisition costs, and the City pledged its excise tax collections to make lease payments sufficient to pay principal and interest on the bonds. This pledge is on a parity with all other outstanding subordinated excise tax obligations and is subordinate to the pledge on all outstanding senior lien and junior lien excise tax obligations.

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

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

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

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

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

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 6-21-12
05-01-03	$ 80,000,000	Solid Waste Improvements(2)	7-1-04/14	4.93%	$ 11,265,000
05-01-03	25,000,000	Municipal Facilities	7-1-05/25	4.37	1,535,000
05-01-03	25,000,000	Municipal Facilities (Taxable)	7-1-09/33	5.59	1,205,000
05-01-03	10,000,000	Municipal Facilities (Taxable)	7-1-09/33	5.60	480,000
06-01-04	22,000,000	Municipal Facilities	7-1-06/25	5.09	3,165,000
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	71,090,000
06-01-06	28,230,000	Municipal Facilities	7-1-07/13	4.47	2,270,000
06-01-06	41,920,000	Municipal Facilities (Taxable)	7-1-07/35	6.10	39,560,000
06-01-07	21,115,000	Municipal Facilities	7-1-08/27	4.74	18,270,000
06-01-07	71,820,000	Municipal Facilities Refunding(3)	7-1-09/23	4.93	65,085,000
06-01-07	35,670,000	Convention Center East Garage Refunding (Taxable)	7-1-08/22	5.73	29,290,000
06-07-11	27,500,000	Municipal Multipurpose Arena Refunding (Taxable)	7-1-12/19	3.55	27,500,000
06-21-12	17,510,000	Municipal Facilities Refunding	7-1-14/25	4.62	17,510,000(4)
06-21-12	33,095,000	Municipal Facilities Refunding (Taxable)	7-1-16/33	3.95	33,095,000(4)
Total City of Phoenix Civic Improvement Corporation Subordinated Junior Lien Debt Outstanding					$621,320,000

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

Schedule includes the Subordinated Lien Bonds offered herein, but does not include the Subordinated Bonds Being Refunded.

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

(3) Debt service requirements on $45,805,000 of these obligations are supported by solid waste revenues.

(4) Represents the Subordinated Refunding Bonds offered herein.

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

Fiscal Year	Principal	Interest	Total
2011-12	$ 12,850,000	$ 28,832,367	$ 41,682,367
2012-13	24,405,000	29,632,446	54,037,446
2013-14	21,215,000	28,530,213	49,745,213
2014-15	22,345,000	27,607,108	49,952,108
2015-16	23,070,000	26,629,074	49,699,074
2016-17	27,655,000	25,628,957	53,283,957
2017-18	28,800,000	24,386,113	53,186,113
2018-19	30,205,000	23,003,282	53,208,282
2019-20	26,870,000	21,514,137	48,384,137
2020-21	27,120,000	20,161,431	47,281,431
2021-22	28,285,000	18,792,201	47,077,201
2022-23	26,090,000	17,359,902	43,449,902
2023-24	20,980,000	16,078,337	37,058,337
2024-25	20,760,000	15,034,091	35,794,091
2025-26	21,585,000	14,003,161	35,588,161
2026-27	15,615,000	12,969,072	28,584,072
2027-28	14,715,000	12,210,138	26,925,138
2028-29	15,440,000	11,491,916	26,931,916
2029-30	16,345,000	10,737,000	27,082,000
2030-31	17,150,000	9,931,080	27,081,080
2031-32	18,015,000	9,065,497	27,080,497
2032-33	18,925,000	8,155,950	27,080,950
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
	$621,320,000	$444,901,273	$1,066,221,273

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

Schedule includes debt service on the Subordinated Lien Bonds offered herein, but does not include debt service on the Subordinated Bonds Being Refunded.

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

City of Phoenix
Subordinated Junior Lien Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-12
07-01-04	$35,465,000	Refunding	8-1-05/24	4.68%	$26,970,000
Total Subordinated Junior Lien Debt Outstanding					$26,970,000

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

Fiscal Year	Principal	Interest	Total
2011-12	$ 25,000	$ 46,860	$ 71,860
2012-13	1,315,000	1,281,528	2,596,528
2013-14	1,365,000	1,228,928	2,593,928
2014-15	1,420,000	1,174,327	2,594,327
2015-16	1,230,000	1,114,688	2,344,688
2016-17	1,295,000	1,053,187	2,348,187
2017-18	1,355,000	988,437	2,343,437
2018-19	1,420,000	920,688	2,340,688
2019-20	3,180,000	849,687	4,029,687
2020-21	3,340,000	690,688	4,030,688
2021-22	3,505,000	523,688	4,028,688
2022-23	3,675,000	357,200	4,032,200
2023-24	3,845,000	182,637	4,027,637
	$26,970,000	$10,412,543	$37,382,543

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

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

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

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

Pursuant to the Hotel Indenture, on January 1, 2012, a transfer of $3,433,943.51 was made from the City Lease Payment Subaccount of the Subordinate Debt Service Account to pay debt service on January 1, 2012 for the Subordinate Hotel Bonds because hotel revenues were not sufficient. An additional transfer of $4,740,026.14 will be made on July 1, 2012 needed to pay debt service on the Subordinate Hotel Bonds on July 1, 2012. Also pursuant to the Hotel Indenture, the City will be obligated to transfer Sports Facilities Taxes to replenish the City Lease Payment Subaccount so that the amount on deposit therein is equal to debt service for the succeeding bond year. Such transfers will be required on the first day of each month commencing July 1, 2012 in amounts at least equal to one-fifth of the deficiency. The City is unable to predict whether and in what amount future transfers may be necessary. A debt service schedule for the Subordinate Hotel Bonds is set forth on page B-23.

Downtown Phoenix Hotel Corporation
Hotel Revenue Bonds Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-12
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

	Senior Revenue Bonds			Subordinate Revenue Bonds			Combined Annual Debt Service Requirements		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2011-12	$ 1,470,000	$ 7,800,075	$ 9,270,075	$ 3,095,000	$ 9,611,554	$ 12,706,554	$ 4,565,000	$ 17,411,629	$ 21,976,629
2012-13	1,635,000	7,726,575	9,361,575	3,255,000	9,452,780	12,707,780	4,890,000	17,179,355	22,069,355
2013-14	1,810,000	7,644,825	9,454,825	3,420,000	9,284,822	12,704,822	5,230,000	16,929,647	22,159,647
2014-15	1,995,000	7,554,325	9,549,325	3,600,000	9,107,324	12,707,324	5,595,000	16,661,649	22,256,649
2015-16	2,190,000	7,454,575	9,644,575	3,790,000	8,919,764	12,709,764	5,980,000	16,374,339	22,354,339
2016-17	2,400,000	7,339,600	9,739,600	3,990,000	8,721,168	12,711,168	6,390,000	16,060,768	22,450,768
2017-18	2,625,000	7,213,600	9,838,600	4,200,000	8,510,895	12,710,895	6,825,000	15,724,495	22,549,495
2018-19	2,830,000	7,108,600	9,938,600	4,420,000	8,288,715	12,708,715	7,250,000	15,397,315	22,647,315
2019-20	3,045,000	6,991,862	10,036,862	4,645,000	8,064,738	12,709,738	7,690,000	15,056,600	22,746,600
2020-21	3,275,000	6,862,450	10,137,450	4,840,000	7,867,325	12,707,325	8,115,000	14,729,775	22,844,775
2021-22	3,515,000	6,723,263	10,238,263	5,085,000	7,625,325	12,710,325	8,600,000	14,348,588	22,948,588
2022-23	3,800,000	6,538,725	10,338,725	5,340,000	7,371,075	12,711,075	9,140,000	13,909,800	23,049,800
2023-24	4,105,000	6,339,225	10,444,225	5,605,000	7,104,075	12,709,075	9,710,000	13,443,300	23,153,300
2024-25	4,425,000	6,123,713	10,548,713	5,885,000	6,823,825	12,708,825	10,310,000	12,947,538	23,257,538
2025-26	4,760,000	5,891,400	10,651,400	6,180,000	6,529,575	12,709,575	10,940,000	12,420,975	23,360,975
2026-27	5,120,000	5,641,500	10,761,500	6,490,000	6,220,575	12,710,575	11,610,000	11,862,075	23,472,075
2027-28	5,480,000	5,385,500	10,865,500	6,790,000	5,920,413	12,710,413	12,270,000	11,305,913	23,575,913
2028-29	5,865,000	5,111,500	10,976,500	7,100,000	5,606,375	12,706,375	12,965,000	10,717,875	23,682,875
2029-30	6,265,000	4,818,250	11,083,250	7,430,000	5,278,000	12,708,000	13,695,000	10,096,250	23,791,250
2030-31	6,690,000	4,505,000	11,195,000	7,800,000	4,906,500	12,706,500	14,490,000	9,411,500	23,901,500
2031-32	7,140,000	4,170,500	11,310,500	8,190,000	4,516,500	12,706,500	15,330,000	8,687,000	24,017,000
2032-33	7,610,000	3,813,500	11,423,500	8,600,000	4,107,000	12,707,000	16,210,000	7,920,500	24,130,500
2033-34	8,105,000	3,433,000	11,538,000	9,030,000	3,677,000	12,707,000	17,135,000	7,110,000	24,245,000
2034-35	8,625,000	3,027,750	11,652,750	9,485,000	3,225,500	12,710,500	18,110,000	6,253,250	24,363,250
2035-36	9,170,000	2,596,500	11,766,500	9,960,000	2,751,250	12,711,250	19,130,000	5,347,750	24,477,750
2036-37	9,750,000	2,138,000	11,888,000	10,455,000	2,253,250	12,708,250	20,205,000	4,391,250	24,596,250
2037-38	10,355,000	1,650,500	12,005,500	10,980,000	1,730,500	12,710,500	21,335,000	3,381,000	24,716,000
2038-39	10,990,000	1,132,750	12,122,750	11,525,000	1,181,500	12,706,500	22,515,000	2,314,250	24,829,250
2039-40	11,665,000	583,250	12,248,250	12,105,000	605,250	12,710,250	23,770,000	1,188,500	24,958,500
	$156,710,000	$153,320,313	$310,030,313	$193,290,000	$175,262,573	$368,552,573	$350,000,000	$328,582,886	$678,582,886

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

The 2003 Legislation also requires the State Auditor General to conduct or contract for an economic impact analysis of the Phoenix Convention Center expansion on State revenues beginning in its fifth year of operation after completion in January 2009. Under a recent amendment to the 2003 Legislation, beginning in 2014 and each year thereafter, if the Auditor General determines that the State has paid more in cumulative distributions than has been received in incremental revenue to the State general fund as a result of the Convention Center Project, the State can withhold State-Shared Sales Taxes from the next regularly scheduled distribution in an amount necessary to remedy the cumulative deficiency. For calendar years 2006, 2007 and 2008, the average number of delegates attending the Phoenix Convention Center was almost 98,000. For calendar years 2009, 2010 and 2011, the first three years following the completion of the expansion, the average number of delegates attending the Phoenix Convention Center was almost 264,000. The City is unable to predict at this time whether the State may have paid more in cumulative distributions than received in incremental revenue as a result of the Convention Center Project and if and to what extent State-Shared Revenues may be withheld or what defenses the City may have to such action. A debt service schedule for the State Distribution Bonds is set forth on page B-25.

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

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

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

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

The City entered into a loan agreement with the City of Phoenix Civic Improvement Corporation to finance a portion of the costs of designing, acquiring, constructing and equipping the City's light rail transit system. The Corporation issued bonds to provide the funds for the loan to the City, and the City pledged its excise tax collections from the 0.4% increase in the City's privilege license tax rate approved by City voters on March 14, 2000, to make loan payments sufficient to pay principal and interest on the bonds. This pledge secures only the loan agreement and the corresponding payment of debt service on the bonds.

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

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-12
12-10-04	$500,000,000	Light Rail Project	7-1-06/20	5.01%	$409,165,000
Total Transit Excise Tax Revenue Bonded Debt					$409,165,000

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

Fiscal Year	Principal	Interest	Total
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
	$409,165,000	$117,281,537	$526,446,537

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

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

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-12
05-01-02	$ 23,225,000	Airport Improvements	7-1-08/13	5.54%	$ 11,615,000
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	89,125,000
06-18-08	68,520,000	Airport Improvements Refunding	7-1-09/20	5.23	43,140,000
Total Senior Lien Airport Revenue Bonded Debt Outstanding					$625,270,000

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

Fiscal Year	Principal	Interest	Total
2011-12	$ 25,655,000	$ 32,163,775	$ 57,818,775
2012-13	21,905,000	30,805,550	52,710,550
2013-14	23,730,000	29,665,675	53,395,675
2014-15	23,670,000	28,427,325	52,097,325
2015-16	24,975,000	27,164,700	52,139,700
2016-17	26,310,000	25,852,875	52,162,875
2017-18	27,765,000	24,448,950	52,213,950
2018-19	29,255,000	23,029,962	52,284,962
2019-20	30,960,000	21,533,650	52,493,650
2020-21	27,275,000	19,949,762	47,224,762
2021-22	28,665,000	18,559,475	47,224,475
2022-23	19,595,000	17,126,850	36,721,850
2023-24	20,610,000	16,117,712	36,727,712
2024-25	21,670,000	15,056,275	36,726,275
2025-26	22,790,000	13,940,213	36,730,213
2026-27	23,960,000	12,766,438	36,726,438
2027-28	25,195,000	11,532,363	36,727,363
2028-29	26,485,000	10,237,100	36,722,100
2029-30	27,850,000	8,872,900	36,722,900
2030-31	29,290,000	7,438,350	36,728,350
2031-32	30,795,000	5,929,588	36,724,588
2032-33	12,770,000	4,343,250	17,113,250
2033-34	13,410,000	3,704,750	17,114,750
2034-35	14,080,000	3,034,250	17,114,250
2035-36	14,785,000	2,330,250	17,115,250
2036-37	15,520,000	1,591,000	17,111,000
2037-38	16,300,000	815,000	17,115,000
	$625,270,000	$416,437,988	$1,041,707,988

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

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

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-12
09-01-10	$642,680,000	Airport Improvements	7-1-13/40	4.99%	$642,680,000(1)
09-01-10	21,345,000	Airport Improvements	7-1-40	6.60	21,345,000(1)(2)
09-01-10	32,080,000	Airport Refunding	7-1-23/25	5.00	32,080,000
Total Junior Lien Airport Revenue Bonded Debt Outstanding					$696,105,000

(1) Debt service due on or before July 1, 2016 on these bonds is also secured by an irrevocable commitment of net proceeds of a passenger facility charge imposed by the City and collected on behalf of the City by non-exempt passenger air carriers at Phoenix Sky Harbor International Airport. The passenger facility charge is currently imposed at the rate of $4.50 per qualifying enplaned passenger, and is required to be remitted to the City less any accrued interest and an $0.11 per passenger facility charge airline collection fee.

(2) Represents bonds issued as Recovery Zone Economic Development Bonds for purposes of the American Recovery and Reinvestment Act of 2009 and the Internal Revenue Code of 1986. Subject to the City's compliance with certain requirements of the Code, the City expects to receive semiannual cash subsidy payments rebating a portion of the interest on these bonds from the United States Treasury in an amount equal to 45% of the interest payable each respective interest payment date.

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

Fiscal Year	Principal	Interest	Total
2011-12	$ —	$ 34,761,501	$ 34,761,501
2012-13	11,710,000	34,761,501	46,471,501
2013-14	12,105,000	34,363,101	46,468,101
2014-15	12,705,000	33,763,851	46,468,851
2015-16	13,310,000	33,160,151	46,470,151
2016-17	13,960,000	32,510,601	46,470,601
2017-18	14,655,000	31,816,851	46,471,851
2018-19	15,285,000	31,186,801	46,471,801
2019-20	16,025,000	30,443,751	46,468,751
2020-21	16,785,000	29,684,276	46,469,276
2021-22	17,620,000	28,850,026	46,470,026
2022-23	28,675,000	27,969,026	56,644,026
2023-24	30,110,000	26,535,276	56,645,276
2024-25	31,615,000	25,029,776	56,644,776
2025-26	21,365,000	23,502,183	44,867,183
2026-27	22,430,000	22,433,933	44,863,933
2027-28	23,555,000	21,312,433	44,867,433
2028-29	24,730,000	20,134,683	44,864,683
2029-30	25,965,000	18,898,183	44,863,183
2030-31	27,200,000	17,663,108	44,863,108
2031-32	28,570,000	16,303,108	44,873,108
2032-33	30,065,000	14,803,183	44,868,183
2033-34	31,645,000	13,224,770	44,869,770
2034-35	33,230,000	11,642,520	44,872,520
2035-36	34,890,000	9,981,020	44,871,020
2036-37	36,635,000	8,236,520	44,871,520
2037-38	38,465,000	6,404,770	44,869,770
2038-39	40,390,000	4,481,520	44,871,520
2039-40	42,410,000	2,462,020	44,872,020
	$696,105,000	$646,320,443	$1,342,425,443

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

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

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

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-12
06-02-04	$260,000,000	Rental Car Facility	7-1-07/29	6.08%	$227,620,000
Total Rental Car Facility Charge Bonded Debt Outstanding					$227,620,000

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

Fiscal Year	Principal	Interest	Total
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
	$227,620,000	$155,338,285	$382,958,285

The City entered into city purchase agreements with the City of Phoenix Civic Improvement Corporation for the acquisition of approximately 13,000 acres of agricultural land and associated water rights in McMullen Valley, as well as for certain modifications and expansions at various water treatment plants throughout the City. The City of Phoenix Civic Improvement Corporation issued bonds for the acquisition of the property and the water treatment plant modifications and expansions, and the City made a junior lien pledge of net operating revenues of the water system for the payment of principal and interest on the bonds. Amounts due on the bonds and pursuant to the city purchase agreements are as follows:

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

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-12
08-01-01	$ 99,980,000	Water System Refunding	7-1-02/24	5.24%	$ 68,660,000
10-01-03	11,325,000	Water System Refunding	7-1-05/22	4.29	10,805,000
07-01-04	27,775,000	McMullen Valley & Water Rights Refunding	8-1-06/17	4.06	16,450,000
06-01-05	600,000,000	Water System Improvements	7-1-10/29	4.90	563,165,000
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	73,940,000
11-22-11	167,510,000	Water System Refunding	7-1-14/26	4.81	167,510,000
Total Junior Lien Water Revenue Bonded Debt					$1,350,530,000

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

Fiscal Year	Principal	Interest	Total
2011-12	$ 30,585,000	$ 66,657,139	$ 97,242,139
2012-13	31,970,000	64,637,181	96,607,181
2013-14	52,980,000	63,087,156	116,067,156
2014-15	57,790,000	60,644,250	118,434,250
2015-16	50,085,000	57,934,075	108,019,075
2016-17	62,915,000	55,522,262	118,437,262
2017-18	66,030,000	52,403,825	118,433,825
2018-19	69,210,000	49,224,394	118,434,394
2019-20	63,555,000	45,895,456	109,450,456
2020-21	66,635,000	42,815,000	109,450,000
2021-22	69,990,000	39,463,738	109,453,738
2022-23	71,410,000	36,043,537	107,453,537
2023-24	75,015,000	32,439,438	107,454,438
2024-25	71,205,000	28,765,312	99,970,312
2025-26	74,670,000	25,304,113	99,974,113
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
	$1,350,530,000	$849,432,126	$2,199,962,126

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

City of Phoenix
Junior Lien Water System Revenue Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Amount Outstanding As of 3-1-12
11-12-10	$1,201,322(1)	Water System Improvements	07-1-10/16	2.97%	$ 837,567
04-02-11	2,093,436	Water System Improvements	07-1-16/24	2.97	2,093,436
10-01-11	1,496,737	Water System Improvements	07-1-24/29	2.97	1,496,737
Total Junior Lien Water Revenue Bonded Debt					$4,427,740

(1) Amount does not include $3,200,000 loaned to the City but not required to be repaid pursuant to the Recovery Act (the "*Forgivable Principal*"). Failure by the City to comply with all requirements of the loan agreement may result in a default under the loan agreement and cause the Forgivable Principal to be owed by the City.

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

Fiscal Year	Principal	Interest	Total
2011-12	$ 190,014	$ 116,978	$ 306,992
2012-13	195,654	125,776	321,430
2013-14	201,460	119,969	321,429
2014-15	207,440	113,989	321,429
2015-16	213,597	107,832	321,429
2016-17	219,936	101,493	321,429
2017-18	226,464	94,965	321,429
2018-19	233,185	88,244	321,429
2019-20	240,106	81,323	321,429
2020-21	247,233	74,197	321,430
2021-22	254,571	66,859	321,430
2022-23	262,126	59,303	321,429
2023-24	269,906	51,523	321,429
2024-25	277,917	43,512	321,429
2025-26	286,165	35,264	321,429
2026-27	294,659	26,770	321,429
2027-28	303,404	18,025	321,429
2028-29	303,903	9,020	312,923
	$4,427,740	$1,335,042	$5,762,782

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 water system of the City. The Corporation is currently authorized to issue up to an aggregate principal amount of $100,000,000 of its Water Commercial Paper Program Notes, Series 2012A and $100,000,000 of its Water Commercial Paper Program Notes, Series 2012B (collectively, the "Notes"). The Notes are issued as commercial paper in varying maturities up to 270 days and are currently outstanding in an aggregate principal amount of $175,000,000. The Notes are secured by irrevocable, direct pay letters of credit issued by Royal Bank of Canada (Series 2012A Notes), acting through its New York branch and Wells Fargo Bank, National Association (Series 2012B Notes), respectively (collectively, the "Banks"). While the City has not granted any lien on net operating revenues of the water system to the owners of the Notes, under the city purchase agreement, the City has granted the Banks 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
Water Commercial Paper Program Notes Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Notes Outstsnding as of 3-1-12
03-01-12	$ 175,000,000	Water System Improvements	Up to 270 days	Various	$ 175,000,000
Total Junior Subordinate Water System Revenue Notes Outstanding					$ 175,000,000

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

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

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-12
01-11-05	$102,020,000	Wastewater System Refunding	7-1-06/15	4.92%	$ 50,850,000
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					$184,250,000

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

Fiscal Year	Principal	Interest	Total
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
	$184,250,000	$75,350,625	$259,600,625

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

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

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Bonds Outstanding As of 3-1-12
12-01-04	$180,000,000	Wastewater System Improvements	7-1-10/29	4.97%	$163,755,000
11-27-07	300,000,000	Wastewater System Improvements	7-1-12/37	4.98	300,000,000
12-22-11	118,290,000	Wastewater System Refunding	7-1-14/24	4.72	118,290,000
Total Junior Lien Wastewater System Revenue Bonded Debt					$582,045,000

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

Fiscal Year	Principal	Interest	Total
2011-12	$ 11,525,000	$ 29,160,750	$ 40,685,750
2012-13	12,035,000	27,990,725	40,025,725
2013-14	18,660,000	27,373,288	46,033,288
2014-15	8,805,000	26,494,625	35,299,625
2015-16	22,045,000	26,103,275	48,148,275
2016-17	23,135,000	25,051,025	48,186,025
2017-18	29,030,000	23,989,775	53,019,775
2018-19	30,415,000	22,641,625	53,056,625
2019-20	31,915,000	21,180,875	53,095,875
2020-21	33,495,000	19,645,125	53,140,125
2021-22	35,185,000	18,002,875	53,187,875
2022-23	30,790,000	16,255,312	47,045,312
2023-24	32,370,000	14,721,313	47,091,313
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
	$582,045,000	$385,715,153	$967,760,153

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

City of Phoenix
Junior Lien Wastewater System Revenue Debt Outstanding

Issue Date	Original Issuance	Purpose	Maturity Dates	Average Interest Rate	Amount Outstanding As of 3-1-12
05-26-10	$6,000,000(1)	Wastewater System Improvements	07-1-10/18	2.97%	$ 4,768,540
08-03-10	6,286,996	Wastewater System Improvements	07-1-18/26	2.97	6,286,996
06-01-11	3,909,270	Wastewater System Improvements	07-1-26/29	2.97	3,909,270
Total Junior Lien Wastewater Revenue Bonded Debt					$14,964,806

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

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

Fiscal Year	Principal	Interest	Total
2011-12	$ 643,276	$ 444,155	$ 1,087,431
2012-13	662,369	425,063	1,087,432
2013-14	682,028	405,404	1,087,432
2014-15	702,270	385,161	1,087,431
2015-16	723,114	364,318	1,087,432
2016-17	744,576	342,856	1,087,432
2017-18	766,675	320,757	1,087,432
2018-19	789,429	298,002	1,087,431
2019-20	812,860	274,572	1,087,432
2020-21	836,985	250,446	1,087,431
2021-22	861,827	225,604	1,087,431
2022-23	887,406	200,025	1,087,431
2023-24	913,744	173,687	1,087,431
2024-25	940,864	146,567	1,087,431
2025-26	968,789	118,642	1,087,431
2026-27	997,543	89,889	1,087,432
2027-28	1,027,150	60,282	1,087,432
2028-29	1,003,901	29,796	1,033,697
	$14,964,806	$4,555,226	$19,520,032

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 6-1-12
07-02-09	$100,000,000	Wastewater System Improvements	Up to 270 days	Various	$75,000,000
Total Junior Subordinated Wastewater System Revenue Debt Outstanding					$75,000,000

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, 2011 were $131,340,364, of which 15.2% was reimbursed by other local governmental entities that have contracted for service. The estimated liability for all contracts for 2011-12 is $136,686,879, of which approximately 16.9% is to be reimbursed by other local governmental entities that have contracted for service.

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

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

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

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

On November 2, 2004 Maricopa County voters approved Proposition 400, which basically extended the County's one-half percent sales tax for transportation funding for an additional 20 years. The countywide one-half percent sales tax will provide funding for freeways, streets, bus transit, rural transit, dial-a-ride and light rail. Combined with projected federal matching funds, the tax is expected to provide $5.3 billion for transit improvements over the life of the tax.

On March 14, 2000, City of Phoenix residents approved a 0.4% 20-year sales tax dedicated to transit improvements. Transit improvements include expanded local bus and Dial-A-Ride service, bus rapid transit service, neighborhood circulators, and the construction and operation of a light rail system. In addition, the tax will provide funding for 500 bus pull-outs, 100 miles of bike lanes and left-turn arrows at all major intersections. Voters approved the tax by a 2 to 1 margin providing an estimated $2.2 billion in funding through May 31, 2020.

SUMMARY OF AUTHORIZED, ISSUED AND UNISSUED BONDS

Purpose	Original Authorization(1)	Bonds Issued	2012 Improvement Bonds(2)	Remaining Authorization
GENERAL OBLIGATION BONDS:				
Affordable Housing and Neighborhood Revitalization	$ 81,000,000	$ 57,645,000	$ 5,740,000	$ 17,615,000
Computer Technology	136,400,000	131,485,000	1,710,000	3,205,000
Education Facilities	198,700,000	186,950,000	3,660,000	8,090,000
Environmental Cleanup	37,600,000	31,245,000	1,270,000	5,085,000
Family, Senior and Youth Cultural Facilities	170,922,000	127,615,000	22,,495,000	20,812,000
Fire Protection	136,205,000	104,500,000	17,400,000	14,305,000
Freeway Mitigation, Neighborhood Stabilization and Slum and Blight Elimination	29,285,000	28,285,000	—	1,000,000
Historic Preservation	12,000,000	11,075,000	130,000	795,000
Library Facilities	62,178,000	51,775,000	1,425,000	8,978,000
Neighborhood Protection and Senior Centers	74,000,000	71,645,000	—	2,355,000
Parks, Open Space and Recreational Facilities	192,500,000	144,900,000	29,965,000	17,635,000
Police Protection	186,095,000	138,540,000	21,045,000	26,510,000
Street Improvements	169,700,000	145,190,000	2,220,000	22,290,000
Storm Sewer Systems and Flood Protection	131,400,000	114,780,000	12,940,000	3,680,000
Total General Obligation Bonds	$1,617,985,000	$1,345,630,000	$120,000,000	$152,355,000

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

(2) Represents general obligation bonds sold May 23, 2012 and expected to be delivered on June 12, 2012.

2011-16 CAPITAL IMPROVEMENT PROGRAM SUMMARY

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

Formal City Council adoption of the Capital Improvement Program indicates the City's commitment to the five-year plan, but does not in itself authorize expenditures. The necessary funding mechanisms must be adopted each year to pay for the improvements. The City Council authorized two sets of appropriations for the 2011-12 capital budget, which is the first year of the CIP: (1) authorization for the 2011-12 capital projects financed with bonds and bond-related funds; and (2) authorization for all 2011-12 pay-as-you-go projects financed with operating funds.

The 2011-16 CIP, which is summarized on pages B-40 and B-41, totals $3.42 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 2011.

Summary of 2011-16 Capital Improvement Program
By Program

Program	2011-12	2012-13	2013-14	2014-15	2015-16	Total
Arts and Cultural Facilities	$ 14,804,000	$ 1,828,000	$ —	$ —	$ —	$ 16,632,000
Aviation	435,812,000	125,513,000	57,339,000	43,878,000	55,372,000	717,914,000
Economic Development	10,254,000	19,019,000	4,000,000	4,000,000	4,000,000	41,273,000
Energy Conservation	17,747,000	8,468,000	1,000,000	1,000,000	1,000,000	29,215,000
Facilities Management	19,198,000	8,413,000	4,081,000	789,000	1,330,000	33,811,000
Fire Protection	21,140,000	13,973,000	—	—	—	35,113,000
Historic Preservation	2,759,000	2,591,000	434,000	—	—	5,784,000
Housing	60,044,000	15,052,000	11,678,000	11,678,000	11,678,000	110,130,000
Human Services	2,857,000	12,188,000	—	—	—	15,045,000
Information Technology Services	14,254,000	12,277,000	8,703,000	7,940,000	7,200,000	50,374,000
Libraries	7,698,000	8,511,000	1,850,000	2,100,000	200,000	20,359,000
Neighborhood Services	11,786,000	6,211,000	—	—	—	17,997,000
Parks, Recreation and Mountain Preserves	99,758,000	46,267,000	1,000,000	1,000,000	1,000,000	149,025,000
Phoenix Convention Center	2,212,000	3,579,000	5,443,000	4,967,000	5,565,000	21,766,000
Police Protection	25,509,000	17,940,000	—	—	—	43,449,000
Public Transit	77,991,000	56,121,000	59,534,000	46,975,000	32,658,000	273,279,000
Solid Waste Disposal	29,244,000	7,020,000	15,785,000	17,050,000	10,050,000	79,149,000
Street Transportation and Drainage	155,265,000	146,716,000	77,804,000	85,874,000	82,201,000	547,860,000
Wastewater	107,163,000	58,961,000	110,541,000	45,464,000	135,595,000	457,724,000
Water	197,602,000	100,648,000	116,495,000	132,960,000	203,715,000	751,420,000
Total CIP Costs	$1,313,097,000	$671,296,000	$475,687,000	$405,675,000	$551,564,000	$3,417,319,000

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

Source of Funds	2011-12	2012-13	2013-14	2014-15	2015-16	Total
Operating Funds:						
General Funds	$ 3,733,000	$ 5,492,000	$ 4,916,000	$ 4,874,000	$ 5,460,000	$ 24,475,000
Parks and Preserves	46,534,000	29,006,000	1,000,000	1,000,000	1,000,000	78,540,000
Transit 2000	16,426,000	5,711,000	3,530,000	2,985,000	2,522,000	31,174,000
Development Services	66,000	55,000	59,000	257,000	—	437,000
Capital Construction	26,250,000	18,229,000	18,759,000	19,305,000	19,872,000	102,415,000
Arizona Highway Users	44,485,000	36,400,000	63,541,000	60,625,000	61,231,000	266,282,000
Public Transit	8,766,000	7,028,000	4,048,000	7,603,000	5,215,000	32,660,000
Community Reinvestment	4,400,000	2,000,000	2,000,000	2,000,000	2,000,000	12,400,000
Community Development Block Grants (CDBG)	3,310,000	171,000	170,000	171,000	171,000	3,993,000
Other Restricted	16,140,000	10,750,000	10,500,000	10,500,000	10,500,000	58,390,000
Grant Funds	57,925,000	23,135,000	5,762,000	5,762,000	5,762,000	98,346,000
Enterprise Funds:						
Aviation	54,721,000	33,492,000	19,426,000	15,356,000	15,650,000	138,645,000
Convention Center	2,167,000	2,285,000	3,272,000	2,732,000	3,335,000	13,791,000
Solid Waste	14,682,000	6,175,000	7,177,000	6,327,000	9,250,000	43,611,000
Wastewater	73,558,000	43,011,000	69,649,000	36,605,000	56,478,000	279,301,000
Water	113,158,000	65,424,000	104,283,000	127,650,000	107,967,000	518,482,000
Total Operating Funds	$ 486,321,000	$288,364,000	$318,092,000	$303,752,000	$306,413,000	$1,702,942,000
Bond Funds:						
Property Tax Supported:	$ 669,000	$ 1,581,000	$ —	$ —	$ —	$ 2,250,000
1988 Various Purpose	35,000	—	—	—	—	35,000
1989 Various Purpose	5,813,000	14,223,000	100,000	1,900,000	—	22,036,000
2001 Various Purpose	107,608,000	138,411,000	5,080,000	—	—	251,099,000
2006 Various Purpose						
Nonprofit Corporation Bonds:						
Aviation	35,279,000	6,238,000	482,000	—	—	41,999,000
Solid Waste	4,277,000	170,000	4,825,000	10,500,000	—	19,772,000
Transit 2000	2,170,000	—	—	—	—	2,170,000
Wastewater	12,564,000	3,529,000	7,923,000	2,319,000	47,275,000	73,610,000
Water	51,094,000	34,135,000	9,536,000	4,531,000	88,407,000	187,703,000
Other	10,255,000	500,000	—	—	—	10,755,000
Total Bond Funds	$ 229,764,000	$198,787,000	$ 27,946,000	$ 19,250,000	$135,682,000	$ 611,429,000
Other Capital Sources:						
Impact Fees	$ 84,182,000	$ 15,258,000	$ 3,908,000	$ 920,000	$ 6,580,000	$ 110,848,000
Passenger Facility Charge	321,300,000	69,364,000	14,462,000	8,813,000	15,313,000	429,252,000
Other Cities' Share — SROG and Val Vista	11,145,000	6,032,000	35,621,000	7,178,000	33,103,000	93,079,000
Solid Waste Remediation	1,632,000	700,000	3,810,000	250,000	800,000	7,192,000
Capital Grants	103,975,000	53,404,000	48,393,000	59,568,000	52,574,000	317,914,000
Federal, State and Other Participation	40,133,000	30,191,000	21,001,000	5,944,000	1,099,000	98,368,000
Capital Reserves	20,887,000	9,196,000	2,454,000	—	—	32,537,000
Parks Capital Gifts	1,071,000	—	—	—	—	1,071,000
Other Capital	12,687,000	—	—	—	—	12,687,000
Total Other Capital Sources	$ 597,012,000	$184,145,000	$129,649,000	$ 82,673,000	$109,469,000	$1,102,948,000
TOTAL CIP SOURCES	$1,313,097,000	$671,296,000	$475,687,000	$405,675,000	$551,564,000	$3,417,319,000

COMBINED FINANCIAL SCHEDULES

The schedules summarized on pages B-43 through B-53 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 2008-09 through 2010-11 and estimated amounts for fiscal year 2011-12. The schedules are presented on a budgetary basis to provide a meaningful comparison of actual results with the City's budget for all City operating funds.

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

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

	Actual			Estimated
	2009	2010	2011	2012(1)
REVENUES				
City Taxes				
Sales, Use and Franchise	$ 693,354	$ 617,110	$ 688,769	$ 727,618
Property-Primary-Operating	110,085	121,366	130,913	126,763
-Secondary-Debt Service	196,568	196,673	149,019	94,529
Other City Taxes	3,070	3,320	3,372	4,195
Other				
Licenses and Permits	18,926	16,744	16,307	12,501
Charges for Services	154,145	149,524	163,137	156,371
Fines and Forfeitures	17,416	17,453	18,095	21,920
Parks, Recreation and Library	8,034	7,154	7,235	8,402
Dwelling Rentals	12,276	12,075	9,978	4,984
Interest	15,519	9,075	5,866	15,296
Regional Transit	45,243	57,923	41,997	33,548
Other	34,317	32,956	39,855	44,675
State-Shared Revenues				
Highway User Tax	109,620	103,979	104,908	89,329
State Sales Tax	122,593	106,916	111,787	115,183
State Income Tax	220,806	190,546	143,647	122,012
Vehicle License Tax	53,629	49,500	48,299	46,000
Local Transportation Assistance	6,506	3,771	—	—
Grant Revenues				
Human Resources Federal Trust	37,255	43,498	44,762	47,128
Federal Transit Administration	10,804	12,472	18,848	18,226
Community Development	22,319	20,579	17,404	34,110
Public Housing Grants	65,616	80,057	77,704	80,591
Other Grants and Participation	52,990	71,525	83,797	118,608
Enterprise Funds				
Aviation	317,052	308,088	332,593	342,055
Phoenix Convention Center	29,795	17,605	23,660	17,704
Water System and Val Vista	328,179	345,590	353,324	371,446
Wastewater and SROG	209,517	215,578	233,288	231,434
Solid Waste	136,164	138,906	143,134	143,163
Golf Courses	5,972	5,552	5,708	5,898
Total Revenues	3,037,770	2,955,535	3,017,406	3,033,689
RECOVERIES				
Prior Year Expenditures	33,647	18,537	37,070	4,600
TRANSFERS (TO) FROM OTHER FUNDS				
MERP Trust	(17,456)	—	—	—
Self Insurance Retention Reserve	4,978	—	—	—
Regional Wireless Cooperative	—	—	(1,919)	(42)
Capital Projects Funds	43,143	43,653	(8,124)	6,714
General Finance Trust	—	4,526	—	—
Early Redemption Debt Service Fund	—	—	—	37,311
Street and Highway Debt Service Fund	22	—	—	—
Infrastructure Repayment Agreement Trust	(3,720)	(3,087)	(1,050)	(680)
Net Deposit to Refunding Escrow	—	384	5,439	(5,335)
FUND BALANCES, BEGINNING OF YEAR	995,319	1,025,782	1,055,915	1,084,050
Total Resources Available for Expenditures	4,093,703	4,045,330	4,104,737	4,160,307

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

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

	Actual			Estimated
	2009	**2010**	**2011**	**2012(1)**
EXPENDITURES AND ENCUMBRANCES				
Operating Expenditures				
General Government	$ 85,567	$ 79,889	$ 74,940	$ 96,087
Criminal Justice	37,308	37,094	35,259	56,484
Public Safety	807,589	807,725	789,067	815,125
Transportation				
Streets and Traffic	60,759	62,448	64,888	69,133
Transit	188,328	199,296	184,203	196,687
Community and Economic Development				
Planning and Development Services	37,543	30,988	30,435	32,427
Neighborhood Services and Housing	117,977	127,417	131,037	166,184
Other Economic Development	18,829	9,719	12,874	20,921
Community Enrichment				
Parks and Recreation	102,612	94,317	91,525	93,863
Libraries	34,820	33,065	32,306	34,738
Other Community Enrichment	8,301	6,889	6,982	767
Human Services	61,082	63,853	62,154	64,820
Environmental Services	20,453	17,161	16,622	16,712
Total Governmental Expenditures	1,581,168	1,569,861	1,532,292	1,663,948
Enterprise Funds				
Aviation	193,502	195,154	196,260	203,796
Phoenix Convention Center	52,943	46,044	45,458	46,320
Water System and Val Vista	165,878	167,543	171,286	172,333
Wastewater and SROG	85,044	88,475	90,267	92,023
Solid Waste	100,740	111,432	106,091	119,441
Golf Courses	7,761	7,946	7,857	8,318
Total Operating Expenditures	2,187,036	2,186,455	2,149,511	2,306,179
Capital Improvement				
Governmental Funds				
General Government	14,401	1,780	3,639	3,733
Public Safety	1,700	—	—	—
Transportation	82,501	45,055	48,409	65,278
Public Works	8,441	6,224	11,432	41,703
Community and Economic Development	8,896	31,579	49,289	65,701
Community Enrichment	53,888	16,144	36,143	46,534
Enterprise Funds				
Aviation	25,129	13,218	33,588	54,721
Phoenix Convention Center	(3,612)	1,179	1,155	2,167
Water System and Val Vista	86,680	58,476	98,413	113,158
Wastewater and SROG	37,242	23,832	35,248	73,558
Solid Waste	1,865	2,052	13,442	14,683
Total Capital Improvement	317,131	199,539	330,758	481,236

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

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

	Actual			Estimated
	2009	2010	2011	2012(1)
Debt Service				
General Obligation Bonds				
Various Purpose				
Principal	$ 32,165	$ 46,647	$ 86,465	$ 65,120
Interest	56,603	66,542	73,320	66,463
Early Redemption	73,967	62,566	(5,453)	—
Arbitrage Rebate and Fees	2,062	392	7	10
Airport				
Principal	1,385	845	850	885
Interest	563	498	464	430
Water				
Principal	12,686	11,288	—	5,180
Interest	5,647	4,635	—	1,810
Solid Waste				
Principal	5,780	1,155	—	1,280
Interest	1,212	763	—	566
Sanitary Sewer				
Principal	5,506	5,740	—	4,278
Interest	2,228	1,633	—	897
Revenue Bonds				
Street & Highway User				
Principal	27,005	28,285	29,740	6,266
Interest	4,235	2,961	1,506	15,734
Public Housing				
Principal	305	—	—	—
Interest	14	—	—	—
Airport				
Principal	25,539	25,615	27,055	25,655
Interest	52,123	50,250	49,006	66,925
Water				
Principal	18,310	38,222	42,094	30,775
Interest	50,600	73,608	69,738	66,789
Sanitary Sewer				
Principal	18,640	25,605	28,151	23,973
Interest	44,195	42,445	41,564	39,481
Total Debt Service	440,770	489,695	444,507	422,517
Lease-Purchase Payments	122,984	113,726	95,911	125,336
Total Expenditures	3,067,921	2,989,415	3,020,687	3,335,268
FUND BALANCES, END OF YEAR	$1,025,782	$1,055,915	$1,084,050	$ 825,039

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

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

Funds	Actual 2009	Actual 2010	Actual 2011	Estimated 2012(1)
GENERAL FUND	$ 45,580	$ 46,752	$ 92,908	$ 83,128
SPECIAL REVENUE FUNDS				
Highway User Revenue	10,903	23,130	21,911	5,498
Parks and Recreation	41,547	49,552	38,473	17,787
Planning and Development Services	13,726	11,917	14,650	16,445
Community Reinvestment	14,141	10,460	13,751	9,393
Transit	243,383	231,459	234,009	194,668
Public Housing	22,200	27,058	25,205	9,593
Court Awards	1,263	1,938	216	44
Sports Facilities	32,663	35,363	37,477	30,005
Capital Construction	7,109	3,265	8,991	259
Regional Wireless Cooperative	—	—	803	2,849
Other Restricted	35,368	38,557	44,958	25,463
Neighborhood Protection	(5,031)	(13,964)	(9,749)	(8,133)
Public Safety Enhancement	(4,152)	(12,284)	(9,087)	(15,973)
Public Safety Expansion	22,183	9,709	(1,004)	(11,667)
DEBT SERVICE FUNDS				
Secondary Property Tax	100	100	100	100
City Improvement	701	701	40	40
ENTERPRISE FUNDS				
Aviation	173,626	203,739	197,081	192,677
Phoenix Convention Center	50,800	48,796	46,444	36,008
Water System and Val Vista	145,364	146,647	119,574	72,265
Wastewater and SROG	136,640	153,506	168,311	141,877
Solid Waste	45,013	49,532	51,406	37,911
Golf Courses	(7,345)	(10,018)	(12,418)	(15,198)
Total Operating Funds	$1,025,782	$1,055,915	$1,084,050	$825,039

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

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

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

	Actual			Estimated
	2009	2010	2011	2012(1)
GENERAL FUND				
Transfers From				
Excise Tax	$712,703	$629,018	$647,698	$651,752
Development Services	3,500	2,546	2,172	2,930
Public Housing	314	302	311	302
Neighborhood Protection	—	—	—	109
Sports Facilities	184	190	189	192
Public Safety Enhancement	—	—	—	55
Public Safety Expansion	—	—	—	278
Other Restricted	—	—	400	727
Transit	—	—	—	407
Community Reinvestment	—	—	—	1,261
Aviation	5,897	5,037	4,364	5,889
Phoenix Convention Center	2,556	2,154	1,725	1,990
Water System and Val Vista	26,136	33,068	18,998	20,234
Wastewater and SROG	13,765	16,482	23,619	13,263
Solid Waste	9,338	8,025	8,128	6,609
Golf Courses	279	279	276	359
Capital Projects	7,800	3,274	—	—
Self Insurance Retention Reserve	605	—	—	—
General Finance Trust	—	4,526	—	—
Total	783,077	704,901	707,880	706,357
Transfers To				
Highway User Revenue	—	—	—	424
City Improvement	—	—	—	7,222
Neighborhood Protection	—	—	5,386	—
Retiree Rate Stabilization Trust	—	—	—	—
Public Safety Enhancement	—	—	9,138	29
Public Safety Expansion	—	—	476	—
Infrastructure Repayment Agreement Trust	1,675	1,164	457	350
Regional Wireless Cooperative	—	—	1,814	—
MERP Trust	17,456	—	—	—
Total	19,131	1,164	17,271	8,025
HIGHWAY USER REVENUE				
Transfers From				
Capital Projects	151	—	—	—
General Fund	—	—	—	424
Street and Highway Debt Service	22	—	—	—
Water System and Val Vista	10	—	—	—
Total	183	—	—	424
Transfers To				
Capital Projects	—	52	38	—
PARKS AND RECREATION				
Transfers From				
Excise Tax	24,335	21,615	25,345	26,962
Transfers To				
Infrastructure Repayment Agreement Trust	84	66	53	33
Golf Courses	5,738	—	—	—
Total	5,822	66	53	33

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

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

	Actual 2009	Actual 2010	Actual 2011	Estimated 2012(1)
EXCISE TAX				
Transfers To				
General Fund	$ 712,703	$629,018	$647,698	$651,752
Parks and Recreation	24,335	21,615	25,345	26,962
Transit	97,324	86,465	101,379	107,847
Sports Facilities	14,203	12,502	14,076	14,809
Capital Construction	19,803	17,415	15,486	16,723
Other Restricted	—	—	4,585	4,565
Neighborhood Protection	24,334	21,615	25,387	26,918
Public Safety Enhancement	24,361	23,978	23,781	23,781
Public Safety Expansion	46,579	43,131	50,680	53,910
City Improvement	28,378	26,901	1,043	—
Phoenix Convention Center	47,417	34,801	37,835	40,424
Total	1,039,437	917,441	947,295	967,691
REGIONAL TRANSIT				
Transfers From				
Transit	—	—	19	—
Transfers To				
Transit	34,505	38,832	28,979	4,474
Capital Projects	38	—	1,689	—
Total	34,543	38,832	30,668	4,474
TRANSIT				
Transfers From				
Excise Tax	97,324	86,465	101,379	107,847
Aviation	394	—	—	—
Regional Transit	34,505	38,832	28,979	4,474
City Improvement	—	—	710	—
Self Insurance Retention Reserve	1,531	—	—	—
Capital Projects	57	—	—	—
Total	133,811	125,297	131,068	112,321
Transfers To				
Infrastructure Repayment Agreement Trust	335	264	210	129
General Fund	—	—	—	407
City Improvement	41,898	43,959	46,130	48,396
Capital Projects	—	—	7	—
Regional Transit	—	—	19	—
Regional Wireless Cooperative	—	—	1	—
Total	42,233	44,223	46,367	48,932
COMMUNITY REINVESTMENT				
Transfers To				
General Fund	—	—	—	1,261
City Improvement	—	—	—	1,656
Other Restricted	—	200	—	—
Aviation	—	876	—	—
Capital Projects	—	4,000	—	344
Total	—	5,076	—	3,261

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

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

	Actual			Estimated
	2009	2010	2011	2012(1)
PUBLIC HOUSING				
Transfers From				
Capital Projects	$ —	$ —	$ 300	$ —
Self Insurance Retention Reserve	18	—	—	—
Total	18	—	300	—
Transfers To				
General Fund	314	302	311	302
City Improvement	69	74	73	72
Other Restricted	—	850	145	—
Total	383	1,226	529	374
SPORTS FACILITIES				
Transfers From				
Excise Tax	14,203	12,502	14,076	14,809
Capital Projects	—	1,302	—	—
Total	14,203	13,804	14,076	14,809
Transfers To				
General Fund	184	190	189	192
Infrastructure Repayment Agreement Trust	360	360	—	—
Total	544	550	189	192
OTHER RESTRICTED				
Transfers From				
Excise Tax	—	—	4,585	4,565
Federal Trust Grant	—	—	2,471	—
Community Reinvestment	—	200	—	—
Public Housing	—	850	145	—
Total	—	1,050	7,201	4,565
Transfers To				
Federal Trust Grant	—	—	24	—
Capital Projects	949	501	—	—
General Fund	—	—	400	727
Total	949	501	424	727
NEIGHBORHOOD PROTECTION				
Transfers From				
General Fund	—	—	5,386	—
Excise Tax	24,334	21,615	25,387	26,918
Self Insurance Retention Reserve	367	—	—	—
Total	24,701	21,615	30,773	26,918
Transfers To				
Infrastructure Repayment Agreement Trust	157	140	52	33
General Fund	—	—	—	109
Total	157	140	52	142
FEDERAL TRUST GRANT				
Transfers From				
Other Restricted	—	—	24	—
Capital Projects	—	—	235	235
Total	—	—	259	235
Transfers To				
Other Restricted	—	—	2,471	—

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

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

	Actual 2009	Actual 2010	Actual 2011	Estimated 2012(1)
PUBLIC SAFETY ENHANCEMENT				
Transfers From				
Excise Tax	$24,361	$23,978	$23,781	$23,781
General Fund	—	—	9,138	29
Self Insurance Retention Reserve	273	—	—	—
Total	24,634	23,978	32,919	23,810
Transfers To				
General Fund	—	—	—	55
PUBLIC SAFETY EXPANSION				
Transfers From				
Excise Tax	46,579	43,131	50,680	53,910
General Fund	—	—	476	—
Total	46,579	43,131	51,156	53,910
Transfers To				
Infrastructure Repayment Agreement Trust	168	132	105	52
General Fund	—	—	—	278
Regional Wireless Cooperative	—	—	13	—
Total	168	132	118	330
CITY IMPROVEMENT				
Transfers From				
General Fund	—	—	—	7,222
Excise Tax	28,378	26,901	1,043	—
Transit	41,898	43,959	46,130	48,396
Public Housing	69	74	73	72
Community Reinvestment	—	—	—	1,656
Capital Projects	15	1,244	1,657	—
Total	70,360	72,178	48,903	57,346
Transfers To				
Capital Projects	—	—	1,026	—
Transit	—	—	710	—
Total	—	—	1,736	—
SECONDARY PROPERTY TAX				
Transfers From				
Early Redemption	—	—	—	37,311
EARLY REDEMPTION				
Transfers To				
Secondary Property Tax	—	—	—	37,311
REGIONAL WIRELESS COOPERATIVE				
Transfers From				
General Fund	—	—	1,814	—
Transit	—	—	1	—
Public Safety Expansion	—	—	13	—
Aviation	—	—	30	—
Phoenix Convention Center	—	—	1	—
Water System and Val Vista	—	—	27	28
Wastewater and SROG	—	—	13	14
Solid Waste	—	—	20	—
Total	—	—	1,919	42

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

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

	Actual			Estimated
	2009	2010	2011	2012(1)
CAPITAL PROJECTS				
Transfers From				
Highway User Revenue	$ —	$ 52	$ 38	$ —
Regional Transit	38	—	1,689	—
Transit	—	—	7	—
Community Reinvestment	—	4,000	—	344
Other Restricted	949	501	—	—
City Improvement	—	—	1,026	—
Aviation	1,196	363	30,187	—
Water System and Val Vista	1	—	—	—
Wastewater and SROG	—	10,293	—	—
Solid Waste	1,241	1,248	633	600
Total	3,425	16,457	33,580	944
Transfers To				
General Fund	7,800	3,274	—	—
Transit	57	—	—	—
Highway User Revenue	151	—	—	—
Sports Facilities	—	1,302	—	—
City Improvement	15	1,244	1,657	—
Capital Construction	30	20	9	—
Federal Trust Grant	—	—	235	235
Public Housing	—	—	300	—
Aviation	15,592	10,180	—	—
Phoenix Convention Center	—	14,205	3,232	3,423
Water System and Val Vista	12,000	24,885	20,000	4,000
Wastewater and SROG	4,944	5,000	—	—
Solid Waste	1,038	—	—	—
Golf Courses	4,941	—	23	—
Total	46,568	60,110	25,456	7,658
SELF INSURANCE RETENTION RESERVE				
Transfers To				
General Fund	605	—	—	—
Public Housing	18	—	—	—
Neighborhood Protection	367	—	—	—
Public Safety Enhancement	273	—	—	—
Transit	1,531	—	—	—
Development Services	119	—	—	—
Aviation	136	—	—	—
Water System and Val Vista	1,009	—	—	—
Wastewater and SROG	164	—	—	—
Solid Waste	691	—	—	—
Phoenix Convention Center	34	—	—	—
Golf Courses	31	—	—	—
Total	4,978	—	—	—
CAPITAL CONSTRUCTION				
Transfers From				
Excise Tax	19,803	17,415	15,486	16,723
Capital Projects	30	20	9	—
Total	19,833	17,435	15,495	16,723

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

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

	Actual			Estimated
	2009	**2010**	**2011**	**2012(1)**
PHOENIX CONVENTION CENTER				
Transfers From				
Excise Tax	$47,417	$34,801	$37,835	$40,424
Self Insurance Retention Reserve	34	—	—	—
Capital Projects	—	14,205	3,232	3,423
Total	47,451	49,006	41,067	43,847
Transfers To				
General Fund	2,556	2,154	1,725	1,990
Infrastructure Repayment Agreement Trust	941	961	173	83
Regional Wireless Cooperative	—	—	1	—
Total	3,497	3,115	1,899	2,073
WATER SYSTEM AND VAL VISTA				
Transfer From				
Capital Projects	12,000	24,885	20,000	4,000
Self Insurance Retention Reserve	1,009	—	—	—
Total	13,009	24,885	20,000	4,000
Transfers To				
General Fund	26,136	33,068	18,998	20,234
Capital Projects	1	—	—	—
Highway User Revenue	10	—	—	—
Regional Wireless Cooperative	—	—	27	28
Total	26,147	33,068	19,025	20,262
WASTEWATER AND SROG				
Transfer From				
Capital Projects	4,944	5,000	—	—
Self Insurance Retention Reserve	164	—	—	—
Total	5,108	5,000	—	—
Transfers To				
General Fund	13,765	16,482	23,619	13,263
Regional Wireless Cooperative	—	—	13	14
Capital Projects	—	10,293	—	—
Total	13,765	26,775	23,632	13,277
SOLID WASTE				
Transfer From				
Self Insurance Retention Reserve	691	—	—	—
Capital Projects	1,038	—	—	—
Total	1,729	—	—	—
Transfers To				
General Fund	9,338	8,025	8,128	6,609
Capital Projects	1,241	1,248	633	600
Regional Wireless Cooperative	—	—	20	—
Total	10,579	9,273	8,781	7,209
GENERAL FINANCE TRUST				
Transfers To				
General Fund	—	4,526	—	—
STREET AND HIGHWAY DEBT SERVICE				
Transfers To				
Highway User Revenue	22	—	—	—

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

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

	Actual			Estimated
	2009	2010	2011	2012(1)
INFRASTRUCTURE REPAYMENT AGREEMENT TRUST				
Transfers From				
General Fund	$ 1,675	$ 1,164	$ 457	$ 350
Parks and Recreation	84	66	53	33
Transit	335	264	210	129
Sports Facilities	360	360	—	—
Neighborhood Protection	157	140	52	33
Public Safety Expansion	168	132	105	52
Phoenix Convention Center	941	961	173	83
Total	3,720	3,087	1,050	680
AVIATION				
Transfers From				
Community Reinvestment	—	876	—	—
Capital Projects	15,592	10,180	—	—
Self Insurance Retention	136	—	—	—
Total	15,728	11,056	—	—
Transfers To				
General Fund	5,897	5,037	4,364	5,889
Transit	394	—	—	—
Capital Projects	1,196	363	30,187	—
Regional Wireless Cooperative	—	—	30	—
Total	7,487	5,400	34,581	5,889
DEVELOPMENT SERVICES				
Transfers From				
Self Insurance Retention Reserve	119	—	—	—
Transfers To				
General Fund	3,500	2,546	2,172	2,930
MERP TRUST				
Transfers From				
General Fund	17,456	—	—	—
GOLF COURSES				
Transfer From				
Parks and Recreation	5,738	—	—	—
Capital Projects	4,941	—	23	—
Self Insurance Retention Reserve	31	—	—	—
Total	10,710	—	23	—
Transfers To				
General Fund	279	279	276	359
Total Transfers From	$1,260,189	$1,154,495	$1,163,033	$1,131,204
Total Transfers To	$1,260,189	$1,154,495	$1,163,033	$1,131,204

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

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APPENDIX C

CITY SALES AND STATE SHARED REVENUES

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

City Privilege License (Sales) Taxes

The City's privilege license (sales) tax rate for most business activity categories is 2.0%, while the rate for utilities is 2.7%, advertising is 0.5%, transient room rental is 5.0%, short-term car rental is 4.0%, telecommunications is 4.7% and commercial real estate rental is 2.1%. The City collected $739,467,000 from all privilege license tax categories in fiscal year 2006-07, $744,697,000 in fiscal year 2007-08, $693,354,000 in fiscal year 2008-09, $617,110,000 in fiscal year 2009-10 and $688,769,000 in fiscal year 2010-11. The estimate for 2011-12 is $727,618,000.

Privilege License Tax Rates by Category

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

(1) On October 5, 1993, City of Phoenix voters approved a 0.1% increase in the City's privilege license (sales) tax rate. The revenues produced by the increase must be used to add police officers and firefighters and to expand neighborhood programs designed to deter crime. The increase affects all privilege license tax categories except advertising, utilities, cable television, jet fuel, and telecommunications and became effective December 1, 1993. The increase generated $31.1 million in 2006-07, $29.0 million in 2007-08, $24.3 million in 2008-09, $21.6 million in 2009-10 and $25.4 million in 2010-11. The estimate for 2011-12 is $26.9 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 60% will be used to finance improvements to parks throughout the City. The extension became effective July 1, 2008. The increase generated $31.1 million in 2006-07, $29.0 million in 2007-08, $24.3 million in 2008-09, $21.6 million in 2009-10 and $25.4 million in 2010-11. The estimate for 2011-12 is $26.9 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 $124.4 million in 2006-07, $115.9 million in 2007-08, $97.3 million in 2008-09, $86.5 million in 2009-10 and $101.4 million in 2010-11. The estimate for 2011-12 is $107.8 million.

On September 11, 2007, City of Phoenix voters approved a 0.2% increase in the City's privilege license (sales) tax rate. Eighty percent of the revenues produced by the increase will be used by the Phoenix Police Department to recruit, hire, train and equip at least 500 police officers and police personnel; hire crime scene investigation (CSI) forensic teams; and to make service calls more efficient. Twenty percent of the revenues produced by the increase will be used by the Phoenix Fire Department to recruit, hire, train and equip at least 100 firefighters and fire personnel to improve fire protection services. The increase affects all privilege license tax categories except advertising, utilities, cable television, jet fuel, telecommunications and mining, and became effective December 1, 2007. The increase generated $32.2 million in 2007-08, $46.6 million in 2008-09, $43.1 million in 2009-10 and $50.7 million in 2010-11. The estimate for 2011-12 is $53.9 million.

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

State Shared Revenues

The City received a total of $474,440,000 in State-shared revenues in fiscal year 2006-07, $534,271,000 in fiscal year 2007-08, $513,154,000 in fiscal year 2008-09, $454,712,000 in fiscal year 2009-10 and $408,641,000 in fiscal year 2010-11. The estimate for 2011-12 is $372,524,000.

State Sales Tax

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

State Sales Tax
Taxable Activities, Tax Rates and Distribution Share

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

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

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

State Sales Tax Receipts

Fiscal Year	Amount
2011-12 (Estimate)	$115,183,000
2010-11	111,787,000
2009-10	106,916,000
2008-09	122,593,000
2007-08	135,134,000
2006-07	141,466,000
2005-06	141,194,000
2004-05	123,788,000
2003-04	111,594,000
2002-03	103,408,000

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
2011-12	$122,012,000
2010-11	143,647,000
2009-10	190,546,000
2008-09	220,806,000
2007-08	207,694,000
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

HIGHWAY USER REVENUES

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

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

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

In 1985, the Arizona Legislature enacted transportation finance legislation providing potential funding for controlled access highways and regional public transportation, raising additional Highway User Tax Revenues and providing additional funding sources for the state highway system. Additional Highway User Tax Revenues were provided through an increase in the motor vehicle fuel and use fuel taxes of $0.03, from $0.13 to $0.16 per gallon, effective January 1, 1986, and by an additional $0.01 to $0.17 per gallon effective August 31, 1988. Effective October 1, 1990, the tax on motor vehicle fuel and use fuel was increased by an additional $0.01 to

$0.18 per gallon for vehicles under 26,001 pounds and other qualifying vehicles. The use fuel tax rate for all other vehicles is $0.26 per gallon (decreased from $0.27 per gallon on July 1, 2000). From September 1, 2005 through December 31, 2010, the use fuel tax rate for vehicles transporting forest products was reduced $0.13 per gallon from $0.26 to $0.13 per gallon. Effective January 1, 2011, the use tax fuel rate for vehicles transporting forest products reverted to the previous rate of $0.26. Effective September 26, 2008, the use fuel rate for non-commercial trucks 25 years old or older with a historical vehicle plate was reduced $.08 per gallon from $0.26 to $0.18 per gallon.

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

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

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

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

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

The 1981 legislation phased the Arizona Department of Public Safety (DPS) out of the Highway User Revenue Fund. However, in 1991, the Legislature amended the law to require that moneys be distributed each year from the Highway User Revenue Fund and the State Highway Fund to DPS for funding a portion of highway patrol costs in any amount required by legislative appropriation. The State Legislature enacted legislation in 1995 that reduced the transfer of Highway User Revenues to DPS by $2.5 million each year for four years beginning in 1996-97 and ending in 1999-00. However, legislation enacted in 1999 kept the distribution from the Highway User Revenue Fund at the then current $12.5 million. In 1998-99, 1999-00, and 2000-01, the total distributions to DPS were approximately $25 million, consisting of the $12.5 million directly distributed from the Highway User Revenue Fund and $12.5 million from the State Highway Fund. For 2001-02, the distribution to DPS totaled approximately $65 million ($52 million from the Highway User Revenue Fund and $13 million from the State Highway Fund). The distribution from the Highway User Revenue Fund included approximately $30 million in additional distributions authorized in 2001-02 by the Arizona Legislature from the Highway User Revenue Fund to be made prior to the distribution to local governments. For 2002-03, the distribution to DPS totaled approximately $83 million ($55 million from the Highway User Revenue Fund and $28 million from the State Highway Fund), including an estimated $42 million in additional distributions from the Highway User Revenue Fund authorized by the Arizona legislature. For 2003-04, the distribution to DPS was approximately $79 million ($49 million from the Highway User Revenue Fund and $30 million from the State

Highway Fund). For 2004-05, the distribution to DPS was approximately $81 million ($51 million from the Highway User Revenue Fund and $30 million from the State Highway Fund. For 2005-06, the distribution to DPS was approximately $106 million ($64 million from the Highway User Revenue Fund and $42 million from the State Highway Fund). For 2006-07, the distribution totaled $20 million ($10 million from the Highway User Revenue Fund and $10 million from the State Highway Fund). For 2007-08, the distribution totaled $62 million ($10 million from the Highway User Revenue Fund and $52 million from the State Highway Fund). For 2008-09 the distribution totaled $126 million ($85 million from the Highway User Revenue Fund and $41 million from the State Highway Fund). For 2009-10, the distribution totaled $120 million ($79 million from the Highway User Revenue Fund and $41 million from the State Highway Fund). For 2010-11, the distribution totaled $121 million ($79 million from the Highway User Revenue Fund and $42 million from the State Highway Fund). The projected distribution for 2011-12 is $120 million and will be fully funded from the Highway User Revenue 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**
2011-12 (Estimate)	$ 89,329,000	2011-12 (Estimate)	$46,000,000
2010-11	104,908,000	2010-11	48,299,000
2009-10	103,979,000	2009-10	49,500,000
2008-09	109,620,000	2008-09	53,629,000
2007-08	125,289,000	2007-08	59,244,000
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

LOCAL TRANSPORTATION ASSISTANCE

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

In addition, on August 31, 1998, then-Governor Jane Hull signed into law a transit funding bill (LTAF II) that provided additional state funding for public transit. The bill also changed the distribution of Power Ball lottery funds from the Regional Public Transportation Authority (RPTA) directly to the cities and towns in Maricopa County based on population. Prior to 2003, the Vehicle License Tax (VLT) and the State General Fund were the primary contributors to the LTAF II fund. From 2003 to 2008, the Power Ball lottery earnings were the single contributor to the LTAF II fund. Beginning in 2009, the state combined the State lottery revenues and the Power Ball lottery revenues into one fund that contributed to both the LTAF and the LTAF II funds. The overall fund must have exceeded $31 million annually in order to distribute funding, and distributions were capped at $9 million for LTAF II and $23 million for LTAF for any fiscal year. As a result of this bill, the City received $1,778,000 in

1998-99, $4,612,000 in 1999-00 and $3,880,000 in 2000-01. In 2001, the major funding portion of this transit-funding bill was repealed. Although the Power Ball distribution remained, the City did not receive any funding in 2001-02 or 2002-03. The City received $1,796,695 in 2003-04, $3,327,527 in 2004-05, $1,286,510 in 2005-06, $4,356,918 in 2006-07, $2,411,209 in 2007-08, $2,782,417 in 2008-09, $2,166,944 in 2009-10 and $1,265,000 in 2010-11.

On March 11, 2010, Governor Jan Brewer signed a State budget package that permanently eliminated funding to the LTAF and the LTAF II, effective immediately. On September 2, 2011, a Federal judge issued a Court Order reinstating LTAF II Funding in Maricopa County.

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 $5.3 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 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. For 2009-10, the tax generated $99.4 million with funding being split $57.2 million for bus operating and capital and $42.2 million for light rail/high capacity transit capital. For 2010-11, the tax generated $102.7 million with funding being split $59.3 million for bus operating and capital and $43.4 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 $2.2 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 2010-11 expenditure limit supplied by the Economic Estimates Commission was $1,368,234,426. The City increased this limit to $5,960,190,460 to adjust for additional voter-approved modifications, as described below.

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

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

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

Phoenix voters have approved four-year home rule options on a regular basis since the implementation of the expenditure limitation. The current home rule option which was approved in 2007 allows the City Council, after hearings are held for each council district, to establish the annual budget as the limit. This four-year home rule option is in effect through 2011-12. Previously established exclusions for pay-as-you-go capital projects continue to apply. In August 2011, Phoenix voters approved an extension to the four-year home rule option to be effective 2012-13 through 2015-16.

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

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APPENDIX E
RETIREMENT AND PENSION PLANS

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

City of Phoenix Employees' Retirement System

The City of Phoenix Employees' Retirement System, a single-employer defined benefit pension plan, covers all full-time general employees of the City, with the exception of sworn City police and fire personnel. Periodic employer contributions to the pension plan are determined on an actuarial basis using the "individual entry age normal cost method." Normal cost is funded on a current basis. The unfunded actuarial accrued liability is amortized over an open twenty-year period from June 30, 2011. 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 2010-11 were $92,145,262, equivalent to 16.04% of the estimated annual active member payroll, compared with 14.35% in 2009-10. The City's contribution rate for fiscal year 2011-12 is increasing to 18.18% and Rodwan Consulting Company, Actuaries & Consultants (the "*Actuary*") recommended increasing the rate to 20.15% for fiscal year 2012-13. The most recent report of the Actuary and annual financial reports are available at http://phoenix.gov/AGENCY/PHXCOPER/gcmenu.html. The annual active member covered payroll for the year ended June 30, 2010 was $550,175,000 and for the year ended June 30, 2011 was $513,222,000.

Accrued liabilities of the Retirement Plan as of June 30, 2011 were computed to be $2,752,909,000. The funding value of assets was $1,834,620,284. The ratio of the funding value of assets to accrued liabilities was 66.7%. The market value of the assets was $1,824,207,000. The ratio of the market value of assets to accrued liabilities was 66.3%.

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, 2011, net assets available for benefits were less than the actuarial accrued liability by $918,289,000, compared with a lack of $829,195,000 at June 30, 2010, and $622,946,000 at June 30, 2009. The total actuarial accrued liability increased $206,249,000 from 2009 to 2010 and $89,094,000 from 2010 to 2011.

The Actuary commented in its June 30, 2011 valuation report of the Plan:

The overall experience of the Retirement Plan during the year ended June 30, 2011 was less favorable than expected based on long-term assumptions. The recognized rate of return on the smoothed funding value of assets was less than the long-term assumed rate and was the primary source of the unfavorable experience. The smoothed funding value of assets includes the phase-in of experience losses/gains over a four year period. Salary increases which were lower than assumed partially offset the unfavorable experience.

In January 2011, the Mayor and City Council appointed members of a Pension Reform Task Force (the "*Task Force*") to work with management, outside consultants and other stakeholders to review and possibly recommend changes to the Plan. The Task Force's final recommendations presented to the Mayor and City Council on February 14, 2012 are available at: http://phoenix.gov/citygovernment/boards/grouped/employ/pensionreform/reports/index.html.

The City Council has not decided whether to implement any of the Task Force recommendations. A recent Maricopa County Superior Court case suggests that at least one recommendation would violate the Arizona State Constitution. Furthermore, even if constitutional, any changes to the Plan requiring changes to the City Charter must be referred to the ballot for approval by the voters of the City.

State of Arizona Public Safety Personnel Retirement System

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

Periodic employer contributions to the pension and health insurance premium subsidy plans are determined on an actuarial basis using the projected unit credit cost method. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is funded over a closed period of 30 years, 25 years remaining as of June 30, 2011. Periodic contributions for both normal cost and the amortization of the unfunded actuarial accrued liability are based on the projected unit credit method. The funding strategy for normal cost and the unfunded actuarial accrued liability should provide sufficient resources to pay employee pension benefits on a timely basis.

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

In fiscal year 2010-11, members contributed 7.65% of compensation. However, on April 29, 2011, the Governor signed into law Senate Bill 1609 ("SB 1609") which gradually increases the member contribution rate from 8.65% in fiscal year 2011-12 to 11.65% in fiscal year 2015-16 and thereafter. The City contributes normal cost less a credit (spread over an open period of twenty years) for the amount by which valuation assets exceed the actuarial accrued liability or plus a debit (spread over a closed period of twenty-five years) for the amount by which the actuarial accrued liability exceeds the valuation assets. In 2010-11 the City's contribution amounted to 23.51% for police and 23.49% for fire. The City's expected contribution rate for fiscal year 2011-12 is increasing to 25.63% for police and 25.76% for fire, and the Actuary recommended increasing the rate to 30.15% for police and 31.43% for fire for fiscal year 2012-13.

For the year ended June 30, 2011, covered payroll was $243,641,000 for police and $117,789,000 for fire.

The market value of plan assets for police and fire as of June 30, 2011 is $1,086,899,000 and $612,787,000, respectively, and the smoothed valuation of assets used to compute funded ratios is $1,242,670,000 for police and $700,610,000 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 pensions and No. 45 for health subsidiaries. For police, net assets available for benefits were less than the actuarial accrued liability as of June 30, 2011 and June 30, 2010 by $767,766,000 and $655,426,000, respectively.

For fire, net assets available for benefits were less than the actuarial accrued liability as of June 30, 2011 and June 30, 2010 by $411,858,000 and $340,623,000, respectively.

Elected Officials' Retirement Plan

This is a cost sharing multiple-employer defined benefit pension plan of which the City of Phoenix is a contributing employer and covers the Mayor and City Council, effective January 4, 1988. As a condition of coverage, members are required to contribute 7% of compensation. SB 1609 will gradually increase the member contribution rate from 10% in fiscal year 2011-12 to 13% in fiscal year 2013-14 and thereafter.

The City contributes an actuarially determined rate, 29.79% for the year ended June 30, 2011, to fully fund benefits for active members. Total contributions for the fiscal year ended June 30, 2011 were $191,000, which consisted of $155,000 from the City and $36,000 from members.

Additional Information

Additional information regarding the City's Retirement and Pension Plans, including the Funding Value of Assets, Actuarial Accrued Liability (AAL), Unfunded Actuarial Accrued Liability (UAAL), Percent Funded, and Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll, including trend information, is available in the City's Comprehensive Annual Financial Report (CAFR) under the headings "Pension Plans" and "Required Supplementary Information". The CAFR is available at http://emma.msrb.org or www.phoenix.gov under City Government-Financial Information-Financial Planning-Comprehensive Annual Financial Report or by calling the City at (602) 262-7166.

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

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

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APPENDIX F

HEALTH CARE BENEFITS FOR RETIRED EMPLOYEES

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

The City provides certain post-employment health care benefits for its retired employees. Retired employees meeting certain qualifications are eligible to participate in the City's health insurance program along with the City's active employees. Employees eligible to retire in 15 years or less from August 1, 2007, will receive a monthly subsidy from the City's Medical Expense Reimbursement Plan (MERP) when they retire. Contributions by the City (plus earnings thereon) are the sole source of funding for the MERP.

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

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

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

An updated actuarial study was completed as of August 1, 2011, the most recent actuarial evaluation date, to value this post-employment benefit. Results of the valuation are as follows:

Actuarial Accrued Liability (AAL)	**$423 million**
Annual Required Contribution (ARC)	**$33 million**
Amortization Period	**30 years**

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

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APPENDIX G

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURES AND THE LOAN AGREEMENTS

Certain Definitions

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

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

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

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

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

"*Bond Resolution*" means, collectively, the resolutions adopted by the Board of Directors of the Corporation providing for the issuance of the Bonds and approving the Loan Agreements, the Indentures and related matters.

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

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

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

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

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

"Indentures", mean the Senior Indenture or the Subordinated Indenture, as applicable.

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

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

"*Interest Payment Date*" means January 1 and July 1 of each year, commencing January 1, 2013.

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

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

"*Loan Agreements*" means, collectively, the Senior Loan Agreement and the Subordinated Loan Agreement, both dated as of June 1, 2012, between the Corporation, as lender, and the City, as obligor, together with any duly authorized and executed amendments or supplements thereto, pursuant to which the City makes Loan Payments sufficient to pay principal of and interest on the Bonds.

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

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

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

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

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

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

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

"*Permitted Investments*" means:

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

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

1. U.S. Export-Import Bank (Eximbank) Direct obligations or fully guaranteed certificates of beneficial ownership;
2. Farmers Home Administration (FmHA) Certificates of beneficial ownership;
3. Federal Financing Bank;
4. Federal Housing Administration Debentures (FHA);
5. General Services Administration Participation certificates;
6. Government National Mortgage Association (GNMA or "Ginnie Mae") GNMA — guaranteed mortgage-backed bonds, and GNMA — guaranteed pass-through obligations (participation certificates) (not acceptable for certain cash-flow sensitive issues);

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

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

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

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

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

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

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

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

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

6. Farm Credit System Consolidated systemwide bonds and notes;

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

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

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

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

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

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

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "P1" or better by Moody's and "A-1+" by S&P;

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

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

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

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

2. The written repurchase agreement must include the following:

i. Securities which are acceptable for transfer are:

(A) Direct U.S. governments, or

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

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

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

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

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

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

vii. Valuation of Collateral:

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

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

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

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

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

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

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

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

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

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

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

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

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

"*Senior Loan Agreement*" means the Loan Agreement dated as of June 1, 2012, between the Corporation, as lender, and the City, as obligor, together with any duly authorized and executed amendments or supplements thereto, pursuant to which the City makes Loan Payments sufficient to pay principal of and interest on the Senior Lien Bonds.

"*Subordinated Loan Agreement*" means the Loan Agreement dated as of June 1, 2012, between the Corporation, as lender, and the City, as obligor, together with any duly authorized and executed amendments or supplements thereto, pursuant to which the City makes Loan Payments sufficient to pay principal of and interest on the Subordinated Lien Bonds.

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

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

Summary of Certain Provisions of the Indentures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) without the consent of the owners of all Senior Lien Bonds or Subordinated Lien Bonds, as applicable, then Outstanding, (a) the creation of a privilege or priority of any Senior Lien Bond or Subordinated Lien Bond, as applicable, over any other Senior Lien Bond or Subordinated Lien Bond, as applicable, or (b) a reduction in the aggregate principal amount of the Senior Lien Bonds or Subordinated Lien Bonds, as applicable, required for consent to a Supplemental Indenture.

If the Corporation shall request that the Trustee execute and deliver any Supplemental Indenture for any of such purposes of the Indentures, upon being satisfactorily indemnified with respect to its expenses in connection therewith, the Trustee shall cause notice of the proposed execution and delivery of the Supplemental Indenture to be mailed by first class mail, postage prepaid, and to all Owners of Bonds affected thereby then Outstanding at their addresses as they appear on the Register at the close of business on the fifteenth day preceding that mailing. The notice shall set forth briefly the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners affected thereby. If the Trustee shall receive, within a period prescribed by the Corporation, of not less than 60 days, but not exceeding one year, following the mailing of the notice, an instrument or document or instruments or documents, in form to which the Trustee does not reasonably object, purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Senior Lien Bonds or Subordinated Lien Bonds, as applicable, then Outstanding (which instrument or document or instruments or documents shall refer to the proposed Supplemental Indenture in the form described in the notice and specifically shall consent to the Supplemental Indenture in substantially that form), the Trustee shall, but shall not otherwise, execute and deliver the Supplemental Indenture in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Owner, regardless of whether that Owner shall have consented thereto. Any consent shall be binding upon the Owner of the Bond giving the consent and, anything in the Indentures to the contrary notwithstanding, upon any subsequent Owner of that Bond and of any Bond issued in exchange therefor (regardless of whether the subsequent Owner has notice of the consent to the Supplemental

Indenture). A consent may be revoked in writing, however, by the Owner who gave the consent or by a subsequent Owner of the Bond by a revocation of such consent received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Indenture. At any time after the Owners of the required percentage of Senior Lien Bonds or Subordinated Lien Bonds, as applicable, shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Corporation a written statement that the Owners of the required percentage of Senior Lien Bonds or Subordinated Lien Bonds, as applicable, have filed those consents. That written statement shall be conclusive evidence that the consents have been so filed. If the Owners of the required percentage in aggregate principal amount of Senior Lien Bonds or Subordinated Lien Bonds, as applicable, Outstanding shall have consented to the Supplemental Indenture, as provided above, no Owner shall have any right (i) to object to (a) the execution or delivery of the Supplemental Indenture, (b) any of the terms and provisions contained therein, or (c) the operation thereof, (ii) to question the propriety of the execution and delivery thereof, or (iii) to enjoin or restrain the Trustee or the Corporation from that execution or delivery or from taking any action pursuant to the provisions thereof.

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

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

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

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

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

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

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

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

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

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

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

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

Summary of Certain Provisions of the Loan Agreements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX H
PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL
FOR TAX-EXEMPT BONDS
[LETTERHEAD OF SQUIRE SANDERS (US) LLP]
[TO BE DATED CLOSING DATE]

City of Phoenix Civic Improvement Corporation

We have examined the transcript of proceedings (the "Transcript") relating to the issuance of the $15,205,000 Senior Lien Excise Tax Revenue Refunding Bonds, Series 2012 (the "Senior Lien Bonds") and the $17,510,000 Subordinated Excise Tax Revenue Refunding Bonds, Series 2012A (the "Tax-Exempt Subordinated Lien Bonds") of the City of Phoenix Civic Improvement Corporation (the "Corporation") dated as of the date hereof. The Senior Lien Bonds and the Tax-Exempt Subordinated Lien Bonds (collectively, the "Tax-Exempt Bonds") are being issued for the purpose of providing funds to assist the City of Phoenix, Arizona (the "City"), with refinancing the acquisition, construction, equipping and improving of certain real and personal property. The documents in the Transcript examined include executed counterparts of the following: (i) the Loan Agreement, dated as of June 1, 2012, between the Corporation, as lender, and the City, as obligor, relating to the Senior Lien Bonds (the "Senior Loan Agreement"), and (ii) the Trust Indenture, dated as of June 1, 2012, between the Corporation and U.S. Bank National Association, as trustee, relating to the Senior Lien Bonds (the "Senior Indenture"), (iii) the Loan Agreement, dated as of June 1, 2012, between the Corporation, as lender, and the City, as obligor, relating to the Tax-Exempt Subordinated Lien Bonds (the "Subordinated Loan Agreement"), and (iv) the Trust Indenture, dated as of June 1, 2012, between the Corporation and U.S. Bank National Association, as trustee, relating to the Tax-Exempt Subordinated Lien Bonds (the "Subordinated Indenture"). We have also examined an executed bond of the first maturity of each series of the Tax-Exempt Bonds.

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

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

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

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

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

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

PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL FOR TAXABLE SUBORDINATED LIEN BONDS [LETTERHEAD OF SQUIRE SANDERS (US) LLP] [TO BE DATED CLOSING DATE]

City of Phoenix Civic Improvement Corporation

We have examined the transcript of proceedings (the "Transcript") relating to the issuance of the $33,095,000 Subordinated Excise Tax Revenue Refunding Bonds, Series 2012B (Taxable) (the "Taxable Subordinated Lien Bonds") of the City of Phoenix Civic Improvement Corporation (the "Corporation") dated as of the date hereof. The Taxable Subordinated Lien Bonds are being issued for the purpose of providing funds to assist the City of Phoenix, Arizona (the "City"), with refinancing the acquisition, construction, equipping and improving of certain real and personal property. The documents in the Transcript examined include executed counterparts of the following: (i) the Loan Agreement, dated as of June 1, 2012, between the Corporation, as lender, and the City, as obligor, relating to the Taxable Subordinated Lien Bonds (the "Subordinated Loan Agreement"), and (ii) the Trust Indenture, dated as of June 1, 2012, between the Corporation and U.S. Bank National Association, trustee as relating to the Taxable Subordinated Lien Bonds (the "Subordinated Indenture"), We have also examined an executed bond of the first maturity of the Taxable Subordinated Lien Bonds.

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

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

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

3. We express no opinion as to any tax consequences regarding the Taxable Subordinated Lien Bonds for federal or State of Arizona tax purposes.

We have relied upon the legal opinion of counsel to the City, contained in the Transcript, as to all matters concerning the due authorization of the Subordinated Loan Agreement by the City.

Respectfully submitted,

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APPENDIX I

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking, dated June 21, 2012 (the "Undertaking" or the "Agreement"), is executed and delivered by the City of Phoenix, Arizona (the "City"), in connection with the issuance of $15,205,000 Senior Lien Excise Tax Revenue Refunding Bonds, Series 2012 (the "Senior Lien Bonds"), the $17,510,000 Subordinated Excise Tax Revenue Refunding Bonds, Series 2012A (the "Tax-Exempt Subordinated Lien Bonds") and the $33,095,000 Subordinated Excise Tax Revenue Refunding Bonds, Series 2012B (Taxable) (the "Taxable Subordinated Lien Bonds" and, together with the Senior Lien Bonds and the Tax-Exempt Subordinated Lien Bonds, the "Bonds"). The Senior Lien Bonds are being issued pursuant to a Trust Indenture, dated as of June 1, 2012 (the "Senior Indenture"), between the City of Phoenix Civic Improvement Corporation (the "Corporation") and U.S. Bank National Association, as trustee (the "Trustee"). The Tax-Exempt Subordinated Lien Bonds and the Taxable Subordinated Lien Bonds are being issued pursuant to a Trust Indenture, dated as of June 1, 2012 (the "Subordinated Indenture" and, together with the Senior Indenture, the "Indentures"), between the Corporation and the Trustee. The City covenants and agrees as follows:

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

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

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

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

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

"Commission" means the Securities and Exchange Commission.

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

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

"Event" means the occurrence of any of the events set forth in Exhibit II. "Exchange Act" means the Securities Exchange Act of 1934, as amended.

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

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

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

"Senior Loan Agreement" means the Loan Agreement, dated as of June 1, 2012, between the Corporation and the City, pursuant to which the City makes payments sufficient to pay principal of and interest on the Senior Lien Bonds.

"State" means the State of Arizona.

"Subordinated Loan Agreement" means the Loan Agreement, dated as of June 1, 2012, between the Corporation and the City, pursuant to which the City makes payments sufficient to pay principal of and interest on the Subordinated Lien Bonds.

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

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

Senior Lien Excise Tax Revenue Refunding Bonds, Series 2012

Maturity Date	CUSIP No.	Coupon	Maturity Date	CUSIP No.	Coupon
7/1/2014	71884AWV7	4.000%	7/1/2027	71884AXA2	5.000%
7/1/2015	71884AWW5	4.000	7/1/2028	71884AXB0	5.000
7/1/2016	71884AWX3	4.000	7/1/2029	71884AXC8	3.500
7/1/2017	71884AWY1	4.000	7/1/2029	71884AXD6	3.000
7/1/2023	71884AWZ8	5.000			

Subordinated Excise Tax Revenue Refunding Bonds, Series 2012A

Maturity Date	CUSIP No.	Coupon	Maturity Date	CUSIP No.	Coupon
7/1/2014	71884AXE4	3.000%	7/1/2020	71884AXL8	5.000%
7/1/2015	71884AXF1	4.000	7/1/2021	71884AXM6	5.000
7/1/2016	71884AXG9	4.000	7/1/2022	71884AXN4	5.000
7/1/2017	71884AXH7	4.000	7/1/2023	71884AXP9	5.000
7/1/2018	71884AXJ3	4.000	7/1/2024	71884AXQ7	5.000
7/1/2019	71884AXK0	5.000	7/1/2025	71884AXR5	3.000

Subordinated Excise Tax Revenue Refunding Bonds, Series 2012B (Taxable)

Maturity Date	CUSIP No.	Coupon	Maturity Date	CUSIP No.	Coupon
7/1/2016	71884AWH8	1.834%	7/1/2022	71884AWP0	3.260%
7/1/2017	71884AWJ4	2.084	7/1/2023	71884AWQ8	3.460
7/1/2018	71884AWK1	2.348	7/1/2024	71884AWR6	3.610
7/1/2019	71884AWL9	2.648	7/1/2025	71884AWS4	3.710
7/1/2020	71884AWM7	2.910	7/1/2029	71884AWT2	4.110
7/1/2021	71884AWN5	3.060	7/1/2033	71884AWU9	4.394

The Final Official Statement relating to the Bonds is dated May 31, 2012 (the "Final Official Statement").

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

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

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

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

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

7. Consequences of Failure of the City to Provide Information. The City shall give notice in a timely manner and within ten business days after the occurrence of such failure to the MSRB through EMMA, of any failure to provide Annual Financial Information Disclosure in the manner and at the time required.

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

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

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

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

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the City (such as the Trustee) or by approving vote of the Bondholders pursuant to the terms of the Indentures at the time of the amendment.

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

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

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

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

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

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

14. Assignment. The City shall not transfer obligations under the Loan Agreements unless the transferee agrees to assume all obligations of the City under this Agreement or to execute an Undertaking meeting the requirements of the Rule.

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

CITY OF PHOENIX, ARIZONA

By: David Cavazos
Its: City Manager

By: ______________________________
Jeff Dewitt
Finance Director

ATTEST:

By: ______________________________
City Clerk

APPROVED AS TO FORM:

By: ______________________________
City Attorney

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND AUDITED FINANCIAL STATEMENTS

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

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

Annual Financial Information exclusive of Audited Financial Statements will be provided to the MSRB through EMMA by February 1 of each year, commencing February 1, 2013, 210 days after the last day of the City's fiscal year. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included, to be followed up by Audited Financial Statements when available.

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

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

EXHIBIT II

EVENTS FOR WHICH LISTED EVENTS DISCLOSURE IS REQUIRED

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

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

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